SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark one)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES AND EXCHANGE ACT OF 1934
FOR FISCAL YEAR ENDED JANUARY 31, 2000,

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM TO

COMMISSION FILE NUMBER 0-22378

MOVADO GROUP, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

NEW YORK	13-2595932
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(I.R.S. EMPLOYER IDENTIFICATION NO.)
125 CHUBB AVENUE LYNDHURST, NEW JERSEY	07071 (ZIP CODE)
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (201) 460-4800

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

NAME OF EACH EXCHANGE ON WHICH REGISTERED:
NONE

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

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

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

Based on the closing sales price of the Common Stock as of April 4, 2000, the aggregate market value of the voting stock held by non-affiliates of the registrant was approximately $101,089,751. For purposes of this computation, each share of Class A Common Stock is assumed to have the same market value as one share of Common Stock into which it is convertible and only shares of stock held by directors and executive officers were excluded.

The number of shares outstanding of the registrant's Common Stock and Class A Common Stock as of April 4, 2000 were 9,505,298 and 3,509,733 respectively.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive proxy statement relating to Registrant's 2000 annual meeting of shareholders (the "Proxy Statement") are incorporated by reference in Part III hereof.

PART I

Item 1. Business

CORPORATE ORGANIZATION

The registrant, Movado Group, Inc. is a designer, manufacturer and distributor of quality watches with prominent brands sold in almost every price category comprising the watch industry. The Company was incorporated in New York in 1967 to acquire Piaget Watch Corporation and Corum Watch Corporation, which had been, respectively, the exclusive importers and distributors of Piaget and Corum watches in the United States since the 1950's. The registrant and its subsidiaries are referred to herein as "Movado Group, Inc.," or the "Company" unless the context otherwise requires.

In 1970, the Company acquired the Swiss manufacturer of Concord watches, which had been manufacturing Concord watches since 1908, and in 1983, the Company acquired the U.S. distributor of and substantially all the assets related to the Movado watch brand from the Swiss manufacturer of Movado watches.

On October 7, 1993, the Company completed a public offering of 2,666,667 shares of common stock, par value $.01 per share (the "Common Stock"). In connection with the public offering, each share of the then currently existing Class A Common Stock was converted into 10.46 shares of new Class A Common Stock, par value of $.01 per share (the "Class A Common Stock"). Each share of Common Stock is entitled to one vote per share and each share of Class A Common Stock is entitled to 10 votes per share on all matters submitted to a vote of the shareholders. Each holder of shares of Class A Common Stock is entitled to convert, at anytime, any and all such shares into the same number of shares of Common Stock. Each share of Class A Common Stock is converted automatically into Common Stock in the event that the beneficial or record ownership of such shares of Class A Common Stock is transferred to any person, except to certain family members or affiliated persons deemed "permitted transferees" pursuant to the Company's Amended Restated Certificate of Incorporation. The Common Stock is traded on the NASDAQ National Market under the trading symbol "MOVA".

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

On February 22, 1999, the Company completed the sale of its Piaget business to VLG North America, Inc. ("VLG"). The Company sold all of its rights, title and interest in substantially all the assets and properties relating to the business of selling and distributing Piaget watches and jewelry in the United States, Canada, Central America and the Caribbean.

On January 14, 2000, the Company completed the sale of its Corum business to Corum Reis Bannwart & Co. SA ("Corum Switzerland"). The Company sold all of its rights, title and interest in substantially all the assets and properties relating to the business of selling and distributing Corum watches in the United States, Canada and the Caribbean.

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

INDUSTRY OVERVIEW

The largest markets for watches are North America, Western Europe and the Far East. While exact worldwide wholesale sales volumes are difficult to quantify, the Company estimates from data obtained from the Federation of the Swiss Watch Industry that worldwide wholesale sales of watches are over $13 billion annually. Watches are produced predominantly in Switzerland, Hong Kong/China and Japan. According to the Federation of the Swiss Watch Industry, Switzerland, Hong Kong/China and Japan accounted for approximately 58%, 33% and 2% respectively, of worldwide watch exports based on units in 1999. Among all the major watch exporting countries, Swiss watches have the highest average unit value.

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

MARKET CATEGORY	SUGGESTED RETAIL PRICE RANGE	PRIMARY CATEGORY OF MOVADO GROUP, INC. BRANDS
Exclusive	$10,000 and over	Concord
Luxury	$1,000 to $9,999	Concord
Premium	$500 to $999	Movado and Coach
Moderate	$100 to $499	ESQ and Coach
Mass Market	Less than $100	-

The Company's Concord watches compete primarily in the Luxury category of the market, although certain Concord watches compete in the Exclusive and Premium categories. The Company's Movado watches compete primarily in the Premium category of the market, although certain Movado watches compete in the Exclusive, Luxury and Moderate categories. The Company's Coach brand competes in both the Premium and Moderate categories. The ESQ line competes in the Moderate category of the market. The Company does not currently sell watches in the Mass Market category, but plans to enter this category in Spring 2001 with a line of watches to be marketed under a license agreement with Tommy Hilfiger Licensing, Inc., which was executed in June 1999.

Exclusive Watches

Exclusive watches are usually made of precious metals, including 18 karat gold or platinum, and may be set with precious gems, including diamonds, emeralds, rubies and sapphires. These watches are primarily mechanical or quartz-analog watches. Mechanical watches keep time with intricate mechanical movements consisting of an arrangement of wheels, jewels and winding and regulating mechanisms. Quartz-analog watches have quartz movements in which time is precisely calibrated to the regular frequency of the vibration of quartz crystal. Exclusive watches are manufactured almost entirely in Switzerland. In addition to the Company's Concord and Movado watches, well-known brand names of Exclusive watches include Audemars Piguet, Patek Philippe, Piaget and Vacheron Constantin.

Luxury Watches

Luxury watches are either quartz-analog watches or mechanical watches. These watches typically are made with either 14 or 18 karat gold, stainless steel or a combination of gold and stainless steel, and are occasionally set with precious gems. Luxury watches are primarily manufactured in Switzerland. In addition to a majority

of the Company's Concord and certain Movado watches, well-known brand names of Luxury watches include Baume & Mercier, Breitling, Cartier, Ebel, Omega, Rolex and TAG Heuer.

Premium Watches

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

Moderate Watches

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

Mass Market Watches

Mass Market watches typically consist of digital and quartz-analog watches that are made with stainless steel, brass or plastic. Digital watches, unlike quartz-analog watches, have no moving parts. Instead, time is kept by electronic microchips and is displayed as discrete Arabic digits illuminated on the watch face by light emitting diodes (LED's) or liquid crystal displays (LCD's). Mass Market watches are manufactured primarily in the Far East. Movado Group, Inc. does not currently manufacture or distribute Mass-Market watches. Well-known brands of Mass Market watches include Casio, Citizen, Fossil, Pulsar, Seiko, Swatch and Timex. The Company plans to enter this category in Spring 2001 with the launch of a line of watches to be produced and sold under license from Tommy Hilfiger Licensing, Inc.

PRODUCTS

The Company currently markets four distinctive brands of watches: Movado, Concord, ESQ and Coach, which compete in the Exclusive, Luxury, Premium and Moderate categories. The Company designs and manufactures Movado and Concord watches primarily in Switzerland, as well as in the United States, for sale throughout the world. ESQ watches are manufactured to the Company's specifications by independent contractors located in the Far East and are presently sold primarily in the United States, Canada and the Caribbean. Coach watches are assembled in Switzerland by independent suppliers. Until the end of fiscal 1999, the Company distributed Piaget watches. On February 22, 1999, the Company sold its Piaget business to VLG. Until the end of fiscal 2000, the Company distributed Corum watches. On January 14, 2000, the Company sold its Corum business to Corum Switzerland.

Movado

Founded in 1881 in La Chaux-de-Fonds, Switzerland, the Movado brand today includes a line of watches based on the design of the world famous Movado Museum watch and a number of other watch collections with more traditional dial designs. The design for the Movado Museum watch was the first watch design chosen by the Museum of Modern Art for its permanent collection. It has since been honored by 10 other museums throughout

the world. All Movado watches have Swiss movements, and are made with 14 or 18 karat gold, 18 karat gold finish, stainless steel or a combination of 18 karat gold finish and stainless steel. The majority of Movado watches have suggested retail prices between approximately $195 and $4,000.

Concord

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

Coach

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

ESQ

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

Other Revenue

During fiscal 2000, sales of other products and services totaled approximately $39.1 million, or approximately 13% of consolidated net sales. Approximately $33 million of this other revenue is derived from the Company's retail operations which consist of 22 outlet stores and 5 Movado Boutiques. The outlet stores sell discontinued models and factory seconds of all of the Company's watch brands. The Movado Boutiques sell selected models of Movado watches as well as proprietary jewelry, home and personal accessory lines which were launched in 1998. The jewelry, home and personal accessory lines are sold exclusively in the Movado Boutiques. Other revenue also includes the Company's after sales service and watch repair operations.

WARRANTY AND REPAIR

The Company has service facilities around the world including 8 Company-owned service facilities and approximately 120 authorized independent service centers. The Company conducts training sessions for and distributes technical information and updates to repair personnel in order to maintain consistency and quality at its service facilities and authorized independent service centers. The Company's products are covered by limited warranties against defects in materials and workmanship for periods ranging from one to three years from the date of purchase for movements and up to five years for Movado watch casings and bracelets. Products that are returned under warranty to the Company are generally serviced by the Company's employees at its service facilities.

Historically, the Company has retained significant inventories of component parts to facilitate after sales service of its watches for an extended period of time after the discontinuance of such watches from its core range line. The Company decided that it would no longer retain this level of non-core component inventories and took steps to begin assembling some of these components into finished watches for resale through liquidation channels and its outlet stores.

In connection with this assembly process, the Company determined that assembly of a certain portion of the non-core components would require significant additional investment in logistics, material and labor to produce watches and that the return on this investment would not be adequate to warrant the effort. Accordingly, the Company recorded a fourth quarter charge to reduce this portion of its non-core components to estimated net realizable value and will pursue sale or disposal of these components.

ADVERTISING

Advertising is important to the successful marketing of the Company's watches. Hence, the Company devotes significant resources to advertising. Since 1972 and until fiscal year 2000, the Company maintained its own in-house advertising department. In fiscal 2000, the Company restructured its advertising department to focus primarily on the implementation and management of global marketing and advertising programs and shifted the creative development of advertising campaigns to an outside agency with no increase in cost. Advertising expenditures totaled approximately 21.0%, 19.4% and 20.9% of net sales in fiscal 2000, 1999 and 1998, respectively. Advertising is developed individually for each of the Company's watch brands and is directed primarily to the ultimate consumer rather than to trade customers and is developed by targeting consumers with particular demographic characteristics appropriate to the image and price range of the brand. Advertisements are placed predominately in magazines and other print media, but are also created for television campaigns, catalogues and promotional materials.

SALES AND DISTRIBUTION

Overview

The Company divides its business into two major geographic segments: "Domestic" which includes the results of the Company's United States and Canadian operations and "International" which includes the results of all other Company operations. The Company's international operations are principally conducted in Europe and the Far East.

Domestic Wholesale

The Company sells all of its brands in the domestic market primarily through department stores, such as Macy's, Neiman-Marcus and Saks Fifth Avenue; jewelry store chains, such as Zales, Helzberg and Sterling; and independent jewelers. Sales to trade customers in the United States and Canada are made directly by the Company's sales force of approximately 100 employees who typically specialize in a particular brand. A majority of the sales force is compensated solely on the basis of commissions, which are determined as a percentage of sales. One trade customer accounted for 13%, 10% and 12% of the Company's net sales for fiscal 2000, 1999 and 1998, respectively. At January 31, 2000 and 1999, the same trade customer accounted for 18% and 15% of consolidated trade receivables, respectively.

International Wholesale

The Company sells Movado, Concord and Coach watches internationally through its own sales force of approximately 20 employees operating from the Company's sales and distribution offices in Hong Kong, Singapore, and Switzerland, and also through a network of approximately 45 independent distributors operating in numerous countries around the world. A majority of the Company's arrangements with its international distributors are long-term, generally require certain minimum purchases and restrict the distributor from selling competitive products.

Retail

In addition to its sales to trade customers and independent distributors, the Company sells Movado watches as well as Movado jewelry, table top accessories and other product line extensions in 5 company-operated Movado Boutiques. The Company also operates 22 outlet stores which sell discontinued and sample merchandise and factory seconds, providing the Company with an organized and efficient method of reducing inventory without competing directly with trade customers.

BACKLOG

At March 31, 2000, the Company had unfilled customer orders of approximately $49.8 million, compared to approximately $28.7 million at March 31, 1999 (based on currency exchange rates in effect on March 31, 2000). The Company believes the backlog is affected by a variety of factors, including seasonality and the scheduling of the manufacture and shipment of products. The March 31, 2000 backlog includes orders resulting from the Basel Trade Fair, which were not included in the March 31, 1999 backlog, due to the timing of the date of the fair. Excluding orders resulting from the Basel Trade Fair, the backlog at March 31, 2000 was $35.4 million, as compared to $28.7 million at March 31, 1999. Accordingly, a period-to-period comparison of backlog is not necessarily meaningful and may not be indicative of eventual shipments.

SOURCES AND AVAILABILITY OF SUPPLIES

Concord watches are generally assembled at the Company's manufacturing facility in Bienne, Switzerland with some off-site assembly performed principally by independent Swiss watchmakers. Movado watches are assembled primarily in Switzerland by independent third party subcontract assemblers. Certain lower price point Movado models are assembled by sub-contractors in the Far East. Movado and Concord watches are assembled using Swiss movements and other components obtained from third-party suppliers. Coach watches are assembled in Switzerland by independent assemblers using Swiss movements and other components obtained from third-party suppliers in Switzerland and elsewhere. ESQ watches are assembled by independent contractors in the Far East using Swiss movements and other components purchased from third-party suppliers principally located in the Far East.

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

COMPETITION

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

TRADEMARKS, PATENTS AND LICENSING AGREEMENTS

Movado Group, Inc. owns the trademarks MOVADO(R), CONCORD(R), VIZIO(R), as well as trademarks for the Movado Museum dial design, and related trademarks for watches in the United States and in numerous other countries. The Company licenses ESQUIRE(R), ESQ(R) and related trademarks on an exclusive basis for use in connection with the manufacture, distribution, advertising and sale of watches pursuant to an agreement with the Hearst Corporation ("Hearst License Agreement"). The current term of the Hearst License Agreement expires December 31, 2003 but contains options for renewal at the Company's discretion through December 31, 2018. The Company licenses the trademark COACH(R) and related trademarks on an exclusive basis for use in connection with the manufacture, distribution, advertising and sale of watches pursuant to an agreement with Coach, a division of Sara Lee Corporation ("Coach License Agreement"). Subject to meeting certain performance goals, the Coach License Agreement expires in March, 2008.

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

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

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

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

market Movado or Concord watches because the Company is the manufacturer of such watches. All of the Company's exclusion orders are renewable.

EMPLOYEES

As of January 31, 2000, the Company has approximately 930 full-time employees in its domestic and international operations. No employee of the Company is represented by a labor union or is subject to a collective bargaining agreement. The Company has never experienced a work stoppage due to labor difficulties and believes that its employee relations are good.

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

The Company divides its business into two major geographic segments: "Domestic", which includes the results of the Company's United States and Canadian operations, and "International", which includes the results of all other Company operations. The Company's international operations are principally conducted in Europe and the Far East and its international assets are substantially located in Europe. Other international operations constituted less than 10% of consolidated total assets for all periods presented.

The Company's domestic sales are traditionally greater during the Christmas and holiday season and are significantly more seasonal than its international sales. Consequentially, the Company's net sales historically have been higher during the second half of its fiscal year. The second half of each year accounted for approximately 60.3%, 60.2% and 61.2% of the Company's net sales for the fiscal years ended January 31, 2000, 1999 and 1998, respectively. The amount of net sales and operating income generated during the second half of each fiscal year depends upon the general level of retail sales during the Christmas and holiday season, as well as economic conditions and other factors beyond the Company's control. The Company does not expect any significant change in the seasonality of its domestic business in the foreseeable future. International sales tend to be less seasonal, particularly those derived from the Middle and Far Eastern markets.

The Company conducts its business primarily in two operating segments: "Wholesale" and "Other". The Company's wholesale segment includes the design, manufacture and distribution of quality watches. The Company's other segment includes the Company's retail and service center operations. See Note 11 to the Consolidated Financial Statements for financial information regarding segment data.

Item 2. Properties

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

LOCATION	FUNCTION	SQUARE FOOTAGE	LEASE EXPIRATION
Lyndhurst, New Jersey	Watch assembly and distribution	57,000	May 2002
Bienne, Switzerland	Corporate functions, watch sales, distribution, assembly and repair	52,000	January 2007
Lyndhurst, New Jersey	Executive offices	28,000	December 2001
Woodcliff Lake, New Jersey	Executive offices	19,400	March 2001
Markham, Canada	Office and distribution	11,200	June 2007
Hackensack, New Jersey	Warehouse	6,600	July 2004
New York, New York	Watch repair and Public Relations Office	4,900	April 2008
Hong Kong	Watch sales, distribution and repair	5,800	June 2001
Los Angles, California	Watch repair	3,000	December 2002
Miami, Florida	Watch repair	2,600	October 2001
Grenchen, Switzerland	Watch sales	2,600	March 2005
Toronto, Canada	Office	1,600	June 2000
Japan	Watch sales	1,500	Month to Month
Singapore	Watch sales, distribution and repair	1,100	August 2001

The Company leases retail space averaging 1,300 square feet per store with leases expiring from November 2000 to October 2006 for the operation of the Company's 22 outlet stores. The Company also leases retail space for the operation of each of its five Movado Boutiques averaging 1,800 square feet per store with leases expiring from January 2005 to August 2008.

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

The Company is currently exploring available alternatives in connection with the presently scheduled expiration in March 2001 of its Woodcliff Lake, New Jersey lease and the December 2001 and May 2002 scheduled expiration of its facilities in Lyndhurst, New Jersey. The Company is currently exploring available alternatives for relocation of its U.S. distribution operations currently conducted in Lyndhurst, New Jersey.

The Company believes that its existing facilities are adequate for its current operations but that it will require some expanded distribution and warehouse space in order to handle reasonably foreseeable sales growth.

Item 3. Legal Proceedings

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

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

No matters were submitted to a vote of shareholders of the Company during the fourth quarter of fiscal 2000.

PART II

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

As of March 24, 2000, there were 47 holders of record of the Class A Common Stock and, the Company estimates, approximately 2,100 beneficial owners of the Common Stock represented by 403 holders of record. The Common Stock is traded on the NASDAQ National Market under the symbol "MOVA" and on March 24, 2000, the closing price of the Common Stock was $ 10.00. The quarterly high and low closing prices for the fiscal years ended January 31, 2000 and 1999 were as follows:

	FISCAL 2000		FISCAL 1999	
QUARTER ENDED	LOW	HIGH	LOW	HIGH
April 30	$20.75	$25.75	$21.00	$30.44
July 31	$22.88	$27.75	$24.00	$30.25
October 31	$21.63	$27.13	$15.13	$24.75
January 31	$18.63	$25.38	$17.63	$26.63

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

During the fiscal year ended January 31, 2000, the Board of Directors approved four $0.025 per share quarterly cash dividends to shareholders of record of the Common Stock and Class A Common Stock. During the fiscal year ended January 31, 1999, the Board of Directors approved four $0.02 per share quarterly cash dividends to shareholders of record of the Common Stock and Class A Common Stock. The declaration and payment of future dividends, if any, will be at the sole discretion of the Board of Directors and will depend upon the Company's profitability, financial condition, capital and surplus requirements, future prospects, terms of indebtedness and other factors deemed relevant by the Board of Directors. See Note 4 to the Consolidated Financial Statements regarding contractual restrictions on the Company's ability to pay dividends.

Item 6. Selected Financial Data

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

	FISCAL YEAR ENDED JANUARY 31,				
	2000	1999	1998	1997	1996
STATEMENT OF INCOME DATA:					
Net Sales	$295,067	$277,836	$237,005	$215,107	$185,867
Cost of sales	126,667	111,766	97,456	95,031	83,502
Selling, general and administrative	152,631	133,395	113,593	99,657	84,315
Total expenses	279,298	245,161	211,049	194,688	167,817
Operating income	15,769	32,675	25,956	20,419	18,050
Gain on disposition of business	4,752				
Net interest expense	5,372	5,437	5,383	4,874	4,450
Income before income taxes	15,149	27,238	20,573	15,545	13,600
Provision for income taxes	1,428	6,265	4,731	3,853	3,876
Net income (1)	$ 13,721	$ 20,973	$ 15,842	$ 11,692	$ 9,724
Net income per share-Basic	$ 1.10	$ 1.63	$ 1.35	$ 1.04	$ 0.86
Net income per share-Diluted (1)	$ 1.06	$ 1.58	$ 1.29	$ 1.02	$ 0.86
Basic shares outstanding	12,527	12,842	11,736	11,273	11,263
Diluted shares outstanding	12,890	13,256	12,236	11,489	11,327
Cash dividends declared per share	$ 0.100	$ 0.080	$ 0.080	$ 0.064	$ 0.053
BALANCE SHEET DATA (END OF PERIOD):					
Working capital	$158,730	$191,033	$157,103	$126,690	$132,679
Total assets	267,186	296,375	249,069	208,443	200,380
Long-term debt	45,000	55,000	35,000	40,000	40,000
Shareholders' equity	147,815	162,608	145,533	103,870	104,841

(1) Includes $8.3 million pretax or $0.46 per share after tax one-time charge and $4.8 million pretax or $0.28 per share after tax gain from the sale of the Company's Piaget business. Excluding these items, net income was $15.9 million or $1.24 per share on a diluted basis.

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

FORWARD LOOKING STATEMENTS

Statements included under Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, in this annual report on Form 10-K, as well as statements in future filings by the Company with the Securities and Exchange Commission ("SEC"), in the Company's press releases and oral statements made by or with the approval of an authorized executive officer of the Company, which are not historical in nature, are intended to be, and are hereby identified as, "FORWARD LOOKING STATEMENTS" for purposes of the safe harbor provided by Section 21E of the Securities Exchange Act of 1934. The Company cautions readers that FORWARD LOOKING STATEMENTS, include without limitation, those relating to the Company's future business prospects, revenues, working capital, liquidity, capital needs, plans for future operations, effective tax rates, margins, interest costs, and income as well as assumptions relating to the foregoing. FORWARD LOOKING STATEMENTS are subject to certain risks and uncertainties, some of which cannot be predicted or quantified. Actual results and future events could differ materially from those indicated in the FORWARD LOOKING STATEMENTS, due to several important factors herein identified, among others, and other risks and factors identified from time to time in the Company's reports filed with the SEC including, without limitation, the following: general economic and business conditions which may impact disposable income of consumers, competitive products and pricing, seasonality, availability of alternative sources of supply in the case of loss of any significant supplier, the Company's dependence on key officers, ability to enforce intellectual property rights, continued availability to the Company of financing and credit on favorable terms, and success of hedging strategies with respect to currency exchange rate fluctuations.

GENERAL

Wholesale Sales. Among the more significant factors that influence annual sales are general economic conditions in the Company's domestic and international markets, new product introductions, the level and effectiveness of advertising and marketing expenditures, and product pricing decisions. Fiscal 2000 sales were also impacted by the sale of the Piaget and Corum businesses.

Approximately 20% of the Company's total sales are from international markets and therefore reported sales are affected by foreign exchange rates. Significant portions of the Company's international sales are billed in Swiss francs and translated to U.S. dollars at average exchange rates for financial reporting purposes.

The Company's business is very seasonal. There are two major selling seasons in the Company's domestic markets: the Spring season, which includes school graduations and several holidays, and, most importantly, the Christmas and holiday season. Major selling seasons in certain international markets center around significant local holidays that occur in late Winter or early Spring. These markets are a less significant portion of the Company's business and therefore, their impact is far less than that of the selling seasons in North America.

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

Retail Sales. The Company's retail operations consist of 22 outlet stores located throughout the U.S. and five full-priced Movado Boutiques. The Company does not have any overseas retail operations.

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

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

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

All of the Company's brands compete with a number of other brands on the basis of not only styling but also wholesale and retail price. The Company's ability to improve margins through price increases is, therefore, to some extent, constrained by competitors' actions. In addition, the Company's wholesale operation periodically engages in liquidation sales of discontinued models at reduced prices. The level of these sales in a particular period can also have a significant impact on the Company's gross margins.

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

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

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

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

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

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

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

RESULTS OF OPERATIONS FOR THE FISCAL YEARS ENDED JANUARY 31, 2000, 1999 AND 1998

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

	FISCAL 2000	FISCAL 1999	FISCAL 1998
		(IN THOUSANDS)	
Concord, Movado, Coach and ESQ:			
Domestic	$ 200,480	$180,909	$153,835
International	56,185	50,940	40,028
Piaget and Corum	(726)	13,934	17,045
Other	39,128	32,053	26,097
Net Sales	$ 295,067	$277,836	$237,005

Total net sales increased 6.2% for the year ended January 31, 2000. Sales from ongoing operations, excluding the disposed Piaget and Corum distribution businesses, increased 13.4% to $295.8 million from $260.9 million in the prior year. Domestic sales of the Company's core Concord, Movado, ESQ and Coach brands increased 10.8%. All of the Company's core brands experienced high single or low double-digit percentage growth rates in the domestic market. International sales of the Company's core brands increased 10.3% led by the continuing international rollout of the Coach watch brand in the Far East, which resulted in a near doubling of Coach watch international sales in fiscal 2000. International sales of the Concord brand also increased approximately 10%.

Other net sales, which includes the Company's outlet stores, Movado Boutiques and after sales service business, increased 22% over the prior year. This growth was primarily attributable to double digit comparable store sales gains in both the outlets and the Boutiques and new store openings in both of these retail venues, offset by a decrease in after sales service revenues as a result of the sale of the Piaget business.

Gross Margins. The gross margin for fiscal 2000 was 57.1% as compared to 59.8% for fiscal 1999. The fiscal 2000 gross margin included a one-time charge of $5.0 million to write down non-core component inventories. The Company's non-core component inventory is the result of stockpiling component parts necessary to support after sales service of core product, which is subsequently discontinued due to new product model introductions.

During fiscal 1999, the Company initiated a project to convert such of its non-core component inventory that is no longer necessary for after sales service into finished watches for sale through liquidation channels or the Company's outlet division. While this program was successful in converting a portion of such total non-core component inventory into saleable finished watches in fiscal 2000 and the Company expects to continue this program, there will inevitably be some residual non-core component inventory that will not be cost effective to attempt to assemble into finished product.

Fiscal 2000 gross margins also reflect a $2.3 million negative adjustment to inventory following physical counts conducted at year-end. The Company believes the inventory adjustment was caused by issues associated with the existing distribution environment and implementation of new information systems in the U.S. in fiscal 2000. The Company's U.S. sales have increased significantly in recent years resulting in a corresponding increase in unit volumes processed by and warehoused in the existing U.S. distribution facility which operates in converted office space located in Lyndhurst, NJ. Managing the unit volume growth was also complicated by the implementation in 1999 of new information systems requiring distribution personnel to adjust to new technology, procedures and practices in conducting product shipment and warehouse operations. The Company has transitioned to the new information system environment and will address the physical space constraints issue by relocating its distribution operations to more traditional warehouse space (see Operating Expenses below). The new larger space will permit the Company to employ more effective and efficient product handling and storage practices.

Excluding the charges described above, gross margins for fiscal 2000 were 59.5% of sales compared to 59.8% in fiscal 1999. This decrease is primarily attributable to fourth quarter sales mix, which included a higher level of lower margin liquidation sales and outlet sales than the previous year. This was due, in part, to underproduction of higher margin core range products and substitution of lower margin non-core items to meet demand for product. Higher levels of liquidation and outlet sales also reflected the Company's commitment to reduce working capital employed in the business.

The Company's gross margin increased from 58.9% in fiscal 1998 to 59.8% in fiscal 1999, principally as a result of sales mix, particularly an increase in the proportion of Concord, Movado and ESQ sales to net sales. The Company's gross margin also benefited by increases in the U.S. dollar against the Swiss franc.

Operating Expenses. Operating expenses for fiscal 2000 were $152.6 million or 51.7% of net sales as compared to $133.4 million or 48.0% of net sales in fiscal 1999. Fiscal 2000 operating expenses include a $1.0 million fourth quarter nonrecurring charge associated with the planned relocation of the Company's U.S. distribution operations. This charge includes a write-off of assets that are not transferable to the new facility as well as lease termination costs associated with exiting the Company's existing facility.

Excluding this charge, operating expenses were $151.6 million or 51.4% of sales compared to $133.4 million or 48.0% of sales in the prior year. The increase in operating expenses of approximately 14% or $18 million relates to several areas, including (1) advertising and marketing expenses, which increased $8.1 million or 15%; (2) selling expenses, which increased $4.5 million or 12%; (3) distribution costs, which increased $1.3 million or 21%, and (4) general and administrative expenses, which increased $4.3 million or 12%.

The increase in advertising costs related to increased media and cooperative advertising programs with retailers in support of the Company's brands, higher advertising production costs due to the launch of new media campaigns for both the Concord and ESQ brands, increased spending on point of sale support material such as displays and product brochures, and the development of a new advertising and marketing management team.

Selling expenses increased in both the Company's wholesale and retail businesses. Selling expenses in the wholesale business primarily reflect higher levels of sales commissions due to sales increases across the Company's brands. Headcount increases in the Coach and ESQ brands to support growth also resulted in increased compensation and travel expenses. Selling expenses for fiscal 2000 also reflect the first year of amortization of the Company's major trade show exhibition facility constructed for use at the annual Basel International Watch and Jewelry Show.

Increases in selling expenses associated with the Company's retail operations relate primarily to the addition of four new outlets and one Movado Boutique in fiscal 2000 as well as the annualization of costs of stores opened during fiscal 1999.

Distribution expenses are largely variable in nature and these expenses grew proportionately with increases in unit volume shipments.

Increases in general and administrative expenses were primarily in the area of human resources and information systems. The Company experienced increases in employee benefit costs associated with a growing workforce as well as recruiting fees, specifically associated with the hiring of two senior executives in the fourth quarter. Information systems related expenses increased as the Company began amortizing its significant investment in its new U.S. core system effective with the March 1999 implementation date and incurred Year 2000 remediation expenses relative to systems in the Switzerland and its other international subsidiaries. The Company also added information systems support personnel in fiscal 2000.

Interest Expense. Net interest expense in fiscal 2000 was consistent with the previous year amounting to $5.4 million. Gross interest expense increased by $676,000 or 12.4% due primarily to the first full year of interest expense on $25 million of 6.9% Series A Senior Notes which were issued in December 1998. These increases were offset largely by interest income from the investment of the $28.4 million proceeds from the Company's sale of the Piaget business in February 1999.

Net interest expense for fiscal 1999 and 1998 was $5.4 million and consisted primarily of interest on the Company's 6.56% Senior Notes, 6.90% Series A Senior Notes, revolving lines of credit and borrowings against working capital lines.

Income Taxes. The Company's income tax provision amounted to $1.4 million, $6.3 million, and $4.7 million for fiscal 2000, 1999 and 1998, respectively, or 9.4% of pretax income for fiscal 2000 and 23.0% for fiscal 1999 and 1998. The 9.4% effective rate for fiscal 2000 reflects a tax benefit as a result of a current year net operating loss in the Company's U.S. operations. Also, a portion of the Company's consolidated operations are located in non-U.S. jurisdictions, and, therefore, the Company's effective rate differs from U.S. statutory rates. The majority of the Company's non-U.S. operations are located in jurisdictions with statutory rates below U.S. rates. The Company believes that the near term future effective tax rate will increase to the 20% to 28% range reflecting the Company's current expectation that domestic earnings will gradually increase as a percentage of the overall earnings mix. However, there can be no assurance of this result as it is dependent on a number of factors, including the mix of foreign to domestic earnings, local statutory tax rates and the Company's ability to utilize net operating loss carryforwards in certain jurisdictions.

LIQUIDITY AND FINANCIAL POSITION

Cash flows from operating activities in fiscal 2000 were $28.3 million compared to a use of cash in operations of $9.1 million in fiscal 1999 and $6.1 million in fiscal 1998. The improvement in operating cash flows in fiscal 2000 resulted from a reduction in working capital, in particular, inventories and accounts receivable. Operating cash flows in fiscal 1999 and 1998 were negative due to increases in both inventory and accounts receivable.

The Company generated net positive cash flows from investing activities in fiscal 2000 of $17.5 million primarily as a result of the sale of its Piaget business to VLG for $28.4 million in cash. This compared to $10.9 million and $9.1 million cash utilized in investing activities in fiscal 1999 and 1998, respectively, primarily for capital expenditures.

Capital expenditures amounted to $10.1 million in fiscal 2000 and related primarily to management information systems projects, the addition of four new outlet stores and one Movado Boutique, and construction of a major tradeshow exhibition facility used annually at the Basel International Watch and Jewelry show. The Company's capital expenditures for fiscal 1999 and fiscal 1998 amounted to $11.7 million and $7.6 million, respectively. Expenditures in fiscal 1999 were primarily related to planned expenditures for the Company's information systems, including retail information systems, expansion of the Company's Movado boutiques and further expansion of the Company's network of outlet stores. Expenditures in fiscal 1998 were primarily related to improvements in the Company's management and sales management information systems and costs incurred in connection with the expansion of domestic distribution operations. The Company expects that annual capital expenditures in the near term will approximate the levels experienced in fiscal 2000 and 1999 and will relate primarily to relocating its U.S. distribution operations, various information systems projects and leasehold improvements associated with additional outlet stores.

Cash used in financing activities amounted to $22.1 million in fiscal 2000. This compares to $18.6 million and $21.3 million of cash provided by financing activities in fiscal 1999 and 1998, respectively.

At January 31, 2000 the Company had two series of Senior Notes outstanding. Senior Notes due January 31, 2005 were originally issued in a private placement completed in fiscal 1994. These notes have required annual principal payments of $5.0 million since January 1998. The Company repaid $10 million and $5 million in principal amount of these notes in fiscal 2000 and fiscal 1999, respectively. At January 31, 2000, $25 million in principal amount of these notes remained outstanding.

During fiscal 1999, the Company issued $25 million of Series A Senior Notes under a Note Purchase and Private Shelf Agreement dated November 30, 1998. This agreement allows for the issuance for up to two years from the date of the agreement of Senior Promissory Notes in the aggregate principal amount of up to $50 million with maturities up to 12 years from their original date of issuance. The $25 million Series A Senior Notes issued in fiscal 1999 bear interest at 6.90% and mature on October 30, 2010. The Notes are subject to annual repayments of $5.0 million commencing October 31, 2006.

The Company finances its seasonal working capital requirements through borrowings under its bank lines of credit. The Company borrows from its bank group under both a $90 million unsecured revolving line and $31.6 million of annually renewable working capital lines of credit. Borrowings under the revolving line are governed by a three-year agreement among the Company and its bank group. The agreement was originally dated July 23, 1997 and was last amended in March 2000 to revise certain financial covenants and substantially increase the Company's ability to purchase shares under its ongoing share repurchase program. The Company

is presently in discussions with its bank group regarding a renewal of the agreement and expects to complete the renewal by May 2000. Due to significant increases in market interest spreads since the July 23, 1997 agreement was completed, the Company expects that interest spreads contained in the new revolving credit agreement will be significantly higher than those contained in the current agreement. The Company is also renegotiating its annually renewable working capital lines coincident with renewal of the revolving credit facility since these lines are with three members of the Company's bank group that are party to the revolving credit facility. At January 31, 2000, the Company had $13.5 million of outstanding borrowings under its bank lines as compared to $7.2 million at January 31, 1999.

Under a series of share repurchase authorizations approved by the Board of Directors, the Company has maintained a discretionary buy-back program throughout fiscal 2000. Current year purchases under the repurchase program amounted to $17.6 million. As of the date of the filing of this report on Form 10-K, the Company had remaining $10.2 million against an aggregate authorization of $30 million.

During fiscal 1999, the Company repurchased $2.9 million of stock under a 400,000 share program that had been authorized by the Board of Directors in March 1998. This program had been put in place to mitigate the dilutive impact of employee compensation programs.

Cash dividends in fiscal 2000 amounted to $1.2 million compared to $1.0 million in fiscal 1999 and $0.9 million in fiscal 1998.

Cash and cash equivalents at January 31, 2000 amounted to $26.6 million compared to $5.6 million at January 31, 1999. Net debt to total capitalization at January 31, 2000 was 20% as compared to 27% at January 31, 1999.

In summary, the Company made significant progress in fiscal 2000 improving its liquidity by selling underperforming assets (Piaget and Corum) and significantly reducing working capital committed to the business per sales dollar generated, primarily through the success of its inventory reduction programs. The Company plans to continue to focus on improving its cash flows in fiscal 2001.

RECENTLY ISSUED ACCOUNTING STANDARDS

The Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133 "Accounting for Derivative Instruments and Hedging Activities" (SFAS 133) in June 1998. SFAS 133 requires all derivatives to be recorded on the balance sheet at fair value and established new accounting practices for hedge instruments. SFAS 133 was originally scheduled for implementation for fiscal years ending after June 15, 1999, however, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 137 which defers the effective date of SFAS 133 for one year. For the Company, SFAS 133 will be effective for the first quarter of fiscal 2002. Management is currently analyzing the effect that SFAS 133 is expected to have on the Company's statement of position and results of operations.

MARKET RISKS

The Company's primary market risk exposure relates to foreign currency exchange risk (see Note 5 to the Consolidated Financial Statements). The majority of the Company's purchases are denominated in Swiss francs. The Company reduces its exposure to the Swiss franc exchange rate risk through a hedging program. Under the hedging program, the Company purchases various financial instruments, predominately forward and option contracts. Gains and losses on financial instruments resulting from this hedging activity are offset by the

effects of the currency movements on respective underlying hedged transactions. If the Company did not engage in a hedging program, any change in the Swiss franc to local currency would have an equal effect on the entities' cost of sales. As of January 31, 2000, the Company's hedging portfolio consisted of various dates ranging through January 29, 2001 with an average forward rate of 1.5063 Swiss francs per dollar. The Company has $147.0 million of option contracts with a maturity date of February 15, 2001. The option contracts have an average strike price of 1.5621 Swiss francs per dollar. As of January 31, 2000, the carrying value of the options amounted to approximately $2.7 million, which represents the unamortized premium of the option and a fair market value of approximately $1.6 million.

In addition, the Company has certain debt obligations with variable interest rates, which are based on LIBOR plus a fixed additional interest rate. The Company does not hedge these interest rate risks. The Company also has certain debt obligations with fixed interest rates. The difference between the market based interest rates at January 31, 2000 and the fixed rates was minimal.

YEAR 2000

The Company initiated a project in 1997 (the "Project") to improve and standardize data and computer technology and consequentially all obsolete hardware and software either have been replaced with systems that are Year 2000 compliant or, in the case of certain business applications software in Switzerland, Canada and the Far East, have been made Year 2000 compliant pending replacement. As part of the Project, new client/server core business applications software supporting manufacturing, distribution, sales, accounting and after-sales service was implemented in the U.S. in March 1999. The Company expects to complete the implementation of this software in Switzerland during fiscal 2001 and in Canada and the Far East thereafter.

The Company monitored the Year 2000 system status of customers and vendors involved with electronic data interchange ("EDI") with our systems by the use of questionnaires.

As of the date of filing of this Annual Report on Form 10-K, all of the Company's mission-critical systems have been successfully tested for Year 2000 compliance, and the Company has not experienced any significant Year 2000 problems with any of those systems or with the systems of any suppliers or customers with whom the Company is involved in EDI. Although the Company has not experienced any significant Year 2000 problems to date, it plans to continue to monitor the situation closely.

While we cannot be sure that we have been completely successful in our efforts to address the Year 2000 issue or that problems could not still arise that would cause a material adverse effect on our operating results or financial condition, we believe that our most reasonably likely worst-case scenario would relate to problems with the systems of third parties rather that with our internal systems. We are limited in our efforts to address the Year 2000 issue as it relates to third parties, however, and rely solely on the assurances of these third parties as to their Year 2000 preparedness.

Costs associated with systems replacement and modification to become Year 2000 compliant under the contingency plan (outside of the Project) were $0.3 million. The estimated cost of the Project is approximately $12.0 million. The total amount expended on the Project through January 31, 2000 was approximately $10.2 million. This estimate assumes that the Company will not incur significant Year 2000 related costs due to the failure of customers, vendors and other third parties to be Year 2000 compliant.

Item 8. Financial Statements and Supplementary Data

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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

None.

PART III

Item 10. Directors and Executive Officers of the Registrant

The information required by this item is included in the Company's Proxy Statement for the 2000 annual meeting of shareholders and is incorporated herein by reference.

Item 11. Executive Compensation

The information required by this item is included in the Company's Proxy Statement for the 2000 annual meeting of shareholders and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management

The information required by this item is included in the Company's Proxy Statement for the 2000 annual meeting of shareholders and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions

The information required by this item is included in the Company's Proxy Statement for the 2000 annual meeting of shareholders and is incorporated herein by reference.

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) Documents filed as part of this report

1. Financial Statements:

   See Financial Statements Index on page 21 included in Item 8 of part II of this report.

2. Financial Statements Schedules:

Schedule II	Valuation and Qualifying Accounts and Reserves

   All other schedules are omitted because they are not applicable, or not required, or because the required information is included in the Consolidated Financial Statements or notes thereto.

3. Exhibits:

   Incorporated herein by reference is a list of the Exhibits contained in the Exhibit Index on pages 26 through 31 of this report.

(b) Reports on Form 8-K

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MOVADO GROUP, INC.
(Registrant)

Dated: April 19, 2000 By: /s/ Gedalio Grinberg

Gedalio Grinberg
Chief Executive Officer and
Chairman of the Board of Directors

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

Dated: April 19, 2000 /s/ Gedalio Grinberg

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

Dated: April 19, 2000 /s/ Efraim Grinberg

Efraim Grinberg
President

Dated: April 19, 2000 /s/ Richard J. Cote

Richard J. Cote
Executive Vice President of Finance and
Administration

Dated: April 19, 2000 /s/ Kenneth J. Adams

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

Dated: April 19, 2000 /s/ Glenn E. Tynan

Glenn E. Tynan
Vice President and Corporate Controller
(Principal Accounting Officer)

Dated: April 19, 2000 /s/ Margaret Hayes Adame

Margaret Hayes Adame
Director

Dated: April 19, 2000 /s/ Donald Oresman

Donald Oresman
Director

Dated: April 19, 2000 /s/ Leonard L. Silverstein

Leonard L. Silverstein
Director

Dated: April 19, 2000 /s/ Alan H. Howard

Alan H. Howard
Director

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION	SEQUENTIALLY NUMBERED PAGE
3.1	Restated By-Laws of the Registrant. Incorporated by reference to Exhibit 3.1 filed with the Registrant's Registration statement on Form S-1 (Registration No. 33-666000).	
3.2	Restated Certificate of Incorporation of the Registrant as amended. Incorporated herein by reference to Exhibit 3(i) to the Registrant's Quarterly Report on Form 10-Q filed for the quarter ended July 31, 1999.	
4.1	Specimen Common Stock Certificate. Incorporated herein by reference to Exhibit 4.1 to the Registrant's Annual Report on Form 10-K for the year ended January 31, 1998.	
4.2	Note Agreement, dated as of November 9, 1993, by and between the Registrant and The Prudential Insurance Company of America. Incorporated herein by reference to Exhibit 4.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended October 31, 1993.	
4.3	Note Purchase and Private Shelf Agreement dated as of November 30, 1998 between the Registrant and The Prudential Insurance Company of America. Incorporated herein by reference to Exhibit 10.31 to the Registrant's Annual Report on Form 10-K for the year ended January 31, 1999.	
10.1	Lease dated August 5, 1998 between Grand Canal Shops Mall Construction, LLC as landlord and Movado Retail Group, Inc., as tenant, for premises at Grand Canal Shops, Clark County, Nevada. Incorporated herein by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter Ended July 31, 1998.	
10.2	Amendment Number 1 to License Agreement dated December 9, 1996 between Registrant as Licensee and Coach, a division of Sara Lee Corporation as Licensor, dated as of February 1, 1998. Incorporated herein by reference to exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended October 31, 1998.	

EXHIBIT NUMBER	DESCRIPTION	SEQUENTIALLY NUMBERED PAGE
10.3	Agreement, dated January 1, 1992, between The Hearst Corporation and the Registrant, as amended on January 17, 1992. Incorporated herein by reference to Exhibit 10.8 filed with Company's Registration Statement on Form S-1 (Registration No. 33-666000).	
10.4	Letter Agreement between the Registrant and The Hearst Corporation dated October 24, 1994 executed October 25, 1995 amending License Agreement dated as of January 1, 1992, as amended. Incorporated herein by reference to Exhibit 10.1 to Registrant's Quarterly Report on Form 10-Q for the quarter ended October 31, 1995.	
10.5	Lease Agreement between the Registrant and Meadowlands Associates, dated October 31, 1986, for office space in Lyndhurst, New Jersey, together with the Non-Disturbance and Attornment Agreement, dated March 11, 1987. Incorporated herein by reference to Exhibit 10.10 filed with Company's Registration Statement on Form S-1 (Registration No. 33-666000).	
10.6	Registrant's 1996 Stock Incentive Plan amending and restating the 1993 Employee Stock Option Plan. Incorporated herein by reference to Exhibit 10.5 to Registrant's Quarterly Report on Form 10-Q for the quarter ended October 31, 1996.**	
10.7	Line of Credit Letter Agreement dated July 18, 1997 between the Registrant and Fleet Bank, N.A. Incorporated herein by reference to Exhibit 10.13 to Registrant's Annual Report on Form 10-K for the year ended January 31, 1998.	
10.8	Line of Credit Letter Agreement dated February 25, 1998 between the Registrant and Marine Midland Bank, N.A Incorporated herein by reference to Exhibit 10.14 to Registrant's Annual Report on Form 10-K for the year Ended January 31, 1998.	
10.9	Letter Agreement dated May 19, 1993 between Concord Watch Company, S.A. and Bern Cantonal Bank (English translation). Incorporated herein by reference to Exhibit Number 10.15 filed with Company's Registration Statement on Form S-1 (Registration No. 33-666000).	

EXHIBIT NUMBER	DESCRIPTION	SEQUENTIALLY NUMBERED PAGE
10.10	Letter Agreement dated November 25, 1992 between Concord Watch Company, S.A. and Swiss Bank Corporation (English Translation). Incorporated herein by reference to Exhibit 10.19 filed with Company's Registration Statement on Form S-1 (Registration No. 33-666000).	
10.11	Letter Agreement dated January 25, 1991 between Concord Watch Company, S.A. and Union Bank of Switzerland (English Translation). Incorporated herein by reference to Exhibit 10.20 filed with Company's Registration Statement on Form S-1 (Registration No. 33-666000).	
10.12	Lease dated August 10, 1994 between Rockefeller Center Properties, as landlord and SwissAm Inc., as tenant for space at 630 Fifth Avenue, New York, New York. Incorporated herein by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended July 31,1994.	
10.13	First Amendment of Lease dated May 31, 1994 between Meadowlands Associates, as landlord and the Registrant, as tenant for additional space at 125 Chubb Avenue, Lyndhurst, New Jersey. Incorporated herein by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended July 31, 1994.	
10.14	Death and Disability Benefit Plan Agreement dated September 23, 1994 between the Registrant and Gedalio Grinberg, Incorporated herein by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended October 31, 1994.**	
10.15	Registrant's amended and restated Deferred Compensation Plan for Executives effective January 1, 1998. Incorporated herein by reference to Exhibit 10.25 to the Registrant's Annual Report on Form 10-K for the year ended January 31, 1998.**	
10.16	Policy Collateral Assignment and Split Dollar Agreement dated December 5, 1995 by and between the Registrant and The Grinberg Family Trust together with Demand Note dated December 5, 1995. Incorporated herein by reference to Exhibit 10.30 to the Registrant's Annual Report on Form 10-K for the year ended January 31, 1996.**	

EXHIBIT NUMBER	DESCRIPTION	SEQUENTIALLY NUMBERED PAGE
10.17	License Agreement dated December 9, 1996 between the Registrant and Sara Lee Corporation. Incorporated herein by reference to Exhibit 10.32 to the Registrant's Annual Report on Form 10-K for the year ended January 31, 1997.	
10.18	Amended and Restated Credit Agreement dated as of July 23, 1997 among the Registrant, the Chase Manhattan Bank as Agent, Swingline Bank and Issuing Bank and Fleet Bank, N.A. as Co-Agent and the other Lenders signatory thereto. Incorporated herein by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended July 31, 1997.	
10.19	Amendment to Amended and Restated Credit Agreement dated as of August 5, 1997 among the Registrant, the Chase Manhattan Bank as Agent, Swingline Bank and Issuing Bank and Fleet Bank, N.A. as Co-Agent and the other Lenders signatory thereto. Incorporated herein by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended July 31, 1997.	
10.20	First Amendment to Lease dated April 8, 1998 between RCPI Trust, successor in interest to Rockefeller Center Properties ("Landlord") and Movado Retail Group, Inc., successor in interest to SwissAm Inc. ("Tenant") amending lease dated August 10, 1994 between Landlord and Tenant for space at 630 Fifth Avenue, New York, New York. Incorporated herein by reference to Exhibit 10.37 to the Registrant's Annual Report on Form 10-K for the year ended January 31, 1998.	
10.21	Line of Credit Letter Agreement dated November 10, 1997 between the Registrant and Fleet Bank, N.A. Incorporated herein by reference to Exhibit 10.38 to the Registrant's Annual Report on Form 10-K for the year ended January 31, 1998.	
10.22	Line of Credit Letter Agreement dated August 5, 1997 between the Registrant and The Bank of New York, Incorporated herein by reference to Exhibit 10.39 to the Registrant's Annual Report on Form 10-K for the year ended January 31, 1998.	
10.23	Second Amendment dated as of September 1, 1999 to the December 1, 1996 license agreement between Sara Lee Corporation and Registrant. Incorporated herein by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended October 31, 1999.	

EXHIBIT NUMBER	DESCRIPTION	SEQUENTIALLY NUMBERED PAGE
10.24	License Agreement entered into as of June 3, 1999 between Tommy Hilfiger Licensing, Inc. and Registrant. Incorporated herein by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended October 31, 1999.	
10.25	Amendment and Waiver dated as of February 19, 1999 as to Amended and Restated Credit Agreement dated as of July 23, 1997 among the Registrant, the Chase Manhattan Bank as Agent, Swingline Bank and Issuing Bank and Fleet Bank, N.A. as Co-Agent and the other Lenders signatory thereto.	
10.26	Amendment dated as of June 10, 1998 to Amended and Restated Credit Agreement dated as of July 23, 1997 among the Registrant, the Chase Manhattan Bank as Agent, Swingline Bank and Issuing Bank and Fleet Bank, N.A. as Co-Agent and the other Lenders signatory thereto.	
10.27	Amendment and waiver dated as of November 17, 1998 among the Registrant, the Chase Manhattan Bank as Agent, Swingline Bank and Issuing Bank and Fleet Bank, N.A. as Co-Agent and the other Lenders signatory thereto.	
10.28	Amendment dated as of March 17, 2000 among the Registrant, the Chase Manhattan Bank as Agent, Swingline Bank and Issuing Bank and Fleet Bank, N.A. as Co-Agent and the other Lenders signatory thereto.	
10.29	Amendment dated as of March 24, 2000 among the Registrant, the Chase Manhattan Bank as Agent, Swingline Bank and Issuing Bank and Fleet Bank, N.A. as Co-Agent and the other Lenders signatory thereto.	
10.30	Second Amendment of Lease dated as of December 23, 1998 between Meadowlands Associates, as landlord and the Registrant, as tenant, further amending lease dated as of October 31, 1986	
10.31	Lease termination agreement dated as of February 1, 2000 between PW/MS OP SUB I, LLC, successor in interest to Belle Mead Corporation, landlord, and Movado Group, Inc., tenant, terminating lease dated as of April 15, 1996, as amended, respecting premises located at 1200 Wall Street West, Lyndhurst, New Jersey.	

EXHIBIT NUMBER	DESCRIPTION	SEQUENTIALLY NUMBERED PAGE
10.32	Sublease made as of October 26, 1999 between Merck-Medco Managed Care, L.L.C. as sublessor and Registrant as Sublessee for premises at 300 Tice Boulevard, Woodcliff Lake, New Jersey.	
10.33	Third Amendment of lease dated as of February 17, 2000 between Meadowlands Associates, as landlord, and the Registrant, as tenant, further amending lease dated as of October 31, 1986.	
10.34	License Agreement entered into as of October 31, 1999 by and Between Movado Corporation, Movado Watch Company S.A. and Lantis Eyewear Corporation.*	
10.35	Severance Agreement dated December 15, 1999, and entered into December 16, 1999 between the Registrant and Richard J. Cote.**	
21.1	Subsidiaries of the Registrant.	
23.1	Consent of PricewaterhouseCoopers LLP.	
27	Financial Data Schedule.	

* Confidential portions of Exhibit 10.34 have been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934.

** Constitutes a compensatory plan or arrangement.

REPORT OF INDEPENDENT ACCOUNTANTS

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

In our opinion, the consolidated financial statements listed in the index appearing under Item 14(a)(1) on page 23 presents fairly, in all material respects, the financial position of Movado Group, Inc. and its subsidiaries at January 31, 2000 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended January 31, 2000, in conformity with accounting principles generally accepted in the United States. In addition, in our opinion, the financial statement schedule listed in the accompanying index appearing under Item 14(a)(2) on page 23 presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PRICEWATERHOUSECOOPERS LLP
400 Campus Drive
Florham Park, New Jersey
April 11, 2000

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

	FISCAL YEAR ENDED JANUARY 31,		
	2000	1999	1998
Net sales	$ 295,067	$ 277,836	$ 237,005
Costs and expenses:			
Cost of sales	126,667	111,766	97,456
Selling, general and administrative	152,631	133,395	113,593
	279,298	245,161	211,049
Operating income	15,769	32,675	25,956
Net interest expense	5,372	5,437	5,383
Gain on disposition of business	4,752	--	--
Income before income taxes	15,149	27,238	20,573
Provision for income taxes	1,428	6,265	4,731
Net income	$ 13,721	$ 20,973	$ 15,842
Net income per share - Basic	$ 1.10	$ 1.63	$ 1.35
Net income per share - Diluted	$ 1.06	$ 1.58	$ 1.29
COMPREHENSIVE INCOME:			
Net Income	$ 13,721	$ 20,973	$ 15,842
Other comprehensive income, net of tax:			
Foreign currency translation adjustment	(10,456)	(869)	(3,281)
Comprehensive income	$ 3,265	$ 20,104	$ 12,561

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

	JANUARY 31, 2000	JANUARY 31, 1999
ASSETS		
Current assets:		
Cash	$ 26,615	$ 5,626
Trade receivables, net	103,795	109,102
Inventories, net	77,075	104,027
Assets held for sale	--	22,187
Other	19,341	21,489
Total current assets	226,826	262,431
Plant, property and equipment, net	27,593	22,998
Other assets	12,767	10,946
	$ 267,186	$ 296,375
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Loans payable to banks	$ 13,500	$ 2,200
Current portion of long-term debt	5,000	10,000
Accounts payable	17,562	28,999
Accrued liabilities	26,602	20,020
Deferred and current taxes payable	5,432	10,179
Total current liabilities	68,096	71,398
Long-term debt	45,000	55,000
Deferred and noncurrent foreign income taxes	5,105	5,728
Other liabilities	1,170	1,641
Total liabilities	119,371	133,767
Shareholders' equity:		
Preferred Stock, $0.01 par value, 5,000,000 shares authorized; no shares issued	--	--
Common Stock, $0.01 par value, 20,000,000 shares authorized; 9,496,529 and 9,419,781 shares issued, respectively	95	94
Class A Common Stock, $0.01 par value, 10,000,000 shares authorized; 3,509,733 and 3,530,922 shares issued and outstanding, respectively	35	35
Capital in excess of par value	66,113	65,332
Retained earnings	118,615	106,141
Accumulated other comprehensive income	(16,462)	(6,006)
Treasury stock, 920,690 and 159,019 shares at cost, respectively	(20,581)	(2,988)
Total shareholders' equity	147,815	162,608
Commitments and contingencies (Note 9)		
	$ 267,186	$ 296,375

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

	FISCAL YEAR ENDED JANUARY 31,		
	2000	1999	1998
Cash flows from operating activities:			
Net income	$ 13,721	$ 20,973	$ 15,842
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	5,189	5,380	4,121
Deferred and noncurrent foreign income taxes	(1,636)	1,764	483
Provision for losses on accounts receivable	1,077	1,304	1,005
Provision for losses on inventory	7,263	--	--
Gain on disposition of business	(4,752)	--	--
Changes in current assets and liabilities:			
Trade receivables	2,469	(24,693)	(18,699)
Inventories	14,609	(19,925)	(12,988)
Other current assets	(6,269)	(1,265)	(2,565)
Accounts payable	(7,004)	4,108	263
Accrued liabilities	4,464	3,352	3,841
Deferred and current taxes payable	(2,532)	229	3,481
Decrease (increase) in other noncurrent assets	2,305	(314)	(592)
Decrease in other noncurrent liabilities	(629)	(29)	(307)
Net cash provided by (used in) operating activities	28,275	(9,116)	(6,115)
Cash flows from investing activities:			
Capital expenditures	(10,125)	(11,707)	(7,638)
Proceeds from disposition of business	28,409	--	--
Goodwill, trademarks and other intangibles	(755)	(1,835)	(1,421)
Sale of subsidiary	--	2,646	--
Net cash provided by (used in) investing activities	17,529	(10,896)	(9,059)
Cash flows from financing activities:			
Repayment of Senior Notes	(10,000)	(5,000)	--
Proceeds from issuance of Common Stock, net of underwriting discounts and offering expenses	--	--	29,609
Proceeds from issuance of Series A Senior Notes	--	25,000	--
Net proceeds from (payment of) current bank borrowings	6,300	2,200	(7,570)
Principal payments under capital leases	(69)	(387)	(275)
Stock options exercised	499	627	431
Dividends paid	(1,247)	(1,026)	(939)
Purchase of treasury stock	(17,593)	(2,860)	--
Net cash (used in) provided by financing activities	(22,110)	18,554	21,256
Effect of exchange rate changes on cash	(2,705)	(3,790)	(93)
Net increase (decrease) in cash	20,989	(5,248)	5,989
Cash at beginning of year	5,626	10,874	4,885
Cash at end of year	$ 26,615	$ 5,626	$ 10,874

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

	Preferred Stock	Common Stock	Class A Common Stock	Capital in Excess of Par Value	Retained Earnings
Balance, January 31, 1997	$--	$ 65	$ 48	$ 34,450	$ 71,291
Net income					15,842
Dividends ($0.08 per share)					(939)
Stock options exercised				431	
Proceeds from issuance of common stock, net of underwriting discounts and offering expenses		15		29,594	
Foreign currency translation adjustment					
Conversion of Class A Common Stock to Common Stock		13	(12)		
Balance, January 31, 1998	--	93	36	64,475	86,194
Net income					20,973
Dividends ($0.08 per share)					(1,026)
Stock options exercised, net of tax benefit				857	
Common stock repurchased					
Foreign currency translation adjustment					
Conversion of Class A Common Stock to Common Stock		1	(1)		
Balance, January 31, 1999	--	94	35	65,332	106,141
Net income					13,721
Dividends ($0.10 per share)					(1,247)
Stock options exercised, net of tax benefit				781	
Common stock repurchased					
Foreign currency translation adjustment					
Conversion of Class A Common Stock to Common Stock		1			
Balance, January 31, 2000	$--	$ 95	$ 35	$ 66,113	$ 118,615

	Accumulated Other Comp-Rehensive Income	Treasury Stock
Balance, January 31, 1997	($ 1,856)	($ 128)
Net income		
Dividends ($0.08 per share)		
Stock options exercised		
Proceeds from issuance of common stock, net of underwriting discounts and offering expenses		
Foreign currency translation adjustment	(3,281)	
Conversion of Class A Common Stock to Common Stock		
Balance, January 31, 1998	(5,137)	(128)
Net income		
Dividends ($0.08 per share)		
Stock options exercised, net of tax benefit		
Common stock repurchased		(2,860)
Foreign currency Translation adjustment	(869)	
Conversion of Class A Common Stock to Common Stock		
Balance, January 31, 1999	(6,006)	(2,988)
Net income		
Dividends ($0.10 per share)		
Stock options exercised, net of tax benefit		
Common stock repurchased		(17,593)
Foreign currency translation adjustment	(10,456)	
Conversion of Class A Common Stock to Common Stock		
Balance, January 31, 2000	($ 16,462)	($ 20,581)

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Organization and Business

Movado Group, Inc. (the "Company") is a designer, manufacturer and distributor of quality watches with prominent brands in almost every price category comprising the watch industry. In fiscal 2000, the Company marketed five distinctive brands of watches: Movado, Concord, ESQ, Coach and Corum, which compete in most segments of the watch market.

The Company designs and manufactures Concord and Movado watches primarily through its subsidiaries in Switzerland, as well as in the United States, for sale throughout the world. ESQ watches are manufactured to the Company's specifications using Swiss movements by independent contractors located in the Far East. Coach watches are assembled in Switzerland by independent suppliers. The Company distributes its watch brands through its United States operations as well as through sales subsidiaries in Canada, Hong Kong, Singapore and Switzerland and through a number of independent distributors located in various countries throughout the world.

In addition to its sales to trade customers and independent distributors, the Company sells Movado watches, Movado jewelry, tabletop accessories and other product line extensions within the Movado brand directly to consumers in its Company-operated Movado Boutiques. The Company also operates a number of Movado outlet stores throughout the United States, through which the Company sells discontinued and sample merchandise.

Principles of consolidation

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

Translation of foreign currency financial statements and foreign currency transactions

The financial statements of the Company's international subsidiaries have been translated into United States dollars by translating balance sheet accounts at year-end exchange rates and statement of operations accounts at average exchange rates for the year. Foreign currency transaction gains and losses are charged or credited to income as incurred. In fiscal 2000, 1999 and 1998 the Company recorded foreign currency transaction gains of $0.8 million, $3.6 million and $5.1 million, respectively. Foreign currency translation gains and losses are reflected in the equity section of the Company's consolidated balance sheet in accumulated other comprehensive income.

Sales and trade receivables

The Company's trade customers include department stores, jewelry store chains and independent jewelers. Movado and Concord watches are also marketed through a network of independent distributors. Sales are recognized upon shipment of products to trade customers. Accounts receivable are stated net of allowances for doubtful accounts of $3,604,000 and $2,567,000 at January 31, 2000 and 1999, respectively. One individual

trade customer accounted for 13%, 10% and 12% of the Company's consolidated net sales in fiscal 2000, 1999 and 1998, respectively. At January 31, 2000 and 1999, one trade customer accounted for 18% and 15% of consolidated trade receivables, respectively.

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

Inventories

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

Plant, property and equipment

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

	2000	1999
Furniture and equipment	$ 40,820	$ 34,586
Leasehold improvements	11,026	11,096
	51,846	45,682
Less: accumulated depreciation	(24,253)	(22,684)
	$ 27,593	$ 22,998

Depreciation of furniture and equipment is provided using the straight-line method based on the estimated useful lives of assets, which range from three to ten years. Leasehold improvements are amortized using the straight-line method over the lesser of the term of the lease or the estimated useful life of the leasehold improvement.

Goodwill and other intangibles

Other intangible assets consist primarily of trademarks and are recorded at cost. Trademarks are generally amortized over ten years. Goodwill is amortized over 40 years. The Company continually reviews goodwill and other intangible assets to evaluate whether events or changes have occurred that would suggest an impairment of carrying value. An impairment would be recognized when expected undiscounted future operating cash flows are lower than the carrying value. At January 31, 2000 and 1999, goodwill and other intangible assets at cost were $4,358,000 and $5,448,000, respectively, and related accumulated amortization of goodwill and other intangibles was $1,068,000 and $2,322,000, respectively.

Advertising

The Company expenses the production costs of an advertising campaign at the commencement date of the advertising campaign. Advertising expenses for fiscal 2000, 1999 and 1998, amounted to $61.8 million, $53.8 million and $49.6 million, respectively.

Income taxes

The Company and its domestic subsidiaries file a consolidated federal income tax return. Foreign income taxes have been provided based on the applicable tax rates in each of the foreign countries in which the Company operates. Certain Swiss income taxes are payable over several years; the portion of these taxes not payable within one year is classified as noncurrent. Noncurrent foreign income taxes included in the consolidated balance sheets at January 31, 2000 and 1999 were $1,905,000 and $2,098,000, respectively.

Earnings per share

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

The weighted average number of shares outstanding for basic earnings per share were 12,527,000, 12,842,000, and 11,736,000 for fiscal 2000, 1999 and 1998, respectively. For diluted earnings per share, these amounts were increased by 363,000, 414,000 and 500,000 in fiscal 2000, 1999 and 1998, respectively, due to potentially dilutive common stock equivalents issuable under the Company's stock option plans. There were no anti-dilutive common stock equivalents in the years presented.

Stock-based compensation

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

Use of estimates in the preparation of financial statements

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

Stockholders' Equity

Under a series of share repurchase authorizations approved by the Board of Directors, the Company has maintained a discretionary buy-back program throughout fiscal 2000. Current year purchases under the repurchase program amounted to $17.6 million. As of the date of the filing of this report on Form 10-K, the Company had remaining $10.2 million against an aggregate authorization of $30 million.

During fiscal 1999, the Company repurchased $2.9 million of stock under a 400,000 share repurchase program that had been authorized by the Board of Directors in March 1998. This program had been put in place to mitigate the dilutive impact of employee compensation programs.

New Accounting Standards

The Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133 "Accounting for Derivative Instruments and Hedging Activities" (SFAS 133) in June 1998. SFAS 133 requires all derivatives to be recorded on the balance sheet at fair value and established new accounting practices for hedge instruments. SFAS 133 was originally scheduled for implementation for fiscal years ending after June 15, 2000, however, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 137 which defers the effective date of SFAS 133 for one year. For the Company, SFAS 133 will be effective for the first quarter of fiscal 2002. Management is currently analyzing the effect that SFAS 133 is expected to have on the Company's statement of position and results of operations.

Reclassification

Certain prior year amounts have been reclassified to conform to the fiscal 2000 presentation.

NOTE 2 - INVENTORIES

Inventories consist of the following (in thousands):

	JANUARY 31,	
	2000	1999
Finished goods	$ 50,565	$ 64,438
Work-in-process and component parts	26,510	39,589
	$ 77,075	$104,027

NOTE 3 - BANK CREDIT ARRANGEMENTS AND LINES OF CREDIT

The Company's revolving credit and working capital lines with its domestic bank groups were amended in July 1997 to provide for a three-year $90.0 million unsecured revolving line of credit, pursuant to the Restated Bank Credit Agreement, and to provide for $31.6 million and $28.3 million of uncommitted working capital lines of credit at January 31, 2000 and 1999, respectively. The Restated Bank Credit Agreement provides for various rate options including the federal funds rate plus a fixed rate, the prime rate or a fixed rate plus the LIBOR rate. The Company pays a facility fee on the unused portion of the credit facility. The agreement also contains certain financial covenants based on fixed coverage ratios, leverage ratios and restrictions which limit the Company on the sale, transfer or distribution of corporate assets, including dividends and limit the amount of debt outstanding. The Company amended the agreement in March 2000 to revise certain financial covenants and substantially increase the Company's ability to repurchase stock. The Company was in compliance with these restrictions and covenants at January 31, 2000. At January 31, 1999, the Company included $5.0 million in long-term debt. The domestic unused line of credit was $108.1 million and $111.1 million at January 31, 2000 and January 31, 1999, respectively.

The Company's Swiss subsidiaries maintain secured and unsecured lines of credit with Swiss banks, a majority of which have an unspecified duration. Available credit under these lines totaled 10.0 million Swiss francs and 8.0 million Swiss francs, with dollar equivalents of approximately $6.0 million and $5.6 million at January 31, 2000 and 1999, respectively, of which a maximum of $5 million can be drawn. One subsidiary's credit line contains a covenant requiring maintenance of retained earnings above a specified minimum level. This subsidiary was in compliance with this covenant at January 31, 2000 and 1999. There are no other restrictions on transfers in the form of dividends, loans or advances to the Company by its foreign subsidiaries.

Outstanding borrowings against the Company's aggregate demand lines of credit were $13.5 million at January 31, 2000 and $7.2 million at January 31, 1999. Aggregate maximum and average monthly outstanding borrowings against the Company's lines of credit and related weighted average interest rates during fiscal 2000, 1999 and 1998 were as follows (in thousands):

	FISCAL YEAR ENDED JANUARY 31,		
	2000	1999	1998
Maximum borrowings	$61,900	$70,900	$72,560
Average monthly borrowings	$40,290	$41,229	$41,564
Weighted average interest rate	6.3%	6.9%	6.4%

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

NOTE 4 - LONG-TERM DEBT

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

	2000	1999
Senior Notes	$25,000	$35,000
Series A Senior Notes	25,000	25,000
Revolving Credit Line	--	5,000
	$50,000	$65,000
Less current portion	5,000	10,000
Long-term debt	$45,000	$55,000

Senior Notes due January 31, 2005 (the "Senior Notes") were issued in a private placement completed in fiscal 1994 and bear interest at 6.56% per annum, payable semiannually on July 31 and January 31, and are subject to annual payments of $5.0 million commencing January 31, 1998 (or next business day). Accordingly, such amounts have been classified as a current liability in fiscal 2000 and 1999. The Company has the option to prepay amounts due to holders of the Senior Notes at 100% of the principal plus a "make-whole" premium and accrued interest.

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

issuance, up to two years after the date thereof, of senior promissory notes in the aggregate principal amount of up to an additional $25 million with maturities up to 12 years from their original date of issuance.

The agreements governing the Senior Notes and Series A Senior Notes contain certain restrictions and covenants which generally require the maintenance of a minimum net worth, limit the amount of additional secured debt the Company can incur and limit the sale, transfer or distribution of corporate assets including dividends. The Company was in compliance with these restrictions and covenants at January 31, 2000.

Included in long-term debt at January 31, 1999 was $5.0 million related to the Company's revolving credit agreement as described in Note 3.

NOTE 5 - FOREIGN CURRENCY MANAGEMENT

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

The Company hedges against foreign currency exposure using only forward exchange contracts, purchased foreign currency options and open market purchases to cover identifiable inventory purchase commitments and, occasionally, equity invested in its international subsidiaries.

The Company has established strict counterparty credit guidelines and only enters into foreign currency transactions with financial institutions of investment grade or better. To minimize the concentration of credit risk, the Company enters into hedging transactions with each of these financial institutions. As a result, the Company considers the risk of counterparty default to be minimal.

The following table presents the aggregate contract amounts and fair values, based on dealer quoted prices, of the Company's financial instruments outstanding at January 31, 2000 and 1999. Foreign currency forward contracts included below mature within one year. Currency option contracts at January 31, 2000 generally mature after one year. All financial instruments included below were held for hedging purposes only. Contract amounts (in thousands) consist primarily of U.S. dollar - Swiss franc contracts.

	AS OF JANUARY 31,			
	2000		1999	
	CONTRACT AMOUNTS	FAIR VALUES	CONTRACT AMOUNTS	FAIR VALUES
Foreign Currency Forward Contracts	$47,287	$42,732	$11,399	$11,511
Purchased Options	$94,105	$1,638	$38,625	$2,829

The contract amounts of these foreign currency forward contracts and purchased options do not necessarily represent amounts exchanged by the parties and, therefore, are not a direct measure of the exposure of the Company through its use of these financial instruments. The amounts exchanged are calculated on the basis of the contract amounts and the other terms of the financial instruments, which relate to exchange rates. As of January 31, 2000 and 1999, the (payable from) receivable to banks recorded in current assets associated with closed contract positions was ($1,795,000) and $1,547,000, respectively.

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

Gains and losses from and premiums paid for forward or option transactions that hedge inventory purchase commitments are included in the carrying cost of inventory and are recognized in cost of sales upon sale of the inventory. Net deferred charges from hedging amounted to $2.7 million and $3.1 million at January 31, 2000 and 1999, respectively. These amounts were included in other current assets on the accompanying balance sheets.

NOTE 6 - FAIR VALUE OF OTHER FINANCIAL INSTRUMENTS

The fair value of the Company's 6.56% Senior Notes and 6.9% Series A Senior Notes approximate 96% and 90% of the carrying value of the notes, respectively, as of January 31, 2000. The fair value was calculated based upon the present value of future cash flows discounted at estimated borrowing rates for similar debt instruments or upon estimated prices based on current yields for debt issues of similar quality and terms.

NOTE 7 - INCOME TAXES

The provision for income taxes for the fiscal years ended January 31, 2000, 1999 and 1998 consists of the following components (in thousands):

	2000	1999	1998
Current:			
U.S. Federal	--	$ 1,500	$ 725
U.S. State and Local	11	444	192
Non-U.S	1,043	1,888	1,542
	1,054	3,832	2,459
Noncurrent:			
U.S. Federal	--	--	--
U.S. State and Local	--	--	--
Non-U.S	1,785	1,924	1,680
	1,785	1,924	1,680
Deferred:			
U.S. Federal	(1,518)	(750)	--
U.S. State and Local	--	--	--
Non-U.S	107	1,259	592
	(1,411)	509	592
Provision for income taxes	$ 1,428	$ 6,265	$ 4,731

Deferred income taxes reflect the tax effect of temporary differences between the amount of assets and liabilities recognized for financial reporting purposes and such amounts recognized for tax purposes. Deferred income taxes have been classified as current or noncurrent on the consolidated balance sheets based on the underlying temporary differences and the expected due dates of taxes payable upon reversal. Significant components of the Company's deferred income tax assets and liabilities for the fiscal year ended January 31, 2000 and 1999 consist of the following (in thousands):

	2000 DEFERRED TAX		1999 DEFERRED TAX	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES
Operating loss carryforwards	$ 2,706	$ --	$ 2,400	$ --
Rent accrual	291	--	417	--
Inventory reserve	894	5,340	1,038	6,218
Receivable allowance	1,054	1,278	816	1,370
Depreciation/amortization	1,089	--	1,191	--
Other	1,355	--	948	22
	7,389	6,618	6,810	7,610
Valuation allowance	(1,439)	--	(2,660)	--
Total	$ 5,950	$ 6,618	$ 4,150	$ 7,610

As of January 31, 2000, the Company had domestic and foreign net operating loss carryforwards of approximately $3.5 million and $3.9 million, respectively, which are available to offset taxable income in future years. The domestic losses begin to expire in fiscal 2020. As of January 31, 2000, the Company maintained a valuation allowance with respect to the tax benefit of foreign net operating loss carryforwards and other tax assets. Since the Company's foreign deferred tax assets relate primarily to its former sales office in Germany, which is currently operated by an independent distributor, the Company's assessment is that a portion of the foreign deferred tax assets will not likely be utilized in the foreseeable future. Management is continuing to evaluate the appropriate level of allowance based on future operating results and changes in circumstances.

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

	FISCAL YEAR ENDED JANUARY 31,		
	2000	1999	1998
Provision for income taxes at the U.S. statutory rate	$ 5,311	$ 9,533	$ 7,200
Realization of capital and operating loss carryforwards	--	--	(88)
Lower effective foreign income tax rate	(3,362)	(3,685)	(2,582)
Change in valuation allowance	(1,221)	--	--
Tax provided on repatriated earnings of foreign subsidiaries	238	252	262
State and local taxes, net of federal benefit	8	134	127
Other	454	31	(188)
	$ 1,428	$ 6,265	$ 4,731

In fiscal 2000 the Company recognized a tax benefit of $1,221 from realization of certain foreign net operating loss carryforwards.

No provision has been made for taxes on foreign subsidiaries' undistributed earnings of approximately $121 million at January 31, 2000, as those earnings are considered to be reinvested for an indefinite period.

NOTE 8 - OTHER ASSETS

In fiscal 1996, the Company entered into an agreement with a trust which owns an insurance policy issued on the lives of the Company's Chairman and Chief Executive Officer and his spouse. Under that agreement, the trust has assigned the insurance policy to the Company as collateral to secure repayment by the trust of interest-free loans to be made by the Company in amounts sufficient for the trust to pay the premiums on said insurance policy (approximately $740,000 per annum). Under the agreement, the trust will repay the loans from the proceeds of the policy. The Company had loaned approximately $3.1 million and $2.4 million under this agreement at January 31, 2000 and 1999, respectively.

NOTE 9 - LEASES, COMMITMENTS AND CONTINGENCIES

Rent expense for equipment and distribution, factory and office facilities under operating leases was approximately $6.6 million, $5.5 million and $4.7 million in fiscal 2000, 1999 and 1998, respectively. Minimum annual rentals at January 31, 2000 under noncancelable operating leases which do not include escalations that will be based on increases in real estate taxes and operating costs are as follows:

YEAR ENDING JANUARY 31, (IN THOUSANDS):	
2001	$6,264
2002	5,632
2003	3,383
2004	2,485
2005	2,351
2006 and thereafter	4,172
	$24,287

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

NOTE 10 - EMPLOYEE BENEFIT PLANS

The Company maintains an Employee Savings Plan under Section 401(k) of the Internal Revenue Code. Company contributions and expenses of administering the Employee Savings Plan amounted to $556,000, $430,000 and $143,000 in fiscal 2000, 1999 and 1998, respectively.

Effective June 1, 1995, the Company adopted a defined contribution supplemental executive retirement plan ("SERP"). The SERP provides eligible executives with supplemental pension benefits in addition to amounts received under the Company's other retirement plan. The Company makes a matching contribution which vests equally over five years. During fiscal 2000, 1999 and 1998, the Company recorded an expense related to the SERP of approximately $640,000, $338,000 and $190,000, respectively.

During fiscal 1999, the Company adopted a Stock Bonus Plan for all employees not in the SERP. Under the terms of this stock bonus plan, the Company contributes a discretionary amount to the trust established under the plan. Each plan participant vests after five years in 100% of their respective pro-rata portion of such contribution. For fiscal 2000 and 1999 the Company recorded an expense of $159,000 and $209,000, respectively, related to this plan.

On September 23, 1994, the Company entered into a Death and Disability Benefit Plan agreement with the Company's Chairman and Chief Executive Officer. Under the terms of the agreement, in the event of the Chairman's death or disability, the Company is required to make an annual benefit payment of approximately $300,000 to his spouse for the lesser of ten years or her remaining lifetime. Neither the agreement nor the benefits payable thereunder are assignable and no benefits are payable to the estates or heirs of the Chairman or his spouse. Results of operations include an actuarially determined charge related to this plan of approximately $110,000, $101,000 and $92,000 for fiscal 2000, 1999 and 1998, respectively.

Effective concurrently with the consummation of the Company's public offering in the fourth quarter of fiscal 1994, the Board of Directors and the shareholders of the Company approved the adoption of the Movado Group, Inc. 1993 Employee Stock Option Plan (the "Employee Stock Option Plan") for the benefit of certain officers, directors and key employees of the Company. The Employee Stock Option Plan was amended in fiscal 1997 and restated as the Movado Group, Inc. 1996 Stock Incentive Plan (the "Plan"). Under the Plan, the Compensation Committee of the Board of Directors, which is comprised of the Company's four outside directors, has the authority to grant incentive stock options and nonqualified stock options, to purchase, as well as stock appreciation rights and stock awards, up to 2,000,000 shares of Common Stock. Options granted to participants under the Plan become exercisable in equal installments on the first through fifth anniversaries of the date of grant and remain exercisable until the tenth anniversary of the date of grant. The option price may not be less than the fair market value of the stock at the time the options are granted.

Transactions in stock options under the Plan since fiscal 1997 are summarized as follows:

	OUTSTANDING OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
January 31, 1997	955,875	$ 9.02
Options granted	227,964	13.49
Options exercised	(51,250)	8.43
Options forfeited	(6,189)	9.69
January 31, 1998	1,126,400	9.91
Options granted	282,749	25.53
Options exercised	(63,250)	9.02
Options forfeited	(62,289)	13.39
January 31, 1999	1,283,610	13.23
Options granted	436,550	21.56
Options exercised	(54,266)	9.21
Options forfeited	(109,477)	16.51
January 31, 2000	1,556,417	$15.65

Options exercisable at January 31, 2000, 1999 and 1998 were 701,814, 538,216 and 373,684, respectively.

The weighted-average fair value of each option grant estimated on the date of grant using the Black-Scholes option-pricing model is $11.18, $13.34 and $6.53 per share in fiscal 2000, 1999 and 1998, respectively. The following weighted-average assumptions were used for grants in 2000, 1999 and 1998: dividend yield of 0.45% for fiscal 2000, 0.3% for fiscal 1999 and 0.4% for fiscal 1998; expected volatility of 40% for fiscal 2000, 45% for fiscal 1999 and 38% for fiscal 1998, risk-free interest rates of 6.75% for fiscal 2000, 4.7% for fiscal 1999 and 5.6% for fiscal 1998, and expected lives of seven years for fiscal 2000, 1999 and 1998.

The Company applies APB Opinion 25 and related interpretations in accounting for its plans. Accordingly, no compensation cost has been recognized for the Plan. Had compensation cost for the Company's fiscal 2000, 1999 and 1998 grants for stock-based compensation plans been determined based on the fair value at the grant dates and recognized ratably over the vesting period, the Company's net income and net income per share for fiscal 2000, 1999 and 1998 would approximate the pro forma amounts below (in thousands except per share data):

	2000		1999		1998	
	AS REPORTED	PRO FORMA	AS REPORTED	PRO FORMA	AS REPORTED	PRO FORMA
Net Income	$ 13,721	$ 12,216	$ 20,973	$ 19,856	$ 15,842	$ 15,306
Net Income per share-Basic	$ 1.10	$ 0.98	$ 1.63	$ 1.55	$ 1.35	$ 1.30
Net Income per share-Diluted	$ 1.06	$ 0.95	$ 1.58	$ 1.50	$ 1.29	$ 1.25

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

The following table summarizes outstanding and exercisable stock options as of January 31, 2000:

RANGE OF EXERCISE PRICES	NUMBER OUTSTANDING	WEIGHTED-AVERAGE REMAINING CONTRACTUAL LIFE (YEARS)	WEIGHTED-AVERAGE EXERCISE PRICE	NUMBER EXERCISABLE	WEIGHTED-AVERAGE EXERCISE PRICE
$ 5.00 - $ 9.99	641,734	5.2	$8.48	524,730	$8.17
$10.00 - $14.99	215,133	7.0	$13.16	106,374	$13.16
$15.00 - $19.99	34,000	8.4	$16.08	8,300	$16.12
$20.00 - $24.99	471,000	9.4	$22.49	14,300	$23.08
$25.00 - $29.75	194,550	8.0	$27.35	48,110	$27.26
$ 5.00 - $29.75	1,556,417	7.1	$15.65	701,814	$10.63

NOTE 11 - SEGMENT INFORMATION

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

The Company divides its business into two major geographic segments: "Domestic", which includes the result of the Company's United States and Canadian operations, and "International", which includes the results of all other Company operations. The Company's international operations are principally conducted in Europe. The Company's international assets are substantially located in Europe. Other international operations constituted less than 10% of consolidated total assets for all periods presented.

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

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

	NET SALES			OPERATING PROFIT (LOSS)		
	2000	1999	1998	2000	1999	1998
Wholesale	$256,081	$245,783	$210,908	$14,187	$ 34,631	$ 24,277
Other	38,986	32,053	26,097	127	(1,597)	1,963
Elimination (1)	--	--	--	1,455	(359)	(284)
Consolidated total	$295,067	$277,836	$237,005	$15,769	$ 32,675	$ 25,956

	TOTAL ASSETS		
	2000	1999	1998
Wholesale	$214,769	$261,395	$221,634
Other	25,802	29,354	16,561
Corporate (2)	26,615	5,626	10,874
Consolidated total	$267,186	$296,375	$249,069

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

	NET SALES			LONG-LIVED ASSETS		
	2000	1999	1998	2000	1999	1998
Domestic	$ 267,160	$ 245,865	$ 196,064	$16,534	$17,222	$13,324
International	209,217	199,060	152,997	11,059	5,776	5,585
Elimination (3)	(181,310)	(167,089)	(112,056)	--	--	--
Consolidated total	$ 295,067	$ 277,836	$ 237,005	$27,593	$22,998	$18,909

	INCOME (LOSS) BEFORE TAXES		
	2000	1999	1998
Domestic	$ (8,987)	$ 2,096	$ 1,796
International	23,780	25,501	19,061
Elimination (3)	356	(359)	(284)
Consolidated total	$ 15,149	$ 27,238	$ 20,573

(1) Elimination of inter-segment management fees.

(2) Corporate assets include cash.

(3) Elimination of intercompany sales between domestic and international units.

NOTE 12 - QUARTERLY FINANCIAL DATA (UNAUDITED)

The following table presents unaudited selected interim operating results of the Company for fiscal 2000 and 1999 (in thousands, except per share amounts):

	QUARTER ENDED			
	APRIL 30	JULY 31	OCTOBER 31	JANUARY 31
FISCAL 2000				
Net sales	$47,653	$69,538	$99,032	$ 78,844
Gross profit	$29,035	$41,221	$61,641	$ 36,503
Net income (loss)	$ 4,312	$ 4,422	$13,767	($ 8,780)
PER SHARE:				
Net income (loss):				
Basic	$ 0.34	$ 0.35	$ 1.10	($ 0.70)
Diluted	$ 0.33	$ 0.34	$ 1.07	($ 0.68)
FISCAL 1999				
Net sales	$41,650	$68,934	$97,455	$ 69,797
Gross profit	$24,714	$39,565	$57,488	$ 44,303
Net income	$ 148	$ 3,386	$12,007	$ 5,432
PER SHARE:				
Net income:				
Basic	$ 0.01	$ 0.26	$ 0.94	$ 0.42
Diluted	$ 0.01	$ 0.25	$ 0.91	$ 0.41

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

NOTE 13 - SUPPLEMENTAL CASH FLOW INFORMATION

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

	FISCAL YEAR ENDED JANUARY 31,		
	2000	1999	1998
Cash paid during the year for:			
Interest	$7,559	$5,274	$4,580
Income taxes	$7,079	$4,585	$ 565

SCHEDULE II

MOVADO GROUP, INC.

VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
(IN THOUSANDS)

DESCRIPTION	BALANCE AT BEGINNING OF YEAR	PROVISION CHARGED TO OPERATIONS	CURRENCY REVALUATION	NET WRITE-OFFS	BALANCE AT END OF YEAR
Year ended January 31, 2000:					
Allowance for doubtful accounts	$2,567	$2,553	($21)	($1,495)	$3,604
Year ended January 31, 1999:					
Allowance for doubtful accounts	$2,187	$1,304	$ 7	($ 931)	$2,567
Year ended January 31, 1998:					
Allowance for doubtful accounts	$3,876	$1,005	($38)	($2,656)	$2,187

	BALANCE AT BEGINNING OF YEAR	PROVISION CHARGED TO OPERATIONS	CURRENCY REVALUATION	ADJUST.	BALANCE AT END OF YEAR
Year ended January 31, 2000:					
Inventory reserve	$3,308	$5,113	($436)	($ 950)	$7,035
Year ended January 31, 1999:					
Inventory reserve	$2,853	$ 400	$ 55		$3,308
Year ended January 31, 1998:					
Inventory reserve	$2,755	$ 500	($ 56)	($ 346)	$2,853

	BALANCE AT BEGINNING OF YEAR	PROVISION (BENEFIT) CHARGED	ADJUSTMENTS	BALANCE AT END OF YEAR
Year ended January 31, 2000:				
Deferred tax assets valuation allowance	$2,660	($1,221)	$0	$1,439
Year ended January 31, 1999:				
Deferred tax assets valuation allowance	$2,370	$ 290	$0	$2,660
Year ended January 31, 1998:				
Deferred tax assets valuation allowance	$2,580	($ 210)	$0	$2,370

Exhibit 10.25

FEBRUARY 1999 AMENDMENT AND WAIVER AS TO AMENDED AND RESTATED CREDIT AGREEMENT

THIS AMENDMENT, dated as of the 19th day of February, 1999 among MOVADO GROUP, INC., a New York corporation (the "Borrower"); each of the Lenders which is a signatory to the Credit Agreement referred to below; THE CHASE MANHATTAN BANK, as Agent, as Swingline Bank and as Issuing Bank; and FLEET BANK, N.A., as Co-Agent.

Preliminary Statement

A. Reference is made to the Amended and Restated Credit Agreement dated as of July 23, 1997 (the "Original Credit Agreement") among the Borrower, the Lenders signatory thereto, The Chase Manhattan Bank, as Agent, as Swingline Bank and as Issuing Bank, and Fleet Bank, N.A., as Co-Agent. The Original Credit Agreement was amended by an Amendment dated as of August 5, 1997 and by a June 1998 Amendment dated as of June 10, 1998 and by an Amendment and Waiver dated as of November 17, 1998. The Original Credit Agreement, as so amended, will be called herein the "Credit Agreement". All capitalized terms used herein and not defined shall have the respective meanings ascribed to them in the Credit Agreement.

B. The Borrower has requested that certain provisions of the Credit Agreement be amended or waived.

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

ARTICLE 1. PARTICULAR AMENDMENTS

Section 1.1. Capital Expenditures. Section 9.05 of the Credit Agreement is hereby amended to read as follows:

> "The Borrower shall not permit Consolidated Capital Expenditures to exceed $10,000,000 during any fiscal year (on a noncumulative basis), except that with respect to the fiscal year ending January 31, 1999 Consolidated Capital Expenditures shall not exceed $12,500,000; nor shall the Borrower permit Consolidated Capital Expenditures to exceed $30,000,000 during the period from the Closing Date until the Maturity Date."

Section 1.2. Reporting as to Special Transaction. (a) With respect to the Special Transaction only, the Banks hereby waive the requirement (contained in clause (c) of the definition of "Designated Sales" in Section 1.01 of the Credit Agreement) that the Borrower provide the financial statements and certificate described in such clause (c) to the Agent at least 20 days before the effective date of the sale comprising the Special Transaction.

(b) The Borrower covenants and agrees to provide to the Agent, within 20 days after the effective date of the sale comprising the Special Transaction, the financial statements and certificate described in the aforesaid clause (c).

(c) The Borrower represents and warrants to the Bank that the Borrower, as of the date hereof, reasonably and in good faith believes that the sale comprising the Special Transaction will not result in a Default immediately after the consummation of such sale.

Section 1.3. Prepayment Threshold for Special Transaction. Clause (a) of the definition of "Designated Sales" in Section 1.01 of the Credit Agreement is hereby amended by changing the amount of "$30,000,000" to "$31,500,000" (in each of the two places in which such amount appears in such clause).

ARTICLE 2. MATTERS GENERALLY

Section 2.1. Representations and Warranties. The Borrower hereby represents and warrants that:

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

(b) No Default or Event of Default exists.

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

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

Section 2.2. Guarantor Consent. The Guarantors shall execute this Amendment and Waiver in the space provided below to indicate their consent to the terms of this Amendment and Waiver.

Section 2.3. Expenses. The Borrower shall pay all reasonable expenses incurred by the Agent in connection with this Amendment and Waiver, including (without limitation) the fees and disbursements of counsel for the Agent.

Section 2.4. Continuing Effect. Except as otherwise expressly provided in this Amendment and Waiver, all the terms and conditions of the Credit Agreement shall continue in full force and effect. All the Facility Documents also shall continue in full force and effect.

Section 2.5. Entire Agreement. This Amendment and Waiver constitutes the entire agreement of the parties hereto with respect to an amendment or waiver of the Credit Agreement pertaining to the subject matter hereof, and it supersedes and replaces all prior and contemporaneous agreements, discussions and understandings (whether written or oral) with respect to such amendment and waiver.

Section 2.6. Counterparts. This Amendment and Waiver may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement.

Section 2.7. Effectiveness. This Amendment and Waiver shall not become effective unless and until it shall have been executed and delivered by all the parties hereto (which execution and delivery may be evidenced by telecopies).

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

MOVADO GROUP, INC.

By: /s/John Rooney
John Rooney
Corporate Controller

THE CHASE MANHATTAN BANK, as Agent, as Lender, as Swingline Bank and as Issuing Bank

By: /s/Leonard Noll
Name (Print):Leonard Noll
Title:VP

FLEET BANK, N.A., as Co-Agent and as Lender

By: /s/Christian J. Covello
Name (Print):Christian J. Covello
Title:Vice President

MARINE MIDLAND BANK

By: /s/Diane M. Zieske
Name (Print):Diane M. Zieske
Title:Assistant Vice President

THE BANK OF NEW YORK

By: /s/Linda Mae Coppa
Name (Print):Linda Mae Coppa
Title: Vice President

CREDIT SUISSE FIRST BOSTON

By: /s/Karl M. Studer
Name (Print): Karl M. Studer
Title: Director

By: /s/Jamian Hodel
Name (Print): Jamian Hodel
Title: Associate

CONSENTED TO:

SWISSAM INC., as Guarantor

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

NAW CORPORATION, as Guarantor

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

NAWC CORUM CORPORATION, as Guarantor

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

MOVADO CORPORATION., as Guarantor

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

Exhibit 10.26

JUNE 1998 AMENDMENT
TO AMENDED AND RESTATED CREDIT AGREEMENT

THIS AMENDMENT, dated as of this 10th day of June, 1998 among MOVADO GROUP, INC., a New York corporation (the "Borrower"); each of the Lenders which is a signatory to the Credit Agreement referred to below; THE CHASE MANHATTAN BANK, as Agent, as Swingline Bank and as Issuing Bank; and FLEET BANK, N.A., as Co-Agent.

Preliminary Statement

A. Reference is made to the Amended and Restated Credit Agreement dated as of July 23, 1997 (the "Original Credit Agreement") among the Borrower, the Lenders signatory thereto, The Chase Manhattan Bank, as Agent, as Swingline Bank and as Issuing Bank, and Fleet Bank, N.A., as Co-Agent. The Original Agreement was amended by an Amendment dated as of August 5, 1997 (the "August 1997 Amendment"). The Original Credit Agreement, as amended by the August 1997 Amendment, will be called herein the "Credit Agreement". All capitalized terms used herein and not defined shall have the respective meanings ascribed to them in the Credit Agreement.

B. As more particularly stated therein, the Credit Agreement provides for the extension by the Lenders to the Borrower of a revolving credit facility in the maximum principal amount of $90,000,000. Such credit facility includes a multicurrency component, by which the Borrower may obtain credit of up to the equivalent of $30,000,000 in Swiss francs.

C. The Borrower has requested that it be permitted to obtain credit under such revolving credit facility in Japanese Yen, up to a equivalent of $5,000,000, on substantially the same terms that are provided in the Credit Agreement for extensions of credit in Swiss francs (and, in all events, without any increase in the Total Revolving Credit Commitment).

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

ARTICLE 1. PARTICULAR AMENDMENTS

Section 1.1. Definition. Section 1.01 of the Credit Agreement is hereby amended by adding the following definition:

"'Japanese Yen' means lawful money of Japan."

Section 1.2. Credit in Japanese Yen. (a) In the first sentence of Section 2.01 of the Credit Agreement, the phrase "in dollars or Swiss francs" is hereby changed to read "in dollars or Swiss francs or Japanese Yen".

(b) Also in that same sentence of Section 2.01, clause "(iii)" is hereby changed to be clause "(iv)", and the following is hereby added as new clause (iii):

"(iii) the Dollar Equivalent of such Lender's outstanding Japanese Yen Loans being in excess of such Lender's Pro-Rata Percentage of $5,000,000, or".

(c) Section 2.02(c) of the Credit Agreement is hereby changed to read as follows:

"(c) Except with respect to Syndicated Loans that are L/C Reimbursement Loans, each Lender shall make each Syndicated Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds to such account as the Agent may designate not later than 12:00 (noon), New York City time, in the case of fundings in dollars to an account in New York City, or 11:00 a.m., local time, in the case of fundings in Swiss francs to an account in London or Switzerland, or 11:00 a.m., Tokyo time, in the case of fundings in Japanese Yen to an account in Tokyo, and the Agent shall promptly credit the amounts so received to an account in the name of the Borrower maintained with the Agent in New York City or London or Tokyo (as the case may be) or to another account designated by the Borrower in writing and approved by the Agent, or, if a Borrowing shall not occur on such date because any condition precedent herein specified shall not have been met, return the amounts so received to the respective Lenders."

(d) In the second sentence of Section 2.03 of the Credit Agreement, clause (f) is hereby changed to read as follows:

"(f) whether such Borrowing is to be a Borrowing denominated in dollars or a Swiss Franc Borrowing or a Japanese Yen Borrowing;".

(e) The second sentence of Section 2.14(a) of the Credit Agreement is hereby changed to read as follows:

"Each such payment (other than Issuing Bank Fees, which shall be paid directly to the Issuing Bank) shall be made to the Agent at its offices at 270 Park Avenue, New York, New York (or in the case of Swiss Franc Loans, at its offices at Trinity Tower, 9 Thomas More Street, London England, E19YT; or in the case of Japanese Yen Loans, at its offices at Akasaka Park Building, 12th Floor, 5-2-20 Akasaka Minato-ku, Tokyo 107, Japan) or to such other address as the Agent may designate to the Borrower in writing."

(f) In the first sentence of Section 3.01 of the Credit Agreement, the phrase "in dollars or Swiss francs" is hereby changed to read "in dollars or Swiss francs or Japanese Yen".

(g) The last sentence of Section 2.02(a) of the Credit Agreement is hereby amended to read as follows:

"Except for Syndicated Loans that are L/C Reimbursement Loans and Syndicated Loans that are made pursuant to Section 2.05(a) in order to refinance Swingline Loans, the Syndicated Loans comprising any Borrowing shall be in an aggregate principal amount that is an integral multiple of $500,000 (in the case of each Borrowing of dollars or of Swiss francs) or $100,000 (in the case of each Borrowing of Japanese Yen), and not less than $1,000,000 (in the case of each ABR Borrowing) or $2,500,000 (in the case of each LIBOR Borrowing of dollars) or the Swiss Franc Equivalent of $1,250,000 (in the case of each Swiss Franc Borrowing) or the Japanese Yen Equivalent of $250,000 (in the case of each Japanese Yen Borrowing)."

(h) In the definition of "L/C Exposure" in Section 1.01, the phrase "plus the Dollar Equivalent at such time of the aggregate undrawn amount of all outstanding Letters of Credit that are denominated in Japanese Yen" is hereby added at the end of clause (a); and the phrase "plus the Dollar Equivalent at such time of the aggregate principal amount of all L/C

Disbursements denominated in Japanese Yen that have not yet been reimbursed at such time" is hereby added at the end of clause (b).

(i) In the definition of "Syndicated Loan Exposure" in Section 1.01, the phrase "plus the Dollar Equivalent at such time of the aggregate principal amount of all outstanding Syndicated Loans of such Lender that are Japanese Yen Loans" is hereby added at the end thereof.

(j) In the definition of "Type" in Section 1.01, the phrase "and Japanese Yen" is hereby added at the end thereof.

Section 1.3. Conforming Changes. With respect to each Borrowing that is requested in Japanese Yen and with respect to each Letter of Credit issued in Japanese Yen, the phrase "Swiss Franc" and the phrase "Swiss francs" shall be deemed to mean "Japanese Yen" in each and every instance in the Credit Agreement where such phrase is used (except for the instances specified in Section 1.2 of this Amendment). Without limiting the generality of the immediately preceding sentence, with respect to each such Borrowing and each such Letter of Credit, the phrase "Swiss Franc Borrowing" shall mean "Japanese Yen Borrowing"; the phrase "Swiss Franc Loans" shall mean "Japanese Yen Loans"; the phrase "Swiss francs" shall mean "Japanese Yen"; and the phrase "Swiss Franc Equivalent" shall mean "Japanese Yen Equivalent".

Section 1.4. Authorization Letter. The authorization letter as to oral instructions that was executed and delivered by the Borrower to the Agent on the Closing Date (in the form of Exhibit B to the Credit Agreement) is hereby amended by adding to the list of names set forth therein the name of Mr. Hideaki Moriya.

ARTICLE 2. MATTERS GENERALLY

Section 2.1. Representations and Warranties. The Borrower hereby represents and warrants that:

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

(b) No Default or Event of Default exists.

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

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

Section 2.2. Guarantor Consent. SwissAm shall execute this Amendment in the space provided below to indicate its consent to the terms of this Amendment.

Section 2.3. Expenses. The Borrower shall pay all reasonable expenses incurred by the Agent in connection with this Amendment, including (without limitation) the fees and disbursements of counsel for the Agent.

Section 2.4. Continuing Effect. Except as otherwise expressly provided in this Amendment, all the terms and conditions of the Credit Agreement shall continue in full force and effect. All the Facility Documents also shall continue in full force and effect.

Section 2.5. Entire Agreement. This Amendment constitutes the entire agreement of the parties hereto with respect to an amendment of the Credit Agreement pertaining to the subject matter hereof, and it supersedes and replaces all prior and contemporaneous agreements, discussions and understandings (whether written or oral) with respect to such amendment.

Section 2.6. Counterparts. This Amendment may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement.

Section 2.7. Effectiveness. This Amendment shall not become effective unless and until it shall have been executed and delivered by all the parties hereto (which execution and delivery may be evidenced by telecopies).

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

MOVADO GROUP, INC.

By:/s/John Rooney
Name (Print):John Rooney
Title:Corp Controller

THE CHASE MANHATTAN BANK, as Agent, as Lender, as Swingline Bank and as Issuing Bank

By:/s/Philip A. Mousin
Philip A. Mousin
Vice President

FLEET BANK, N.A., as Co-Agent and
as Lender

By: /s/Robert Isaksen
Name (Print):Robert Isaksen
Title:Vice President

MARINE MIDLAND BANK

By: /s/Gary Sarro
Name (Print):Gary Sarro
Title:Vice President

THE BANK OF NEW YORK

By: /s/Frank S. Bridges
Name (Print):
Title:

CREDIT SUISSE FIRST BOSTON

By: /s/Karl Studer
Name (Print): Karl Studer
Title: Director

By: /s/Roger Huwiler
Name (Print): Roger Huwiler
Title: Associate

CONSENTED TO:

SWISSAM INC., as Guarantor

By: /s/David R. Phalen
Name (Print):
Title:

Exhibit 10.27

NOVEMBER 1998 AMENDMENT AND WAIVER AS
TO AMENDED AND RESTATED CREDIT AGREEMENT

THIS AMENDMENT AND WAIVER, dated as of the 17th day of November, 1998 among MOVADO GROUP, INC., a New York corporation (the "Borrower"); each of the Lenders which is a signatory to the Credit Agreement referred to below; THE CHASE MANHATTAN BANK, as Agent, as Swingline Bank and as Issuing Bank; and FLEET BANK, N.A., as Co-Agent.

Preliminary Statement

A. Reference is made to the Amended and Restated Credit Agreement dated as of July 23, 1997 (the "Original Credit Agreement") among the Borrower, the Lenders signatory thereto, The Chase Manhattan Bank, as Agent, as Swingline Bank and as Issuing Bank, and Fleet Bank, N.A., as Co-Agent. The Original Credit Agreement was amended by an Amendment dated as of August 5, 1997 and by a June 1998 Amendment dated June 10, 1998. The Original Credit Agreement, as so amended, will be called herein the "Credit Agreement". All capitalized terms used herein and not defined shall have the respective meanings ascribed to them in the Credit Agreement.

B. The Borrower has requested that certain provisions of the Credit Agreement be amended or waived, in connection with a new issuance by the Borrower of its note(s) to The Prudential Insurance Company of America in the aggregate principal amount of $25,000,000.

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

ARTICLE 1. PARTICULAR AMENDMENT AND WAIVER

Section 1.1. Adjustment in Permitted Debt. Section 8.01 of the Credit Agreement is hereby amended by changing clause (f) thereof to read as follows:

"(f) other Debt of the Borrower or of any Subsidiary of the Borrower, provided that in no event shall the amount thereof outstanding at any time exceed the sum of:

(A) $25,000,000 as to the Borrower and its domestic Subsidiaries in the aggregate; plus

(B) $15,000,000 as to the Borrower and its domestic and non-domestic Subsidiaries in the aggregate, provided that (in the case of the Borrower and its domestic Subsidiaries) such Debt shall be indebtedness for money borrowed, having a maturity of not later than one year after the incurrence thereof, and owing to one or more of the Lenders independently of this Agreement; and (in the case of non-domestic Subsidiaries of the Borrower) the amount of such Debt outstanding at any time shall not exceed $5,000,000 as to all such non-domestic Subsidiaries in the aggregate;

and provided further that (as to all of the Borrower and its domestic and non-domestic Subsidiaries in the aggregate):

(x) the amount of outstanding Debt permitted by this clause (f) consisting of liability in respect of letters of credit (excluding Letters of Credit issued under this Agreement) shall not exceed $3,000,000 at any time (whether such liability is for outstanding letters of credit that have not yet

been drawn upon, or outstanding reimbursement obligations as to letters of credit that have been drawn upon); and

(y) the amount of outstanding Debt permitted by this clause (f) that is secured by a Lien permitted by Section 8.03(h) shall not exceed $8,000,000 at any time; and".

Section 1.2. Subsidiary Guaranties. The Lenders hereby waive the prohibition contained in Section 8.02 of the Credit Agreement with respect to the execution and delivery by SwissAm, and by any other Subsidiary of the Borrower that hereafter becomes a Guarantor pursuant to Section 7.09 of the Credit Agreement, of an unsecured guaranty of payment of the obligations of the Borrower under the Prudential Notes and under the additional $25,000,000 in financing being provided by The Prudential Insurance Company of America to the Borrower contemporaneously with this Amendment and Waiver. Such waiver is limited strictly as written, and it does not apply to any other or further guaranty or transaction whether similar or dissimilar, or to any other provision of the Credit Agreement.

ARTICLE 2. MATTERS GENERALLY

Section 2.1. Representations and Warranties. The Borrower hereby represents and warrants that:

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

(b) No Default or Event of Default exists.

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

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

Section 2.2. Guarantor Consent. SwissAm shall execute this Amendment and Waiver in the space provided below to indicate its consent to the terms of this Amendment and Waiver.

Section 2.3. Expenses. The Borrower shall pay all reasonable expenses incurred by the Agent in connection with this Amendment and Waiver, including (without limitation) the fees and disbursements of counsel for the Agent.

Section 2.4. Continuing Effect. Except as otherwise expressly provided in this Amendment and Waiver, all the terms and conditions of the Credit Agreement shall continue in full force and effect. All the Facility Documents also shall continue in full force and effect.

Section 2.5. Entire Agreement. This Amendment and Waiver constitutes the entire agreement of the parties hereto with respect to an amendment or waiver of the Credit Agreement pertaining to the subject matter hereof, and it supersedes and replaces all prior and

contemporaneous agreements, discussions and understandings (whether written or oral) with respect to such amendment and waiver.

Section 2.6. Counterparts. This Amendment and Waiver may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement.

Section 2.7. Effectiveness. This Amendment and Waiver shall not become effective unless and until it shall have been executed and delivered by all the parties hereto (which execution and delivery may be evidenced by telecopies).

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

MOVADO GROUP, INC.

By: /s/John Rooney
John Rooney
Corporate Controller

THE CHASE MANHATTAN BANK, as Agent, as Lender, as Swingline Bank and as Issuing Bank

By: /s/Leonard D. Noll
Name (Print):Leonard D. Noll
Title:VP

FLEET BANK, N.A., as Co-Agent and as Lender

By: /s/Robert Isaksen
Name (Print):Robert Isaksen
Title:Senior Vice President

MARINE MIDLAND BANK

By: /s/Gary Sarro
Name (Print):Gary Sarro
Title:Vice President

THE BANK OF NEW YORK

By: /s/Linda Mae Coppa
Name (Print):Linda Mae Coppa
Title: Vice President

CREDIT SUISSE FIRST BOSTON

By: /s/Karl Studer
Name (Print): Karl Studer
Title: Director

By: /s/Bernhard Aellig
Name (Print): Bernhard Aellig
Title: Associate

CONSENTED TO:

SWISSAM INC., as Guarantor

By: /s/David R. Phalen
Name (Print):David R. Phalen
Title:President

Exhibit 10.28

MARCH 2000 AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT

THIS AMENDMENT, dated as of the 17th day of March, 2000, among MOVADO GROUP, INC., a New York corporation (the "Borrower"); each of the Lenders which is a signatory to the Credit Agreement referred to below; THE CHASE MANHATTAN BANK, as Agent, as Swingline Bank and as Issuing Bank; and FLEET BANK, N.A., as Co-Agent.

Preliminary Statement

A. Reference is made to the Amended and Restated Credit Agreement dated as of July 23, 1997 (the "Original Credit Agreement") among the Borrower, the Lenders signatory thereto, The Chase Manhattan Bank, as Agent, as Swingline Bank and as Issuing Bank, and Fleet Bank, N.A., as Co-Agent. The Original Credit Agreement was amended by an Amendment dated as of August 5, 1997 and by a June 1998 Amendment dated as of June 10, 1998 and by a November 1998 Amendment and Waiver dated as of November 17, 1998 and by a February 1999 Amendment and Waiver dated as of February 19, 1999. The Original Credit Agreement, as so amended, will be called herein the "Credit Agreement". All capitalized terms used herein and not defined shall have the respective meanings ascribed to them in the Credit Agreement.

B. The Borrower has requested that certain provisions of the Credit Agreement be amended.

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

ARTICLE 1. PARTICULAR AMENDMENTS

Section 1.1. Certain Definitions. Section 1.01 of the Credit Agreement is hereby amended by adding thereto a new defined term as follows:

"'March Amendment Date' means March 17, 2000."

Section 1.2. Margin. Section 1.01 of the Credit Agreement is hereby further amended by changing the definition of "Margin" to read as follows:

> "'Margin', for a LIBOR Loan, means 1.2% per annum initially from and after the March Amendment Date; provided, however, that the Margin shall be subject to change based on changes in Average Debt Coverage Ratio, as hereinafter provided. Where the Average Debt Coverage Ratio for a period consisting of a fiscal quarter and the three preceding fiscal quarters is within one of the ranges set forth below, the Margin shall be the amount set forth opposite such range:

Ranges	Margin
Greater than 3.00	1.80% per annum
Equal to or less than 3.00, but greater than 2.50	1.20% per annum

Equal to or less than 2.50, but greater than 1.75	.80% per annum
Equal to or less than 1.75	.65% per annum;

provided, however, that if an Event of Default exists, the Margin shall be 1.80% per annum (which shall be exclusive of the 2% incremental increase represented by the Default Rate). Each change in the Margin following the end of a fiscal quarter shall become effective on the first day of the calendar month following the delivery by the Borrower to the Agent of the financial statements for such fiscal quarter required by Section 7.08(a) or (b) of this Agreement (including, without limitation, the delivery of such financial statements for the fiscal quarter ending January 31, 2000, which as of the March Amendment Date have not yet been delivered). No change in the Margin shall be retroactive. (There is no Margin as to ABR Loans)."

Such change in the definition of "Margin" shall become effective on the March Amendment Date. Interest on any LIBOR Loan that accrued prior to the March Amendment Date and that is unpaid as of the March Amendment Date shall be computed on the basis of the definition of "Margin" as such definition existed prior to this Amendment.

Section 1.3. Dividends. (a) Section 8.06 of the Credit Agreement is hereby amended by adding the following at the end of (and as part of) clause (y) of such Section:

"except that the aggregate amount expended by the Borrower after January 31, 2000 for all such dividends and acquisitions may be up to, but not more than, $20,000,000 plus (after such $20,000,000 allowance shall have been exhausted) the amount of all Swiss Repatriation Payments (not exceeding $10,000,00) that shall have been received by the Borrower after the March Amendment Date and prior to the payment in question of such dividend or for such acquisition;".

(b) Section 8.06 of the Credit Agreement is hereby further amended by adding the following at the end of such Section:

"As used herein, the term 'Swiss Repatriation Payment' means (x) a repayment after the March Amendment Date by a Swiss Subsidiary to the Borrower of any loan made by the Borrower to such Swiss Subsidiary prior to the March Amendment Date, or (y) a dividend or distribution made by a Swiss Subsidiary to the Borrower after the March Amendment Date, in each case after giving effect to the deduction therefrom of any and all Taxes that are at any time required to be paid to any Governmental Authority (whether domestic or foreign) on the amount so repaid, dividended or distributed. Upon the request of the Agent from time to time, the Borrower shall certify to the Agent and the Lenders in writing the amount of all Swiss Repatriation Payments made and the dates thereof.

As used herein, the term 'Swiss Subsidiary' means any Subsidiary listed on Schedule II to this Credit Agreement under the heading 'Switzerland'".

Section 1.4. Commitment Fees. (a) Section 2.07 of the Credit Agreement is hereby amended, in the first sentence thereof, by changing the phrase "equal to one-fifth of one percent (1/5 of 1%) per annum" so as to read "accruing at the Applicable Rate".

(b) Section 2.07 of the Credit Agreement is hereby further amended by adding the following as new paragraph (d) thereof:

"(d) As used herein, the term 'Applicable Rate' means .30% initially from and after the March Amendment Date; provided, however, that the Applicable Rate shall be subject to change based on changes in Average Debt Coverage Ratio, as hereinafter provided. Where the Average Debt Coverage Ratio for a period consisting of a fiscal quarter and the three preceding fiscal quarters is within one of the ranges set forth below, the Applicable Rate shall be the amount set forth opposite such range:

Ranges	Applicable Rate
Greater than 3.00	.40% per annum
Equal to or less than 3.00, but greater than 2.50	.30% per annum
Equal to or less than 2.50, but greater than 1.75	.25% per annum
Equal to or less than 1.75	.20% per annum.

Each change in the Applicable Rate following the end of a fiscal quarter shall become effective on the first day of the calendar month following the delivery by the Borrower to the Agent of the financial statements for such fiscal quarter required by Section 7.08(a) or (b) of this Agreement (including, without limitation, the delivery of such financial statements for the fiscal quarter ending January 31, 2000, which as of the March Amendment Date have not yet been delivered). No change in the Applicable Rate shall be retroactive."

(c) Such change in the computation of the Commitment Fees shall become effective on the March Amendment Date. All Commitment Fees that accrued prior to the March Amendment Date and that are unpaid as of the March Amendment Date shall be computed on the basis of Section 2.07 of the Credit Agreement as such Section existed prior to this Amendment.

Section 1.5. Fixed Charge Coverage Ratio. Section 9.03 of the Credit Agreement is hereby amended by adding the following paragraphs at the end of such Section:

"For the purpose of determining the Fixed Charge Coverage Ratio only (and for no other purpose), the Special Amount shall be excluded from the consolidated earnings before interest, taxes, depreciation and amortization of the Borrower and its Consolidated Subsidiaries for the fiscal quarter ending January 31, 2000.

As used herein, the term 'Special Amount' means the aggregate amount of (a) nonrecurring expenses incurred by the Borrower and its Consolidated Subsidiaries during the fiscal quarter ending January 31, 2000, and (b) reserves taken by the Borrower and its Consolidated Subsidiaries during such fiscal quarter for future nonrecurring expenditures (in each case, on a consolidated basis), as such nonrecurring expenses and reserves for future nonrecurring expenditures are (i) reflected in the financial statements described in Section 7.08(a) of this Credit Agreement for the fiscal year

ending January 31, 2000 (although they may not be specifically identified in detail in such financial statements), and (ii) specifically identified in reasonable detail (by nature and amount) in a certificate signed by the chief financial officer of the Borrower and delivered to the Agent and the Lenders simultaneously with the delivery to the Agent of such financial statements (which certificate shall be in form reasonably satisfactory to the Agent and shall expressly state, among other things, that such expenses and expenditures are expected by the Borrower to be nonrecurring and that such expenses and reserves have been incurred and taken in the fiscal quarter ending January 31, 2000), and (iii) approved by the Agent as to their apparently nonrecurring character (which approval shall not be unreasonably withheld); provided, however, that in no event shall the Special Amount be more than $8,000,000."

ARTICLE 2. MATTERS GENERALLY

Section 2.1. Fee. Contemporaneously with the execution and delivery of this Agreement, the Borrower shall pay a fee to such of the Lenders as execute and deliver this Amendment on Friday, March 17, 2000, in such amount as is described in the Fee Letter dated March 17, 2000 from the Agent to the Borrower.

Section 2.2. Representations and Warranties. The Borrower hereby represents and warrants that:

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

(b) No Default or Event of Default exists.

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

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

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

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

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

Section 2.6. Entire Agreement. This Amendment constitutes the entire agreement of the parties hereto with respect to an amendment of the Credit Agreement pertaining to the

subject matter hereof, and it supersedes and replaces all prior and contemporaneous agreements, discussions and understandings (whether written or oral) with respect to such amendment.

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

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

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

MOVADO GROUP, INC.

By: /s/Kenneth J. Adams
Name (Print):Kenneth J. Adams
Title:Sr. VP/CFO

THE CHASE MANHATTAN BANK, as Agent, as Lender, as Swingline Bank and as Issuing Bank

By: /s/Leonard Noll
Name (Print):Leonard Noll
Title:VP

FLEET BANK, N.A., as Co-Agent and as Lender

By: /s/Christian J. Covello
Name (Print):Christian J. Covello
Title:Vice President

HSBC BANK USA

By:
Name (Print):
Title:

THE BANK OF NEW YORK

By: /s/Frank S. Bridges
Name (Print):Frank S. Bridges
Title: Vice President

CREDIT SUISSE FIRST BOSTON

By: /s/Karl Studer
Name (Print): Karl Studer
Title: Director

By: /s/Carole Arn
Name (Print): Carole Arn
Title: Associate

CONSENTED TO:

SWISSAM INC., as Guarantor

By: /s/Howard Regenbogen
Name (Print):Howard Regenbogen
Title:Treasurer

NAW CORPORATION, as Guarantor

By: /s/Robert Gilsenan
Name (Print):Robert Gilsenan
Title:President

NAWC CORUM CORPORATION, as Guarantor

By: /s/Robert Gilsenan
Name (Print):Robert Gilsenan
Title:President

MOVADO CORPORATION., as Guarantor

By: /s/Robert Gilsenan
Name (Print):Robert Gilsenan
Title:President

Exhibit 10.29

SECOND MARCH 2000 AMENDMENT TO
AMENDED AND RESTATED CREDIT AGREEMENT

THIS AMENDMENT, dated as of the 24th day of March, 2000, among MOVADO GROUP, INC., a New York corporation (the "Borrower"); each of the Lenders which is a signatory to the Credit Agreement referred to below; THE CHASE MANHATTAN BANK, as Agent, as Swingline Bank and as Issuing Bank; and FLEET BANK, N.A., as Co-Agent.

Preliminary Statement

A. Reference is made to the Amended and Restated Credit Agreement dated as of July 23, 1997 (the "Original Credit Agreement") among the Borrower, the Lenders signatory thereto, The Chase Manhattan Bank, as Agent, as Swingline Bank and as Issuing Bank, and Fleet Bank, N.A., as Co-Agent. The Original Credit Agreement was amended by an Amendment dated as of August 5, 1997 and by a June 1998 Amendment dated as of June 10, 1998 and by a November 1998 Amendment and Waiver dated as of November 17, 1998 and by a February 1999 Amendment and Waiver dated as of February 19, 1999 and by a March 2000 Amendment dated March 17, 2000. The Original Credit Agreement, as so amended, will be called herein the "Credit Agreement". All capitalized terms used herein and not defined shall have the respective meanings ascribed to them in the Credit Agreement.

B. The Borrower has requested that a certain provision of the Credit Agreement be amended.

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

ARTICLE 1. PARTICULAR AMENDMENT

Section 1.1. Capital Expenditures. Section 9.05 of the Credit Agreement is hereby amended to read as follows:

> "The Borrower shall not permit Consolidated Capital Expenditures to exceed $10,000,000 during any fiscal year (on a noncumulative basis), except that with respect to the fiscal year ending January 31, 1999 Consolidated Capital Expenditures shall not exceed $12,500,000 and with respect to the fiscal year ending January 31, 2000 Consolidated Capital Expenditures shall not exceed $10,500,000; nor shall the Borrower permit Consolidated Capital Expenditures to exceed $30,000,000 during the period from the Closing Date to the Maturity Date."

ARTICLE 2. MATTERS GENERALLY

Section 2.1. Fee. Contemporaneously with the execution and delivery of this Agreement, the Borrower shall pay a fee to such of the Lenders as execute and deliver this Amendment on or before Friday, March 24, 2000, in the amount of $1,000 each.

Section 2.2. Representations and Warranties. The Borrower hereby represents and warrants that:

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

(b) No Default or Event of Default exists.

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

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

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

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

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

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

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

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

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

MOVADO GROUP, INC.

By:/s/Kenneth J. Adams
Name (Print): Kenneth J. Adams
Title: Sr.VP/CFO

THE CHASE MANHATTAN BANK, as Agent,
as Lender, as Swingline Bank and
as Issuing Bank

By: /s/ Leonard Noll
Name (Print):Leonard Noll
Title:VP

FLEET BANK, N.A., as Co-Agent and as Lender

By: /s/ Christian J. Covello
Name (Print):Christian J. Covello
Title:Vice President

HSBC BANK USA

By: /s/ Gregory
Name (Print):
Title:

THE BANK OF NEW YORK

By:
Name (Print):
Title:

CREDIT SUISSE FIRST BOSTON

By:
Name (Print):
Title:

By:
Name (Print):
Title:

CONSENTED TO:

SWISSAM INC., as Guarantor

By: /s/ Howard Regenbogen
Name (Print):Howard Regenbogen
Title:Treasurer

NAW CORPORATION, as Guarantor

By: /s/Robert Gilsenan
Name (Print):Robert Gilsenan
Title:President

NAWC CORUM CORPORATION, as Guarantor

By: /s/Robert Gilsenan
Name (Print):Robert Gilsenan
Title:President

MOVADO CORPORATION, as Guarantor

By: /s/Robert Gilsenan
Name (Print):Robert Gilsenan
Title:President

SECOND AMENDMENT OF LEASE

Exhibit 10.30

This SECOND AMENDMENT OF LEASE is made as of the 23rd day of December, 1998 between MEADOWLANDS ASSOCIATES, a New Jersey limited partnership, ("Landlord") having an address at PW/MS Management Co., Inc., c/o Gale & Wentworth, LLC, Park Avenue at Morris County, 200 Campus Drive, Suite 200, Florham Park, New Jersey 07932-1007 and MOVADO GROUP, INC., a New York corporation, having an office at 125 Chubb Avenue, Lyndhurst, New Jersey 07071 (hereinafter called "Tenant").

WITNESSETH:

WHEREAS:

A. Landlord and North American Watch Corporation, predecessor-in-interest to Tenant, heretofore entered into a certain lease dated as of October 31, 1986, as amended by a certain first amendment of lease dated as of May 31, 1994 ("First Amendment") (said lease as it was or may hereafter be amended is hereinafter called the "Lease") with respect to (i) the entire rentable square foot area of the fourth (4th) floor and (ii) a portion of the rentable square foot area of the fifth (5th) floor (collectively, "Demised Premises") of the building known as and located at 125 Chubb Avenue, Lyndhurst, New Jersey ("Building"); and

B. Tenant is desirous of increasing the size of the Demised Premises by the addition of 17,862 rentable square feet ("Expansion Space") on the fifth (5th) floor of the Building, as illustrated on Schedule A, attached hereto and made a part hereof; and

C. Tenant is desirous of extending by eight (8) months the term for the 10,363 rentable square foot Additional Space

(defined in WHEREAS clause B. of the First Amendment) on the fifth (5th) floor of the Building; and

D. The parties hereto desire to further modify the Lease in certain other respects.

NOW, THEREFORE, in consideration of the promises and mutual covenants hereinafter contained, the parties hereto modify the Lease as follows:

1. DEFINED TERMS. Except as specifically provided otherwise in this Second Amendment of Lease, all defined terms contained in this Second Amendment of Lease shall, for the purposes hereof, have the same meaning ascribed to them in the Lease.

2. EXPANSION SPACE COMMENCEMENT DATE. The Demised Premises shall be deemed expanded to include the Expansion Space on the earlier of ("Expansion Space Commencement Date") (i) the date Tenant takes possession of all or any part of the Expansion Space or (ii) August 1, 1999. As of the Expansion Space Commencement Date, the attached Schedule A shall be added to and become a part of Exhibit A (Rental Plan) to the Lease. On or about the Expansion Space Commencement Date, Landlord may deliver to Tenant a notice ("Expansion Space Commencement Date Notice") confirming, among other things, the inclusion of the Expansion Space within the Demised Premises as of the Expansion Space Commencement Date. If Tenant receives the Expansion Space Commencement Date Notice, Tenant shall sign same and return it fully executed to Landlord within five (5) days after Tenant's receipt thereof. Tenant's failure to timely return a fully executed unamended original counterpart of the Expansion Space Commencement Date Notice shall constitute Tenant's express consent with and agreement to all the terms contained in the Expansion Space Commencement Date Notice as prepared by Landlord.

3. CONDITION OF EXPANSION SPACE. As of the Expansion Space Commencement Date, Tenant shall be deemed to have accepted the Expansion Space in its then "as is" physical condition and state of repair. In that regard, Landlord shall have no obligation to do any work or perform any services with respect to the Expansion Space or grant Tenant any construction allowance.

4. EXTENSION OF ADDITIONAL SPACE TERM. Pursuant to the First Amendment, Tenant leased the 10,363 rentable square foot Additional Space on the fifth (5th) floor of the Building for a period (defined as the "Additional Space Term" in Paragraph 2. of the First Amendment) commencing on September 8, 1994 and ending on September 30, 1999 (defined as the "Additional Space Termination Date"). Notwithstanding anything contained to the contrary in Paragraph 2. of the First Amendment, the Additional Space Termination Date shall be, and the Additional Space Term shall end on, May 31, 2000.

5. MINIMUM RENT. The Lease is hereby amended to provide that the Minimum Rent, on an annual basis, shall be:

(i) TWO MILLION TWO HUNDRED SIXTY FIVE THOUSAND SIX HUNDRED EIGHTY SEVEN AND 50/100 DOLLARS ($2,265,687.50) for the period commencing on the Expansion Space Commencement Date and ending on September 30, 1999, payable in advance on the first day of each calendar month in equal monthly installments of ONE HUNDRED EIGHTY EIGHT THOUSAND EIGHT HUNDRED SEVEN AND 29/100 DOLLARS ($188,807.29);

(ii) TWO MILLION TWO HUNDRED NINETY ONE THOUSAND FIVE HUNDRED NINETY FIVE AND 00/100 DOLLARS ($2,291,595.00) for the period commencing on October 1, 1999 and ending on May 31, 2000, payable in advance on the first day of each calendar month in equal monthly installments of ONE HUNDRED NINETY THOUSAND NINE HUNDRED SIXTY SIX AND 25/100 DOLLARS ($190,966.25);

(iii) ONE MILLION SIX HUNDRED NINETY EIGHT THOUSAND EIGHT HUNDRED SEVENTY AND 00/100 DOLLARS ($1,698,870.00) for the period commencing on June 1, 2000 and ending on the Termination Date, payable in advance on the

first day of each calendar month in equal monthly installments of ONE HUNDRED FORTY ONE THOUSAND FIVE HUNDRED SEVENTY TWO AND 50/100 DOLLARS ($141,572.50).

6. SIZE OF DEMISED PREMISES. Section 36.2 of the Lease shall be amended as of the date hereof to provide that, only for the period beginning on the Expansion Space Commencement Date until the Actual Surrender Date (hereinafter defined in Paragraph 7), (i) the Demised Premises shall be deemed to contain a floor area of 84,854 rentable square feet and (ii) the Occupancy Percentage shall be 30.5%. For the period beginning on the day following the Actual Surrender Date until the Termination Date, Section 36.2 of the Lease shall be amended to provide that (a) the Demised Premises shall be deemed to contain a floor area of 56,629 rentable square feet and (b) the Occupancy Percentage shall be 20.3%.

7. SURRENDER OF FIFTH FLOOR SPACE. The Expansion Space and Additional Space are hereinafter collectively referred to as the "Fifth Floor Space". Tenant shall deliver the Fifth Floor Space to Landlord by May 31, 2000 in the same physical condition and state of repair that would apply to the Fifth Floor Space as if May 31, 2000 were the Termination Date. May 31, 2000 is hereinafter referred to as the "Scheduled Surrender Date". Subject to the Lease and to the other provisions of this Second Amendment of Lease, Tenant's obligations with regard to the Fifth Floor Space shall cease on the Scheduled Surrender Date as if the Scheduled Surrender Date were the Termination Date. The earliest date after the Scheduled Surrender Date by when Tenant has delivered to Landlord the Fifth Floor Space in the physical condition and state of repair as required hereunder is hereinafter called the "Actual Surrender Date". If the Actual Surrender Date fails to occur by the Scheduled Surrender Date,

then, Tenant shall be deemed a holdover tenant at sufferance for the Fifth Floor Space and shall be liable to Landlord under Article 55 of the Lease as if the Scheduled Surrender Date were the Termination Date. As of the Actual Surrender Date, Exhibit A to the Lease shall be deemed to have excluded therefrom the Fifth Floor Space. Nothing in this Second Amendment of Lease shall be deemed to constitute a release or discharge of Tenant with respect to any outstanding and unsatisfied obligation or liability, whether unbilled or calculated, accrued or incurred under the Lease, such as, but not limited to, Minimum Rent, Adjusted Minimum Rent, additional rent and other charges payable by Tenant in connection with the Fifth Floor Space, up to and including the Actual Surrender Date.

8. ESCALATIONS ON EXPANSION SPACE. For purposes of computing the additional rent accruing on and after the Expansion Space Commencement Date solely for the Expansion Space that is due Landlord under Section 36.4(1) of the Lease, as of the Expansion Space Commencement Date, (A) Section 36.1(4) of the Lease shall be deleted and replaced with the following new Section 36.1(4): "First Tax Year shall mean the calendar year ending December 31, 1999. Tax Year shall mean any calendar year thereafter;" and (B) Section 36.1(2) of the Lease shall be deleted and replaced with the following new Section 36.1(2); "Base Tax Rate shall mean the real estate tax rate in effect on the date of the Second Amendment of Lease." For purposes of computing the additional rent accruing on and after the Expansion Space Commencement Date solely for the Expansion Space that is due Landlord under Section 36.5(1) of the Lease, as of the Expansion Space Commencement Date, Section 36.1(3) of the Lease shall be deleted and replaced with the following new Section 36.1(3): "First Operating Year shall mean the calendar year

ending December 31, 1999. Operating Year shall mean any calendar year thereafter;".

9. ESCALATIONS ON ADDITIONAL SPACE. For purposes of computing the additional rent accruing on and after October 1, 1999 solely for the Additional Space that is due Landlord under Section 36.4(1) of the Lease, as of October 1, 1999, (A) Section 36.1(4) of the Lease shall be deleted and replaced with the following new Section 36.1(4): "First Tax Year shall mean the calendar year ending December 31, 1999. Tax Year shall mean any calendar year thereafter;" and (B) Section 36.1(2) of the Lease shall be deleted and replaced with the following new Section 36.1(2): "Base Tax Rate shall mean the real estate tax rate in effect on the date of the Second Amendment of Lease." For purposes of computing the additional rent accruing on and after October 1, 1999 solely for the Additional Space that is due Landlord under Section 36.5(1) of the Lease as of October 1, 1999, Section 36.1(3) of the Lease shall be deleted and replaced with the following new Section 36.1(3): "First Operating Year shall mean the calendar year ending December 31, 1999. Operating Year shall mean any calendar year thereafter;".

10. BROKERAGE. Tenant represents that it has had no dealings or communications with any real estate broker or agent in connection with this Second Amendment of Lease, except Cushman & Wakefield of New Jersey, Inc. Tenant agrees to defend indemnify and hold Landlord, its affiliates and/or subsidiaries and the partners, directors, officers of Landlord and its affiliates and/or subsidiaries harmless from and against any and all costs, expenses or liability (including attorney's fees, court costs and disbursements) for any commission or other compensation claimed by any broker or agent in connection with this Second Amendment of Lease, except Cushman & Wakefield of New Jersey, Inc.

11. CORPORATE AUTHORITY. Tenant represents that the undersigned officer of the Tenant corporation has been duly authorized on behalf of the Tenant corporation to enter into this Second Amendment of Lease in accordance with the terms, covenants and conditions set forth herein, and, upon Landlord's request, Tenant shall deliver an appropriate certification by the Secretary of the Tenant corporation to the foregoing effect.

12. LEASE RATIFICATION. Except as expressly amended by this Second Amendment of Lease and the First Amendment, the Lease, and all terms, covenants and conditions thereof, shall remain in full force and effect and is hereby in all respects ratified and confirmed.

13. NO ORAL CHANGES. This Second Amendment of Lease may not be changed orally, but only by a writing signed by both Landlord and Tenant.

14. NO DEFAULT. Tenant confirms that (i) Landlord has complied with all of its obligations contained in the Lease and (ii) no event has occurred and no condition exists which, with the passage of time or the giving of notice, or both, would constitute a default by Landlord under the Lease.

15. NON-BINDING DRAFT. The mailing or delivery of this document by Landlord or its agent to Tenant, its agent or attorney shall not be deemed an offer by the Landlord on the terms set forth in such document or draft, and such document or draft may be withdrawn or modified by Landlord or its agent at any time and for any reason. The purpose of this section is to place Tenant on notice that this document or draft shall not be effective, nor shall Tenant have any rights with respect hereto, unless and until Landlord shall execute and accept this document. No representations or promises shall be binding on the parties hereto except those representations and promises contained in a fully

executed copy of this document or in some future writing signed by Landlord and Tenant.

16. NOTICES. As of the date hereof, the following provision from Section 57.1 NOTICES of the Lease shall be deemed deleted:

LANDLORD: Meadowlands Associates
c/o Bellemead Development Corporation
4 Becker Farm Road
Roseland, New Jersey 07068

with copies to: Sanford Grossman, Esq.
Simpson Thacher & Bartlett
One Battery Park Plaza
New York, New York 10004

and shall be replaced by the following new provision:

LANDLORD: Meadowlands Associates
PW/MS Management Co., Inc.
c/o Gale & Wentworth, LLC
Park Avenue at Morris County
200 Campus Drive, Suite 200
Florham Park, New Jersey 07932-1007
Attention: Marc Leonard Ripp, Esq.
General Counsel

17. NO RENEWAL OPTIONS ON ADDITIONAL SPACE. As of the date hereof, (i) all of Tenant's benefits, entitlements, rights and privileges under Paragraph 10 of the First Amendment shall be deemed without legal force, (ii) any exercise or attempted exercise of any right or option by Tenant under Paragraph 10 of the First Amendment shall be deemed ineffective and (iii) all of Landlord's duties, liabilities, obligations, responsibilities and commitments contained in Paragraph 10 of the First Amendment shall be deemed null and void.

IN WITNESS WHEREOF, the parties hereto have caused this Second Amendment of Lease to be executed on the day and year first written above.

Signed and delivered

	LANDLORD:
	MEADOWLANDS ASSOCIATES
WITNESSED BY:	By: ARC Meadowlands Associates, General Partner
	By: ARC Meadowlands, Inc., General Partner
Fiona G. O'Reilly	By: /s/ Michael Futterman
- ------------------------	----------
Name: Fiona G. O'Reilly	Michael Futterman
- ------------------------	President
(Please Print)	
ATTESTED BY:	AGENT FOR LANDLORD:
	PW/MS MANAGEMENT CO., INC.
	By: Gale & Wentworth, LLC
/s/ Marc Leonard Ripp, Esq.	By: /s/ Robert R. Martie
- ------------------------	----------
Marc Leonard Ripp, Esq.	Robert R. Martie
Corporate Secretary	Senior Vice President
ATTESTED BY:	TENANT:
	MOVADO GROUP, INC.
/s/ Timothy F. Mizhno	By: /s/ Michael J. Bush
- ------------------------	----------
Name: Timothy F. Mizhno	Michael J. Bush
- ------------------------	Chief Operating Officer
(Please Print)	
Title: Corporate Secretary	

SCHEDULE A

Floor Plan of 17,862
Rentable Square Foot
Expansion Space

[5TH FLOOR TENANT LAYOUT PLAN WITH MARKED EXPANSION SPACE]

Exhibit 10.31

LEASE TERMINATION AGREEMENT

This LEASE TERMINATION AGREEMENT ("Agreement") dated as of February 1, 2000, is entered into between PW/MS OP SUB I, LLC, a Delaware limited liability company, having an address c/o PW/MS Management Co., Inc., Gale & Wentworth, LLC, Park Avenue at Morris County, 200 Campus Drive, Suite 200, Florham Park, New Jersey 07932-1007 (hereinafter called "Landlord") and MOVADO GROUP, INC. (f/k/a North American Watch Corporation), a New York corporation, having an address 125 Chubb Avenue, Lyndhurst, New Jersey 07071 (hereinafter called "Tenant").

WITNESSETH:

WHEREAS:

A. Belle Mead Corporation (Landlord's predecessor in interest) and Tenant heretofore entered into a certain lease dated as of April 15, 1996, as amended by a certain amendment to lease between Landlord and Tenant dated as of October 28, 1998 (said lease, as amended, being hereinafter called the "Lease") with respect to 8,108 rentable square feet of office space (hereinafter called the "Demised Premises") located on a portion of the sixth (6 th) floor in the building known as and located at 1200 Wall Street West, Lyndhurst, New Jersey, for a term ending on April 15, 2002 or on such earlier date upon which said term may expire or be terminated pursuant to any conditions of limitation or other provision of the Lease or pursuant to law; and

B. Tenant desires to surrender the Demised Premises to Landlord and to terminate the Lease prior to the present expiration date; and

C. Landlord is willing to accept the surrender of the Demised Premises and to terminate the Lease, subject, however, to the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the promises and mutual covenants hereinafter contained, the parties hereto agree as follows:

1. (a) Subject to the provisions of this Agreement, the Lease, and the term and estate granted thereunder, shall terminate and expire on the Surrender Date (as hereinafter defined in Paragraph 1(c)) as fully and completely as if the Surrender Date were the date originally

fixed in the Lease as the Expiration Date, and Tenant shall surrender the Demised Premises on the Surrender Date to Landlord, to have and to hold the same for the unexpired residue of the Term. After the Surrender Date, Tenant shall have no further obligations or liabilities of any kind or nature under the Lease with respect to the Demised Premises, except as expressly provided in this Agreement.

(b)(i) Landlord hereby advises Tenant that Landlord is presently negotiating a lease amendment with Quest Diagnostics Incorporated ("Quest") pursuant to which Quest will lease the Demised Premises. Tenant acknowledges and agrees that (x) this Agreement is contingent upon Landlord and Quest entering into a lease amendment for the Demised Premises on terms and conditions satisfactory to Landlord in its sole discretion, and (y) Landlord shall have the right, for any reason or no reason, to discontinue negotiations with Quest and/or to refuse to enter into a lease amendment with Quest for the Demised Premises without incurring any liability whatsoever to Tenant. Tenant hereby releases Landlord from all liability, claim or expense incurred by Tenant as a result of the non-occurrence of the contingency described in clause (x) above.

(ii) In the event the contingency described in clause (x) of Paragraph 1(b)(i) is not satisfied within thirty (30) days after the date of this Agreement, then Landlord or Tenant shall have the right to cancel this Agreement by notice given to the other party at any time after the expiration of said thirty (30) day period. If either party exercises its cancellation right, then this Agreement shall be deemed cancelled, and of no further force or effect, as of the date of the other party's receipt of said cancellation notice; provided, however, if the contingency is satisfied before the other party's receipt of said cancellation notice, then said cancellation notice shall be deemed automatically null and void, and of no further force or effect.

(c) If Landlord and Quest execute and unconditionally deliver a lease agreement with respect to the Demised Premises pursuant to clause (x) of Paragraph 1(b)(i), then, for the purposes of this Agreement, the term "Surrender Date" shall mean the later to occur of (i) the thirtieth (30th) day after the date on which the contingency described in clause (x) of Paragraph 1(b)(i) is satisfied or (ii) February 29, 2000.

2. In consideration for Landlord's execution of this Agreement, Tenant agrees to pay to Landlord the sum of

$56,000.00 (the "Surrender Payment") by certified or bank check simultaneously with Tenant's execution and delivery of this Agreement. If the contingency described in clause (x) of Paragraph 1(b)(i) is not satisfied, and if either party exercises its termination right, then Landlord agrees to promptly refund to Tenant the Surrender Payment.

3.(a) On or before the Surrender Date, Tenant shall do the following:

(i) Tenant shall remove from the Demised Premises all trade fixtures, equipment, machinery and personal property belonging to Tenant and shall repair all damage to the Demised Premises and/or the Building caused by such removal.

(ii) Tenant shall remove the following Tenant's Work from the Demised Premises and shall restore the Demised Premises to the condition existing prior to said installation and shall repair all damage to the Demised Premises and/or Building caused by such removal: NONE.

(iii) Tenant shall quit and surrender the Demised Premises broom clean and in good condition and repair, except for ordinary wear and tear, and except for any damage or other condition which, in accordance with the terms of the Lease, is not the responsibility of Tenant to repair.

(iv) Tenant shall deliver all keys to the Demised Premises to Landlord.

(v) Tenant covenants to comply with all of the provisions contained in the Lease which are applicable to the surrender and termination of the Lease.

(b) Promptly after Tenant has complied with the provisions of clauses (i), (ii) and (iii) of Paragraph 3(a) above, Landlord and Tenant shall conduct a move-out inspection. If there are any repairs or other work which Tenant is obligated to perform under the terms of this Agreement or under the terms of the Lease (collectively referred to as the "Move-out Work"), Tenant shall promptly do such Move-out Work or, alternatively, at Landlord's option, Tenant shall pay to Landlord the reasonable costs to do such Move-out Work.

(c) The provisions of this Paragraph 3 shall survive the termination of the Lease.

4. Tenant agrees to have final meter readings taken as of the Surrender Date and to pay promptly any and all charges for utility services furnished to the Demised Premises through the Surrender Date. The provisions of this Paragraph 4 shall survive the termination of the Lease.

5. Landlord and Tenant acknowledge and agree further that, pursuant to the provisions of Article 6 of the Lease, Tenant shall be responsible for any underpayments in Taxes and/or Operating Costs for the portion of calendar year 2000 preceding the Surrender Date, and Landlord shall be responsible for any overpayments in Taxes and/or Operating Costs for the portion of calendar year 2000 preceding the Surrender Date. The provisions of this Paragraph 5 shall survive the termination of the Lease.

6. Tenant hereby represents and warrants to Landlord that Tenant used the Demised Premises solely for general executive and general administrative offices and for no other use or purpose.

7. Tenant shall not have any legal or equitable right or interest in or to the Demised Premises after the Surrender Date.

8. Tenant hereby expressly covenants and warrants to Landlord that Tenant has not done or suffered any act or thing whereby the Demised Premises, or any part thereof are or may be in any way charged, affected or encumbered.

9. In the event Tenant fails to surrender the Demised Premises on the Surrender Date, Landlord shall have all the remedies set forth in the Lease, as well as any other remedies it may have at law or in equity, by statute or otherwise, to recover possession of the Demised Premises and to obtain money damages from Tenant.

10. (a) Tenant hereby releases Landlord from and against all claims, demands, liabilities, costs and expenses arising out of or in connection with the Lease or the termination thereof which Tenant ever had, now has or shall hereafter have against Landlord, except with respect to the express obligations of Landlord under this Agreement, and except with respect to (i) any material monetary default on the part on Landlord or (ii) any material interruption in services caused by Landlord, occurring during the period from the date of this Agreement to and including the Surrender Date, provided Tenant notifies Landlord of such

default or interruption by notice given to Landlord within two (2) business days after the Surrender Date.

(b) Provided (i) Tenant surrenders possession of the Demised Premises to Landlord in accordance with this Agreement, (ii) Tenant has paid to Landlord all Minimum Rent and additional rent due under the Lease for the period preceding, and including, the Surrender Date, (iii) Tenant has paid to Landlord the Surrender Payment, and (iv) Tenant is not otherwise in default under the terms and conditions of the Lease as of the Surrender Date, then Landlord hereby releases Tenant from and against all claims, demands, liabilities, costs and expenses arising out of or in connection with the Lease or the termination thereof which Landlord ever had, now has or shall hereafter have against Tenant, except with respect to the express obligations of Tenant under this Agreement.

11. Each party hereby acknowledges and agrees that it shall continue to comply with and/or perform all of its obligations under the Lease (including, in the case of Tenant, the payment of Minimum Rent and additional rent) to and including the Surrender Date.

12. Any capitalized term used in this Agreement, but not defined herein, shall have the meaning ascribed to said term in the Lease.

13. This Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey.

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

Signed and delivered	LANDLORD:
IN THE PRESENCE OF OR ATTESTED BY:	PW/MS OP SUB I, LLC
- -------------------------	By:-------------------------
Name:	Name:
	Title:

TENANT:

MOVADO GROUP, INC.

/s/ Beverly Ann Giannini
- ------------------------
Name:

By: /s/ Timothy F. Michno

Name: Timothy F. Michno
Title: General Counsel

Exhibit 10.32

STANDARD FORM OF SUBLEASE AGREEMENT

SUBLEASE made as of October 26, 1999 between MERCK-MEDCO MANAGED CARE, L.L.C., with an office at 100 Summit Avenue, Montvale, New Jersey 07645 ("SUBLESSOR"), and MOVADO GROUP, INC., with an office at 125 Chubb Avenue, Lyndhurst, New Jersey 07071 hereinafter ("SUBLESSEE").

PRELIMINARY STATEMENT

Kraft General Foods, Inc., as "Tenant", and Whiteweld Centre, Inc., as "Landlord", have previously entered into that certain Lease (the "Master Lease"), dated as of December 28, 1992, providing for the leasing of certain space, totaling approximately 19,374 rentable square feet (the "Demised Premises"), and improvements therein, located at 300 Tice Boulevard, Woodcliff Lake, New Jersey and more particularly described in the Master Lease for a lease term commencing April 1, 1993 and ending March 31, 2001, unless sooner terminated as provided in the Master Lease;

SUBLESSOR has subleased, as sublessee, from Tenant, as sub-lessor the Demised Premises, pursuant to a certain sublease dated December 23, 1994 (the "Major Sublease") for a sublease term commencing April 15, 1994 and ending March 31, 2001, unless sooner terminated as provided therein; and

SUBLESSOR desires to sublet to SUBLESSEE and SUBLESSEE desires to hire from SUBLESSOR all of the Demised Premises; and

It is agreed as follows:

1. SUBLEASE. SUBLESSOR sublets to SUBLESSEE all of the Demised Premises consisting of approximately 19,374 square feet as shown on the floor plan annexed hereto as Exhibit A (the "Sublet Premises"), for general office use and for no other purpose.

2. TERM. The term of this sublease ("Sublease Term") shall commence on the date first set forth above and expire on March 30, 2001, or such earlier date upon which the Sublease Term expires or terminates pursuant to the provisions of this sublease, or the Master Lease or Major Sublease terminates, or pursuant to law.

3. RENT. The rent for the Sublease Term shall be $329,358.00 per annum and shall be payable monthly, in advance, commencing sixty (60) days after possession of the Sublet Premises is delivered to SUBLESSEE and on the first (1st) day of each calendar month thereafter, in equal monthly installments of $27,446.50, except that the installment for the first month of the Sublease Term (or partial month in the event the date which is sixty (60) days after delivery of possession of the Sublet Premises to SUBLESSEE occurs on any day other than the first day of a month) shall be payable upon the execution hereof. SUBLESSOR shall deliver possession of the Sublet Premises to SUBLESSEE no later than the first business day after the date that both Landlord and Tenant shall have executed the consents set forth at the end of this Sublease or shall have executed such other consents which in form and substance are satisfactory to SUBLESSEE. SUBLESSEE shall pay as additional rent, including tenant electric, 100% of any payments or expenses, except Base Rent, required to be made by SUBLESSOR under the Major Sublease which relate to the Sublet Premises. All payments called for under

this sublease shall be made within twenty (20) days after SUBLESSEE'S receipt of a statement from SUBLESSOR setting out such items of additional rent then due and without setoff or deduction, at SUBLESSOR'S office or at such other address as SUBLESSOR may designate.

4. SUBORDINATION TO MASTER LEASE AND MAJOR SUBLEASE. This sublease is subordinate to, and SUBLESSEE accepts this sublease subordinate to, the Master Lease and Major Sublease and the matters to which the Master Lease and Major Sublease are subordinate, provided that Landlord and Tenant agree not to disturb the quiet enjoyment and possession of the Sublet Premises by SUBLESSEE as long as SUBLESSEE is not in default hereunder, SUBLESSOR is not in default under the Major Sublease or Tenant is not in default under the Master Lease. This sublease is also subordinate to, and SUBLESSEE accepts this sublease subordinate to, any amendments to the Master Lease hereafter made between Tenant and Landlord and the Major Sublease hereafter made between Tenant and SUBLESSOR, provided that Landlord and Tenant agree not to disturb the quiet enjoyment and possession of the Sublet Premises by SUBLESSEE as long as SUBLESSEE is not in default hereunder, SUBLESSOR is not in default under the Major Sublease or Tenant is not in default under the Master Lease. Copies of the documents comprising the Master Lease and Major Sublease have been delivered to and reviewed by SUBLESSEE. SUBLESSEE acknowledges that SUBLESSOR cannot convey to SUBLESSEE any greater estate than SUBLESSOR has been granted pursuant to the Major Sublease.

The provisions of the Master Lease and Major Sublease are incorporated herein by reference with the same force and effect as

if they were fully set forth herein, except as otherwise specifically provided herein, and the provisions of the Major Sublease and the Master Lease shall, as between SUBLESSOR and SUBLESSEE (as if they were, respectively, SUBLESSOR and SUBLESSEE under the Major Sublease, and Landlord and Tenant under the Master Lease) constitute the terms of this sublease, except for those relating to Base Rent, additional rent or any other amounts payable either by SUBLESSOR to Tenant under the Major Sublease or by Tenant to Landlord under the Master Lease, and those which are otherwise inapplicable to, inconsistent with or modified by the terms of this sublease. This incorporation by reference specifically includes the indemnification provisions of Paragraph 9(b) of the Major Sublease, which will run from SUBLESSEE to SUBLESSOR, Tenant and Landlord.

SUBLESSEE covenants that SUBLESSEE will not do anything in or with respect to the Sublet Premises or omit to do anything which SUBLESSEE is obligated to do under the terms of the sublease which would constitute a default under the Master Lease or Major Sublease or might cause the Master Lease or Major Sublease to be cancelled, terminated or forfeited or might make Tenant or SUBLESSOR liable for any damages, claims or penalties.

5. DAMAGE OR INJURY. Landlord, Tenant and SUBLESSOR shall not be liable for any damage to property or injury to persons, sustained by SUBLESSEE or others, caused by conditions or activities on the Sublet Premises, provided, however, that notwithstanding the foregoing, SUBLESSOR shall be liable to SUBLESSEE to the same extent that Tenant may be liable to SUBLESSOR under the Major Sublease and, provided further, that

SUBLESSOR shall be liable for any such damage to the extent it arises out of any act or omission of SUBLESSOR or any of its employees, agents, officers, directors, representatives or contractors. SUBLESSEE shall indemnify the Landlord, Tenant and SUBLESSOR against all claims arising from the negligence or intentional misconduct of SUBLESSEE or any of its employees, agents, officers, directors, representatives or contractors or arising from any breach by SUBLESSEE of any of the terms and conditions contained herein and shall carry insurance as required by the Master Lease or the Major Sublease, whichever is greater, which shall name Landlord, Tenant and SUBLESSOR as additional insureds.

6. REPAIRS BY TENANT. SUBLESSOR shall not do or permit to be done any act or thing which is a default under this sublease or the Major Sublease or the Master Lease. SUBLESSOR agrees that SUBLESSEE shall be entitled to receive all services and repairs to be provided by Tenant to SUBLESSOR under the Major Sublease. SUBLESSEE shall look only to SUBLESSOR for any services to be furnished to SUBLESSEE in accordance with this sublease. SUBLESSOR shall use its reasonable efforts to obtain for SUBLESSEE any services which are the obligation of Tenant or Landlord.

7. BROKER. SUBLESSEE warrants and represents that it has dealt with no broker or any other person except for Alexander Summer LLC who would legally claim to be entitled to receive a brokerage commission or finder's or consultant's fee with respect to this transaction. SUBLESSEE shall indemnify SUBLESSOR, Landlord and Tenant against the claim of any person, firm or corporation arising out of any inaccuracy or alleged inaccuracy of

the above representation.

8. SUBLESSEE'S COVENANTS. SUBLESSEE covenants with SUBLESSOR to hire the Sublet Premises and to pay the rent therefore as aforesaid, that it will commit no waste, nor suffer the same to be committed thereon, nor injure nor misuse the same; and also that it shall not make alterations therein, nor use the same for any purpose but that hereinbefore authorized. SUBLESSEE has inspected the Sublet Premises and accepts same in their present condition subject to the representations and warranties contained herein and subject to delivery of the Sublet Premises by SUBLESSOR in broom clean condition, without any warranties or representations (express or implied) being relied upon, except for such representations and warranties made to or for the benefit of SUBLESSOR as SUBLESSEE under the Major Sublease and, further, SUBLESSOR's representations and warranties that (1) all of the Building's electrical, plumbing, HVAC and other systems serving the Sublet Premises (excluding any electrical systems installed by and subsequently removed by SUBLESSOR) shall be operational and in good working order on the date the Sublet Premises are delivered to SUBLESSEE and (2) each of the Major Sublease and the Master Lease is, and will be on the date the Sublet Premises are delivered to SUBLESSEE, in full force and effect, without modification, and neither SUBLESSOR, Tenant nor Landlord is in default thereunder, and SUBLESSOR has received no notice of default thereunder which remains uncured and is not aware of any act or occurrence which, but for the passage of time or the giving of notice or both, would constitute a default under the Major Sublease or the Master Lease; and (3) SUBLESSOR has not made any claim upon Tenant or Landlord.

9. CONSENT. No rights as a tenant of the Sublet Premises are conferred upon SUBLESSEE until (i) this sublease has been signed by SUBLESSOR and an executed copy has been delivered to SUBLESSEE and (ii) the consents of Tenant and Landlord have been obtained. SUBLESSOR shall promptly after the execution of this sublease by both SUBLESSOR and SUBLESSEE submit this sublease to Landlord and Tenant for their consent. If the Landlord or Tenant refuse to grant consent or if the Master Lease or Major Sublease is cancelled for any reason whatsoever prior to the first day of the Sublease Term, all sums received hereunder by SUBLESSOR shall be returned to SUBLESSEE without interest and without any further liability on the part of the SUBLESSOR or SUBLESSEE and this sublease shall be deemed void and of no effect.

10. SUBLESSOR shall indemnify and hold SUBLESSEE harmless from and against any and all liability, loss, damage, claim or expense of any kind whatsoever (including, without limitation, reasonable attorney's fees and disbursements) in any way arising out of or connected with any breach, default or failure to perform on SUBLESSOR's part under this Sublease (from and after the date hereof) and, to the extent same does not result from a failure of SUBLESSEE to perform its obligations under the Sublease, under the Major Sublease. SUBLESSOR agrees that, so long as this Sublease shall continue in effect and SUBLESSEE shall not be in default as to any of its obligations hereunder, (a) it shall pay all rent as and when due under the Major Sublease, and (b) it shall not take any action or omit to take any action within its control, if such actions or omissions would result in a default under, or cancellation or termination of, the Major Sublease or the Master

Lease. Notwithstanding any other provision of this Sublease, SUBLESSOR shall not be liable to SUBLESSEE for any consequential damages suffered by SUBLESSEE.

11. NOTICES. SUBLESSOR agrees to forward to SUBLESSEE, promptly upon receipt thereof by SUBLESSOR, a copy of each notice of default received by SUBLESSOR in its capacity as SUBLESSEE under the Major Sublease. SUBLESSEE agrees to forward to SUBLESSOR, promptly upon receipt thereof, copies of any notices received by SUBLESSEE from Tenant or Landlord or from any governmental authorities. All notices, demands and requests shall be in writing and shall sent either by hand delivery, or certified mail/return receipt requested or by a nationally recognized overnight courier service, such as FedEx or UPS, to the address of the appropriate party. Notices, demands and requests so sent shall be deemed given when the same are received. Notices to the SUBLESSOR shall be sent to the attention of:

Merck-Medco Managed Care, L.L.C.
100 Summit Avenue
Montvale, New Jersey 07645
Attn: Andrew A. Munroe, Esq.
Assistant Counsel

Notices to SUBLESSEE shall be sent to attention of:

Movado Group, inc.
300 Tice Blvd.
Woodcliff Lake, NJ 07675
Attn: Richard Buonocore, V.P. Admin.
Copy to: Timothy F. Michno, Esq., General Counsel

12. There are no oral agreements between the parties hereto affecting this sublease and this sublease supercedes and cancels

any and all previous negotiations, agreements and understanding between the parties hereto with respect to the subject matter hereof. This sublease contains all of the terms, covenants, conditions, warranties and agreements of the parties relating in any manner to the rental, use and occupancy of the Sublet Premises. This agreement may not be modified or amended except in writing signed by the parties hereto.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals this 26 day of October, 1999.

MERCK MEDCO MANAGED CARE, L.L.C. As SUBLESSOR	MOVADO GROUP, INC. As SUBLESSEE
By: /s/Richard T. Clark Name:Richard T. Clark Title:President	By: /s/Efraim Grinberg Name: Efraim Grinberg Title:President

CONSENT BY 300 TICE REALTY ASSOCIATES LLC

300 TICE REALTY ASSOCIATES LLC HEREBY consents to the above sublease. Nothing contained herein shall be deemed a consent to any further subletting of the Demised Premises or assignment of the Master Lease, Major Sublease or this Sublease.

Landlord further agrees that in the event the Master Lease is terminated prior to the expiration date of this sublease, Landlord will not disturb SUBLESSEE's possession and quiet enjoyment of the Sublet Premises provided that SUBLESSEE makes full and complete attornment to Landlord for the balance of the term of this sublease.

300 TICE REALTY ASSOCIATES L.L.C.
As LANDLORD

By: Mack-Cali Realty, L.P., member

By: Mack-Cali Realty Corporation,
its general partner

By: /s/John J. Crandall
John J. Crandall
Vice President - Leasing

Exhibit ???

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WHITEWELD CENTRE, INC.

Landlord,

KRAFT GENERAL FOODS, INC.

Tenant.

L E A S E

Dated: December 28, 1992

Premises: Portion of Second Floor
Whiteweld Centre, Inc.
300 Tice Boulevard
Woodcliff Lake, New Jersey 07675

==========

I N D E X

LEASE ("Lease"), dated December 28, 1992, by and between WHITEWELD CENTRE, INC., a New Jersey corporation, with offices at 300 Tice Boulevard, Woodcliff Lake, New Jersey 07675 ("Landlord") and KRAFT GENERAL FOODS INC., a Delaware corporation, with offices at Three Lakes Drive, Northfield, Illinois 60093 ("Tenant").

W I T N E S S E T H :

ARTICLE 1
DEMISE, PREMISES, TERM, RENTS, PARKING

1.01. Landlord hereby leases to Tenant and Tenant hereby hires from Landlord, upon the terms hereinafter set forth, the premises described in Section 1.02, in the building ("Building") known as Whiteweld Centre, located at 300 Tice Boulevard, Woodcliff Lake, New Jersey 07675.

1.02. Such premises constitute a portion of the Second Floor of the Building, as shown on the floor plan annexed as Exhibit A and have a rentable area of 19,374 square feet. The Building has a total rentable area of 230,000 square feet. The premises, together with all fixtures and equipment now or hereafter defined), are hereinafter referred to as the "Demised Premises."

1.03. The term of the Lease ("Term") shall commence on the Commencement Date (as hereinafter defined), and shall end (unless sooner terminated pursuant hereto or by law) on the last day of the calendar month in which the day immediately preceding the ninth (9th) anniversary year of the Commencement Date occurs ("Expiration Date"). The entry of Tenant upon the Demised Premises solely for the purpose of fixturing, utilities hook-up, computer installation and the like shall not be deemed occupancy hereunder. The term "Commencement Date" shall mean the date on which all of the following shall have occurred:

(i) The Demised Premises shall have been completed in accordance with Section 4.01 (subject to Section 4.02); and

(ii) Landlord shall have delivered exclusive possession of, and right to occupancy to, the Demised Premises to Tenant.

Notwithstanding anything to the contrary herein contained, the operation, force and effect of this Lease shall be contingent upon receipt by Tenant, within fifteen (15) days following execution of the Lease, of a fully executed Non-Disturbance and Attornment Agreement from Midlantic Bank. In the event that Tenant fails to receive such Agreement within such time, then upon notice to Landlord by Tenant, effective as of the date of such notice, this Lease shall be deemed of no further force or effect, and neither party shall have any liability to the other, except that Landlord shall refund all monies theretofore paid by Tenant pursuant to the Lease.

1.04. Tenant shall pay to Landlord during the Term:

(a) annual fixed rent ("Fixed Rent")* as follows:

Lease Year	Sq. Footage	Sq. Ft. Rental**	Annual Fixed Rent	Monthly Rental Installments
1-4	19,374	$20.25	$392,323.50	$32,693.63
5-8	19,374	22.25	431,071.50	35,922.63

Monthly installments shall be payable in advance (without notice, deduction or setoff) on the first day of each month during the Term (except that the first installment shall be paid on the execution of the Lease); and

(b) additional rent ("Additional Rent") consisting of all other sums which are payable by Tenant to Landlord hereunder (for default in payment of which Landlord shall have the same rights and remedies as for a default in payment of Fixed Rent).

All Fixed Rent and Additional Rent shall be paid, in lawful money of the United States of America by check, to Landlord at its office, or at such other place as Landlord may designate by notice to Tenant.

1.05. The rentable area set forth in Section 1.02 has been determined from the plans for the Building. If any change in such plans modifies the rentable area of the Demised Premises or the Building, the parties shall promptly execute and exchange a recordable agreement, specifying the resulting modifications of the rentable area of the Demised Premises, the common area space included therein, the annual Fixed Rent and monthly installments thereof, the Tenant's Proportionate Share and Tenant's Proportionate Share of Increase (as hereinafter defined). If the parties cannot so agree within fifteen (15) days after Landlord notified Tenant of any such modification, the matter shall be determined by arbitration as hereinafter provided.

1.06. If the Commencement Date occurs on a day other than the first day of a calendar month, the Fixed Rent for such partial month shall be prorated.

1.07. On the Commencement Date, Landlord shall allot to Tenant, at no additional cost, a minimum of 71 automobile parking spaces in the parking zone or _____.

* Tenant shall pay no Fixed Rent for the following months of the Lease Term: 7 (but no later than December 1993), 13, 24, 38, 52, 63, 72, 79 and 89. Landlord, in its sole discretion, upon not less than thirty (30) days' written notice, may choose to accelerate the months in which no Fixed Rent is due, provided that the net effect of such acceleration does not impact the total amount of Fixed Rent due hereunder. Notwithstanding the foregoing, Tenant shall be and remain obligated to pay any and all amounts of Additional Rent accrued prior to or accruing during such months, including Tenant's electric costs, Tax Payments and Tenant's Proportionate Share of Increase of Operating Expenses.

** Includes $1.25 per square foot for Tenant's electricity.

structure adjoining the Demised Premises ("Parking Area"), of which parking spaces 18 shall be reserved, below ground and for Tenant's exclusive use.

Landlord shall adequately light the Parking Area, maintain it in good condition and remove all rubbish and snow therefrom.

1.08. Landlord shall supply Tenant with 19 access control cards for use to enter the Building. Such cards shall be and remain the property of Landlord. Tenant shall return the same to Landlord in accordance with Article 23. Additional cards shall be provided to Tenant, upon request, at Tenant's expense.

ARTICLE 2
USE

2.01. Tenant shall use and occupy the Demised Premises only for general offices ("Permitted Use") but, without limitation, not for retail business operations or which, in Landlord's sole judgement, involve excessive use of the Parking Area by patrons or invitees of Tenant. Landlord represents and warrants that Tenant's Permitted Use of the Demised Premises complies with all applicable federal, state and local laws, ordinances, rules and regulations. For the purpose hereof, Permitted Use shall include storage by Tenant of supplies incidental to the operation of Tenant's business, including, without limitation, point-of-purchase displays and samples.

ARTICLE 3
PREPARATION OF DEMISED PREMISES FOR TENANT

3.01. The Demised Premises shall be prepared by Landlord for Tenant's use and occupancy at Landlord's sole cost and expense on or before March 15, 1993 in accordance with Tenant's signed final plans and specifications ("Tenant's Plans"), attached hereto as Exhibit B, which shall be prepared at Landlord's sole cost and expense and shall contain complete information, details and dimensions necessary for the construction and finishing of the Demised Premises and for the engineering in connection therewith. Landlord shall deliver Tenant's Plans to Tenant for approval no later than ten (10) days following the date of this Lease first set forth above. Tenant's Plans shall be approved and signed by Tenant and delivered to Landlord no later than five (5) days following receipt by Tenant thereof. Tenant's Plans shall be substantially in accordance with the preliminary plans, dated 1/6/93, and prepared by The Environments Group.

After consultation with Tenant, Landlord may make such changes in Tenant's Plans as shall be necessary to comply with the requirements of governmental authorities having jurisdiction and of the applicable Board of Fire Underwriters. The work to be performed by Landlord pursuant to Tenant's Plans is hereinafter referred to as "Landlord's Work." The cost of Landlord's Work shall be

borne by Landlord. Landlord represents and warrants that Landlord's Work shall comply with all applicable laws, ordinances, rules and regulations, including, but not limited to The Americans With Disabilities Act, Title III (42 U.S.C. 12181 et seq.).

ARTICLE 4
COMPLETION OF DEMISED PREMISES

4.01. The preparation of the Demised Premises for Tenant's occupancy shall be deemed completed when Landlord's Work has been substantially completed (except for insubstantial details of construction, mechanical adjustment or decoration which do not materially interfere with Tenant's use of the Demised Premises ["Punchlist Items"]).

Landlord shall give Tenant ten (10) days' advance notice of the date of completion of the Demised Premises in accordance with Section 4.01. Upon receipt of such notice Tenant may enter upon the Demised Premises for the sole purpose of fixturing and finishing same in preparation for its occupancy. Such activities shall be so performed as not to materially interfere with or impede Landlord's Work or increase the costs thereof.

Notwithstanding anything to the contrary herein contained, any and all telecommunications cabling and wiring and local area networks required by Tenant shall be installed only by Landlord's designated telecommunications cabling contractor.

4.02. If any act or omission of Tenant (including late delivery of Tenant's Plans) delays Landlord's satisfaction of the conditions referred to in Section 4.01, the Commencement Date shall be deemed the date when such conditions would have been satisfied but for such act or omission, and all rights and obligations under the Lease which, reasonably, stem from or relate to the Commencement Date shall be construed accordingly.

4.03. If the preparation of the Demised Premises is not completed (as provided in Section 4.01) by April 1, 1993, subject to extension for any period of late delivery of Tenant's Plans (or other fault of Tenant) and any period of "Unavoidable Delays" (as hereinafter defined) (the "Target Date"), then Tenant shall receive an abatement of 200% of all rent (Fixed and Additional) from and after the Commencement Date for each day occurring after the Target Date through and including the Commencement Date. If the preparation of the Demised Premises is not completed (as provided in Section 4.01) by April 30, 1993, subject to extension for any period of late delivery of Tenant's Plans (or other fault of Tenant) and any period of "Unavoidable Delays" (as hereinafter defined), Tenant may, by notice to Landlord, given within ten (10) days after April 30, 1993 (or such extended date), terminate the Lease, in which event, unless Landlord so completes the Demised Premises within thirty (30) days after Landlord's receipt of such notice, the Lease shall terminate upon the expiration of such thirty (30)-day period. If Tenant fails to give such notice of termination within such ten (10)-day period, it may thereafter terminate the Lease only if Landlord fails diligently to proceed to complete the Demised Premises. Upon any termination pursuant to this Section, neither party shall have any liability to the other, except that Landlord shall refund all monies

theretofore paid by Tenant pursuant to the Lease. Notwithstanding anything to the contrary herein contained, the Target Date is predicted upon Landlord receiving executed copies of the Lease not later than December 29, 1992. The Target Date and the April 30, 1993 date shall be extended by one day for each day following December 29, 1993, until the date that Landlord receives executed copies of the Lease from Tenant.

4.04 The preparation of the Demised Premises shall be conclusively deemed to have been satisfactorily completed pursuant to Articles 3 and 4 hereof (except for latent defects and Punchlist Items) unless, within thirty (30) days after the Commencement Date, Tenant notifies Landlord, in detail, of any respects in which the Demised Premises shall not have been satisfactorily completed.

4.05 Landlord shall deliver to Tenant, no later than 30 days following delivery of the Demised Premises to Tenant, a certificate of occupancy (temporary or permanent) permitting use of the Demised Premises as provided in Article 2, and a Fire Underwriter's Certificate for the Demised Premises.

ARTICLE 5
ADJUSTMENT OF RENTS

5.01 For all purposes hereof:

(a) "Taxes" shall mean real estate taxes, assessments, sewer rents, water and other governmental charges of every description, including special assessments, imposed upon the Building and/or the land upon which it is situated ("Land"), or which Landlord becomes obligated to pay by reason of or in connection with the ownership, leasing, management, control or operation of the Land or Building or of the fixtures, equipment or personal property located in or used in connection therewith (including any rental and mortgage taxes) and any governmental charges, however denominated, levied in lieu of any of the foregoing; provided, however, Taxes shall not include any late fees, penalties or other charges for the payment of delinquent Taxes and shall be based upon a fully assessed building. Notwithstanding the foregoing, any assessments shall be prorated over the useful life of the improvements for which the assessments are levied. Such useful life shall be determined by the authority installing the improvements. Tenant shall pay only that portion of the assessments falling due within the Term (as it may be extended);

(b) "Base Taxes" shall mean the Taxes for the twelve month period commencing on the first day of the month in which the Commencement Date occurs;

(c) If any impost within the definition of Taxes shall be eliminated by the applicable taxing authority and shall not be replaced by an equivalent impost, it shall be eliminated also from the Base Taxes; and

(d) "Tenant's Proportionate Share" shall mean 8.4%.

5.02. If the Taxes payable for any calendar year during the Term exceed the Base Taxes, Tenant shall pay to Landlord Tenant's Proportionate Share of such excess ("Tax Payment"), prorated for any portion of a calendar year which is not within the Term. Tenant shall pay the Tax Payment within thirty (30) days after receipt of Landlord's demand therefor made at any time during or after such calendar year, such demand to be accompanied by a computation of the Tax Payment. Landlord shall use its best efforts to make such demand within sixty (60) days after receipt of a bill for such taxes.

5.03. No provision hereof shall be deemed to require Tenant to pay municipal, state or federal income, capital levy, estate, succession, inheritance or corporate franchise taxes imposed upon Landlord, unless such taxes are reasonably deemed imposed in substitution for Taxes, and then only as if the Land and Building were the only property of Landlord and the income derived therefrom were Landlord's sole income.

5.04. If Base Taxes are reduced, any Tax Payments made on the basis of Base Taxes prior to their reduction shall be appropriately adjusted.

5.05. If Landlord receives a refund of Taxes for any calendar year for which Tenant has made a Tax Payment, Landlord shall, within thirty (30) days after receipt thereof, repay to Tenant Tenant's Proportionate Share of the net refund after deducting Landlord's reasonable expenses incurred in obtaining such refund. Tenant shall pay to Landlord, within thirty (30) days after demand, Tenant's Proportionate Share of the expenses incurred by Landlord in effecting any reduction in the assessed valuation of the Land or Building (where no refund is involved), not to exceed, however, Tenant's Proportionate Share of the amount of the reduction in Taxes resulting therefrom.

5.06. For the purposes hereof:

(a) "Operating Expenses" shall mean all expenses incurred by Landlord in connection with the operation, management, maintenance and repair of the Land, Building, Parking Area and structures, Building systems, curbs, walkways and other installations during any calendar year, including, without limitation, (i) salaries, wages and fringe benefit payments to or from persons engaged in such operation, management, maintenance and repair and all taxes relating to their employment; (ii) the costs of supplies and services and maintenance contracts with independent contractors (including sales, use and similar taxes); (iii) the charges for insurance carried on the Land, Building and appurtenances and fixtures and equipment; (iv) the charges for electrical and other utilities provided for all Building and appurtenant areas; (v) the cost of any security services; (vi) reasonable legal fees incurred in connection with the preparation and enforcement of leases.

Operating expenses shall not include Taxes, Landlord's Work hereunder, fit-up work for other tenants, executive salaries, amortization of mortgages, materials and services provided to other Building tenants the actual charges for which are directly reimbursed to Landlord (other than by way of rent-inclusion or any adjustment of rents such as provided in this Article 5), and expenses incurred for any capital improvements or capital

repairs made to the Land, Building or appurtenant areas or structures (collectively, "Capital Improvements"), other than those which, in accordance with general real estate practice, are expended or treated as deferred expenses. Capital Improvements which are required by law or which serve to reduce or eliminate Operating Expenses shall be included in the Operating Expenses for the year in which the costs thereof are incurred and in subsequent years, on a straight line basis, to the extent that such costs are amortized over the useful life of the improvements calculated in accordance with Generally Accepted Accounting Principals, with an interest factor equal to the prime rate of interest of Citibank of New York in effect at the time when Landlord incurs such costs.

If in the Base Year (as hereinafter defined) or in any Operational Year (as hereinafter defined) the Building is to any extent unoccupied, the Operating Expenses for such year shall consist of the Operating Expenses actually paid in such year plus such additional amount as Landlord, in consultation with Tenant, reasonably determines would have been paid for Operating Expenses in such year if the Building had been ninety-five (95%) percent occupied for all of such year. Any dispute as to such determination shall be resolved by arbitration as hereinafter provided;

(b) "Base Year" shall mean the twelve month period commencing of the first day of the month in which the Commencement Date occurs;

(c) "Operational Year" shall mean each calendar year during the Term after the Base Year; and

(d) "Tenant's Proportionate Share of Increase" shall mean 8.4% of the increase in Operating Expenses for the Operational Year over Operating Expenses for the Base Year.

5.07. Landlord shall furnish to Tenant on or about September 1 of each Operational Year a statement setting forth (i) the Base Year Operating Expenses, (ii) the estimated Operating Expenses for the applicable Operational Year, and (iii) Tenant's Proportionate Share of Increase computed on the basis of such estimate. Within thirty (30) days thereafter, Tenant shall pay one-half of Tenant's Proportionate Share of Increase as so estimated.

At Landlord's option, Landlord may furnish to Tenant at or after the beginning of each Operational Year the statement referred to in the preceding paragraph. In such case, Tenant shall pay to Landlord, together with each monthly installment of Fixed Rent, an amount equal to one-twelfth (1/12th) of Tenant's Proportionate Share of Increase as so estimated.

In either case, Landlord shall furnish to Tenant as soon as practicable following the close of the Operational Year a detailed statement prepared by Landlord's certified public accountant and setting forth with respect to such Operational Year (i) the actual amount of the Operating Expenses and (ii) the actual amount of Tenant's Proportionate Share of Increase, adjusted to reflect the payments on account theretofore made by Tenant; and within thirty (30) days after receipt of

such statement, Tenant shall pay to Landlord the amount, if any, so shown to be payable by Tenant.

The Operating Expenses for any Operational Year which is only partly within the Term shall be prorated. If the Operating Expenses for any Operational Year shall be less than the Operating Expenses for the Base Year, Landlord shall credit Tenant with the amount of Tenant's Proportionate Share of the decrease in Operating Expenses, such credit to be available only by application against any payments due from Tenant hereunder for increases in Operating Expenses in succeeding Operational Years, provided that a credit becoming available to Tenant for the final year of the occupancy shall be refunded to Tenant within thirty (30) days of delivery of the statement set forth herein.

The Operating Expenses for the last year or partial year of the Term shall be estimated by Landlord and, as so estimated, Tenant's Proportionate Share of Increase, if any, shall be paid by Tenant on the first day of the month in which the end of the Term (as it may be extended or earlier terminated) occurs, subject to adjustment and refund or additional payment, as the case may be, when the actual Operating Expenses have been ascertained.

5.08. Tenant and its authorized representatives (including, without limitation, Tenant's accountants) shall have the right, once in any calendar year, upon reasonable prior notice to Landlord, and at reasonable time, at the office of Landlord, to audit Landlord's records (limited to the year of and the year prior to such audit) only with respect to Operating Expenses and Taxes. Landlord's records shall include, but shall not be limited to, reasonably detailed records setting forth all maintenance and repair work performed by Landlord at the Building, including the date and nature of the work or service performed. Every statement forwarded by Landlord to Tenant pursuant to this Article 5 shall be binding upon Tenant if Tenant shall fail to audit such statement as herein provided, or, if Tenant so audits and within one (1) year following completion of Tenant's audit as herein provided, Tenant fails to notify Landlord, in detail, of Tenant's objections thereto.

ARTICLE 6
SUBORDINATION, NOTICE TO MORTGAGEES

6.01. The Lease shall be subject and subordinate to all mortgages and ground leases, and any modifications, consolidations or extensions thereof, now or hereafter affecting the Land and/or the Building, provided in each instance such mortgagee or ground lessor agrees in writing that Tenant's possession of the Demised Premises shall not be disturbed (all of such mortgages and leases being hereinafter collectively referred to as "Superior Mortgages"). Tenant shall execute and deliver any truthful instrument confirming such subordination which Landlord or the holders of any Superior Mortgages ("Superior Mortgagees") reasonably request.

6.02. In the event of any act or omission of Landlord by reason of which Tenant claims the right to terminate the Lease or the existence of a partial or total eviction, Tenant shall not attempt to exercise such claimed right of termination or to act upon such claim of eviction until

(a) it has given notice of such act or omission to all Superior Mortgagees whose names and addresses have been furnished to Tenant, and

(b) it has permitted such Superior Mortgagees a reasonable period within which to remedy such act or omission, and they have not done so (or have not commenced to do so, if such act or omission cannot be remedied within such period, and proceeded diligently to remedy same).

6.03. If any Superior Mortgagee (or other person claiming through or under a Superior Mortgagee) succeeds to Landlord's interest in the Lease, Tenant shall attorn to such successor ("Successor Landlord") if requested by the latter, and shall promptly execute and deliver any reasonably requested truthful instrument confirming such attornment; provided said successor agrees in writing that Tenant's possession of the Demised Premises shall not be disturbed. The Successor Landlord, however, shall not be:

(a) liable for any previous act or omission of Landlord under the Lease;

(b) subject to any offset or counterclaim which theretofore shall have accrued to Tenant against Landlord; or

(c) bound by any previous modification of the Lease not expressly provided for in the Lease, or by any prepayment of more than one month's Fixed Rent, unless such modification or prepayment shall have been expressly approved in writing by the Superior Mortgagee.

6.04. If a Superior Mortgagee or a prospective mortgagee of the Land and/or the Building shall require minor modifications of the Lease as a condition precedent to granting a mortgage or an extension of a Superior Mortgage, Tenant shall, if requested by Landlord, agree to such modifications, provided they neither materially impair or restrict Tenant's rights or interests nor materially expand Tenant's obligations hereunder; and provided Landlord pays Tenant's reasonable attorney's fees (not to exceed $1,000) incurred in respect of such modifications.

ARTICLE 7
QUIET ENJOYMENT

7.01. So long as Tenant performs its obligations under the Lease, it shall, subject to the provisions of the Lease, quietly have and enjoy the Demised Premises during the Term.

ARTICLE 8
ASSIGNMENT AND SUBLETTING

8.01. Tenant shall neither assign the Lease nor sublet all or any portion of the Demised Premises without Landlord's prior consent, which shall not be unreasonably withheld or delayed. Landlord may withhold such consent if, without limitation, in the reasonable exercise of its judgment, it determines that:

(a) the proposed use of the Demised Premises is for retail business operations or is otherwise not appropriate to the Building or in keeping with the character of its existing tenancies; or

(b) the proposed assignee's or subtenant's occupancy will cause a density of traffic or make demands on Building utilities, services, maintenance or facilities in excess of those related to Tenant's occupancy; or

(c) the proposed assignee's or subtenant's financial condition is not adequate to meet its obligations undertaken in such assignment or sublease; or

(d) the proposed assignee or sublessee is (i) a government or subdivision or agency thereof, or (ii) a school or other educational institution of any type, whether for profit or non-profit, or (iii) an employment or recruitment agency, (iv) a health services provider, or (v) a banking, financing, lending or similar institution; or

(e) there is any default by Tenant under the Lease at the time Landlord's consent is requested or on the effective date of the proposed assignment or sublease; or

(f) Landlord wishes to accept Tenant's offer, as provided in Section 8.04.

No sub-subleasing will be permitted except in Landlord's uncontrolled and absolute discretion.

Any claim by Tenant of unreasonableness of Landlord in refusing any consent requested by Tenant under this Article shall be resolved by arbitration in Hackensack, New Jersey, before a qualified arbitrator appointed by the American Arbitration Association in accordance with its accelerated arbitration rules then obtaining, and judgment may be entered on the award of the arbitrator in any court of competent jurisdiction. The arbitrator may only interpret and apply the terms of the Lease and may neither change such terms nor deprive either party to the Lease of any of its rights hereunder. Except for attorneys' fees, experts' fees and costs of transcripts (as to each, each party to bear its own), the expenses of arbitration shall be borne equally by Landlord and Tenant. The existence of any dispute or the submission thereof to arbitration shall not affect or delay the performance by the parties of their obligations under the Lease. Tenant waives any claim for damages for Landlord's refusal of consent.

8.02. Any request by Tenant for Landlord's consent to an assignment of the Lease shall state the proposed assignee's business address and be accompanied by a duplicate original of the instrument of assignment (wherein the assignee assumes, jointly and severally with Tenant, the performance of Tenant's obligations hereunder), together with a verified statement of all consideration, in any form, received or to be received by Tenant for such assignment. No assignment shall release Tenant from its obligations under the Lease, unless such assignee has a net worth of at least $25,000,000.00 Dollars and such assignee accepts all of Tenant's obligations hereunder in which case Tenant shall automatically be released from all

of its covenants, conditions and obligations arising thereafter.

8.03. Any request by Tenant for Landlord's consent to a sublease shall state the proposed subtenant's business address and be accompanied by a duplicate original of the instrument of sublease (wherein Tenant and the proposed subtenant agree that such sublease is subject to the Lease and such subtenant agrees that, if the Lease is terminated because of Tenant's default, such subtenant shall, at Landlord's option, attorn to Landlord), together with a verified statement of all consideration, in any form, received or to be received by Tenant for such sublease.

8.04. Any request by Tenant for Landlord's consent to a sublease of less than fifty (50%) percent of the rentable area of the Demised Premises shall constitute an offer from Tenant to terminate the Lease with respect to that portion of the Demised Premises sought to be sublet. Any request by Tenant for Landlord's consent to an assignment of the Lease or to a sublease of more than 50% of the rentable area of the Demised Premises (or of any lesser percentage which, when added to the rentable area of portions of the Demised Premises previously subleased, shall aggregate more than fifty (50%) percent of the Demised Premises) shall constitute an offer from Tenant to terminate the Lease. In any of the foregoing events, Landlord, by notice to Tenant sent within ten (10) days after receipt of Tenant's request for Landlord's consent, shall inform Tenant whether it accepts such offer. If Landlord accepts, Tenant, by notice to Landlord sent within ten (10) days after receipt of Landlord's acceptance, shall have the right to withdraw its request to assign or sublet. If Tenant fails to so withdraw its request, the Lease shall terminate (or be modified to reflect the reduced area of the Demised Premises, as the case may be) as of the end of the month following the month in which Landlord's notice is sent (with the same effect as if such date were the date fixed herein for the natural expiration of the Term), Fixed Rent and Additional Rent shall be apportioned to such date, Tenant shall surrender the Demised Premises (or such affected portion thereof, as the case may be) on such date, and the parties shall have no further liability hereunder for subsequently accruing obligations with respect to the Lease or such terminated space, as the case may be. Notwithstanding the foregoing, this Section 8.04 shall not apply to any assignment or sublease made pursuant to Section 8.10 herein.

The notice to Tenant provided for in the preceding paragraph, if it does not contain an acceptance of Tenant's offer to terminate the Lease, shall either consent or refuse consent to the proposed assignment or sublease. If consent is given by Landlord, Tenant shall within thirty (30) days after receipt of such consent, assign the Lease to, or consummate the sublease with, the proposed assignee or subtenant in accordance with the documents submitted to Landlord. Should Tenant fail to so act within such thirty (30)-day period, Tenant may not assign the Lease or consummate the sublease but shall be required to initiate a new request for consent in accordance with, and subject to Landlord's rights under, this Article.

8.05. In the event of a permitted assignment or sublease, Tenant shall be entitled to retain all consideration in any form received or receivable by Tenant from the assignee or subtenant in excess of the Fixed Rent and Additional Rent payable by Tenant hereunder.

8.06. Landlord's consent to any assignment or sublease shall not be deemed a consent to any further proposed assignment or sublease, which shall be governed by this Article.

8.07. If required by law, Tenant, at its expense, shall notify the appropriate governmental authorities of any proposed assignment or sublease and obtain all necessary approvals as well as a new certificate of occupancy, if required.

8.08. Tenant shall reimburse Landlord for its reasonable expenses, including, without limitation, reasonable legal expenses, in connection with any proposed assignment or sublease.

8.09. For the purposes of this Article 8, a transfer of a fifty (50%) percent or greater interest (whether of stock, a partnership interest or otherwise) in Tenant, either in one transaction or in any aggregation or series of transactions, shall be deemed to be an assignment of the Lease.

8.10. Notwithstanding the foregoing provisions of this Section 8, Tenant shall have the right, without Landlord's consent (but on notice to Landlord and to the appropriate governmental authorities, if required), to assign the Lease or to sublet and/or permit occupancy of all or any portion of the Demised Premises to or by any corporate affiliate of Tenant. As used herein, "corporate affiliate" means a corporate entity controlling, controlled by or under common control with Tenant. Subject to the provisions of Section 8.02, evidence reasonably satisfactory to Landlord of the affiliate's ability to meet the obligations of Tenant hereunder shall be submitted to Landlord prior to the assignment or sublease but Tenant shall, nevertheless, remain liable for the performance of all of its obligations hereunder.

ARTICLE 9
COMPLIANCE WITH LAWS AND REQUIREMENTS OF GOVERNMENTAL AUTHORITIES

9.01. Tenant shall give prompt notice to Landlord of any notice it receives of the violation of any law or ordinance or of any requirement of a governmental or quasi-governmental authority, including the New Jersey Fire Insurance Rating, Organization or any similar body, and shall, at its expense, comply with all laws and requirements which impose any obligations on Landlord or Tenant arising from or relating to (i) the manner in which Tenant conducts it business or uses its property therein; or (ii) the breach of any of Tenant's obligations hereunder. Landlord shall, at its expense, comply with all such laws and requirements which otherwise impose an obligation upon Landlord or Tenant with respect to the Building or the Demised Premises. Without limitation of any of its obligations under the Lease, Tenant shall neither do nor permit anything to be done in or about the Demised Premises which would constitute a violation of any environmental laws, codes, ordinances or rules or regulations of any governmental agency or authority having jurisdiction, and Tenant shall not bring, store or use any hazardous or toxic substance or material on the Demised Premises. The obligations of Tenant hereunder shall survive the termination of the Lease. (See also Section 30.22.)

9.02. Tenant may, at its expense (and, if necessary, in the name of, but without expense to, Landlord), contest, by appropriate proceedings prosecuted

diligently and in good faith, the validity or applicability of any such law or requirement with which Tenant is required to comply and may defer compliance therewith pending the determination of such contest, provided that:

(a) Landlord shall not thereby be subjected to criminal penalty or prosecution;

(b) the Demised Premises, Land and/or Building shall not thereby be subjected to forfeiture;

(c) Tenant obtains the written consent, if required, of Superior Mortgagees; and

(d) Tenant keeps Landlord currently informed of the status of such proceedings.

Landlord shall, if requested by Tenant and at Tenant's expense, cooperate with Tenant in any such proceeding.

ARTICLE 10
INSURANCE

10.01. Tenant shall not knowingly violate or permit the violation of any provision of any insurance policy covering the Building and shall not take or permit any action which would increase any insurance rate applicable to the Building or which would result in the refusal of insurance carriers to insure the Building in amounts reasonably satisfactory to Landlord.

10.02. If any action taken or permitted by Tenant (other than Tenant's occupancy for the use set forth in Article 2) results in an insurance rate increase, Tenant shall, without prejudice to any other rights of Landlord, reimburse Landlord therefor on demand. The schedule of rates for the Building, issued by the New Jersey Fire Insurance Rating Organization or other body exercising similar functions, shall be conclusive evidence of the rates then applicable to the Building.

10.03. Landlord shall not be required to carry insurance on Tenant's Property and shall not be obligated to repair any damage thereto or to replace same.

10.04. All insurance policies carried by either party with respect to the Demised Premises or the contents thereof shall contain a waiver of all rights of subrogation against the other, and the agents, employees, contractors and invitees of the other. If payment of additional premiums is required to obtain a waiver of subrogation, the other party shall be given the opportunity to make such payment, failing which the waiver in its favor shall not be required.

10.05. Landlord and Tenant each shall look first to any insurance policies in its favor before making any claim against the other and each hereby waives all insured claims against the other, except insofar as such waiver would void any insurance.

10.06. Tenant shall carry public liability insurance, naming Landlord as additional insured, with an insurance carrier licensed by the State of New Jersey, with minimum limits of $1,000,000.00/3,000,000.00 for bodily injury and $500,000.00 for property damage per occurrence.

10.07. Notwithstanding anything contained in the Lease to the contrary, Landlord and Tenant hereby agree that in lieu of the insurance coverages or policies required to be obtained hereunder, Tenant shall have the right to self-insure against the risks and perils required to be insured against under this Lease.

ARTICLE 11
TENANT'S ALTERATIONS

11.01. Tenant may, with Landlord's prior consent, which shall not be unreasonably withheld or delayed, make non-structural interior alterations, additions, installations, substitutions, improvements and decorations (collectively, "Alterations") in and to the Demised Premises, subject to the following conditions:

(a) the Alterations shall be made, at Tenant's expense, by contractors selected by Tenant from a list furnished by Landlord, or by contractors otherwise approved by Landlord (which approval shall not be unreasonably withheld or delayed);

(b) the Building's appearance, value and structural strength shall not be adversely affected;

(c) any Alteration which is reasonably estimated to cost more than $25,000.00 or which affects the interior partitions in the Demised Premises shall be made in accordance with plans and specifications prepared by Tenant at its expense and approved by Landlord (which approval shall not be unreasonably withheld or delayed);

(d) the proposed and completed Alterations shall be subject, at Landlord's discretion and at Tenant's expense, to HVAC, electrical, engineering and architectural review and to the imposition of reasonable conditions and requirements based on such review;

(e) Tenant, at its expense, shall first obtain all necessary governmental permits and authorizations and upon completion of the Alterations shall procure a certificate of occupancy, if required;

(f) Alterations shall be performed in compliance with all applicable laws, requirements of governmental authorities having jurisdiction, and insurance requirements, and in a workmanlike manner, using new materials and installations at least equal in quality to the original Building materials and installations;

(g) no Alteration shall interfere with the construction, maintenance or operation of the Building, with the performance of any work by Landlord or with the business operations of any other tenant of the Building, or cause

any labor discord in the Building;

(h) The cost of Alterations shall be so paid that the Land and Building remain free of liens. If any Alteration (excluding initial fit-up, if Tenant is obligated to perform same) will, as reasonably estimated, entail a cost in excess of $75,000.00, Tenant shall post a surety company payment and performance bond, bank letter of credit or other undertaking satisfactory to Landlord guaranteeing Landlord completion of the Alterations free of liens;

(i) Tenant, at its expense, shall cause its contractors to maintain builder's risk insurance and such other insurance as is then customarily maintained for such work, in such limits as Landlord reasonably requires, as well as workers compensation insurance, in statutory limits, all with insurers licensed by the State of New Jersey;

(j) Tenant shall, promptly upon demand, furnish Landlord with such proof of compliance with this Article 11 as Landlord reasonably requests; and

(k) upon completion of the Alterations, Tenant shall furnish Landlord with complete as-built mylar drawings thereof.

11.02. Notwithstanding anything to the contrary herein contained, any and all telecommunications cabling and wiring and local area networks required by Tenant shall be installed only by Landlord's designated telecommunications cabling contractor.

11.03. Provided Tenant does not exercise its option to terminate the Lease pursuant to Article 32 below, and at any time after the 60th month of the Lease Term, Tenant, at its option, may refurbish the Demised Premises. Landlord shall reimburse Tenant up to $2.00 per square foot of rentable space, not to exceed $35,700, for costs actually incurred by Tenant for such refurbishment. Any refurbishment shall be performed in accordance with the terms of this Article 11. Reimbursement hereunder shall be paid to Tenant within thirty (30) days following completion of said refurbishment, upon at least twenty (20) days' prior written request therefor submitted to Landlord together with reasonable substantiation of costs being reimbursed.

ARTICLE 12
TENANT'S PROPERTY

12.01. All fixtures, equipment, improvements and appurtenances attached to or built into the Demised Premises at the commencement of or during the Term, whether at Landlord's or at Tenant's expense, shall be deemed Landlord's property and shall not be removed by Tenant, except as otherwise hereinafter provided.

12.02. All movable paneling, partitions, lighting fixtures, special cabinet work and business and trade fixtures and office equipment which are installed in the Demised Premises by Tenant without contribution by Landlord, and all furniture, furnishings and other articles of movable personal property owned by Tenant and located in the Demised Premises (all of which are herein referred to as "Tenant's

Property") shall belong to Tenant, may be removed by Tenant at any time during the Term, and shall be removed by Tenant at the end of the Term. Tenant shall repair any damage resulting from such removal and restore the Demised Premises to their condition as existing prior thereto.

12.03. Tenant shall indemnify and hold Landlord harmless from and against all loss, liability or damage to the Demised Premises or other property or persons caused by or relating to the removal of Tenant's Property other than due to the unlawful or negligent acts or omissions of Landlord. This obligation shall survive termination of the Lease.

12.04. Any item of Tenant's Property not so removed may, at Landlord's option, be deemed abandoned and either retained by Landlord as its property, or disposed of, without accountability and at Tenant's expense, in such manner as Landlord determines.

ARTICLE 13
REPAIRS AND MAINTENANCE

13.01. Tenant, at its expense, shall maintain the Demised Premises in good condition and, subject to Landlord's rights under Section 13.02, shall promptly make (i) all nonstructural repairs within the Demised Premises (excluding overhead plumbing lines, sprinklers, HVAC duct work, and exterior windows) necessary to maintain such condition, provided such repairs are not necessitated by the fault of Landlord, its agents, employees, contractors or invitees, and (ii) all structural repairs, as well as all repairs to the nonstructural items excluded above, necessitated by the fault of Tenant, its agents, employees, contractors, or invitees or by the making of Alterations.

Landlord, at its expense, shall make repairs for which Tenant is not responsible that are necessary to maintain the Demised Premises and Building in good condition.

13.02. Landlord shall give Tenant reasonable notice of Landlord's intention to make repairs for which Landlord is responsible and shall so make them as to minimize interference with Tenant's business operations to the extent within Landlord's reasonable control (but the foregoing shall not be construed to obligate Landlord to make such repairs outside of Business Hours, as hereinafter defined).

Tenant shall give Landlord and other affected tenants in the Building reasonable notice of Tenant's intention to make repairs for which Tenant is responsible and shall so make them as to minimize interference with other tenants' business operations and with the operation and maintenance of the Building.

Notwithstanding, the foregoing provisions of this Section, Landlord may, on notice to Tenant and at Tenant's expense, elect to perform any repair for which Tenant is responsible, whereupon Tenant shall deposit with Landlord the amount estimated by Landlord to be the reasonable cost of such repairs, subject to refund to Tenant or additional payment to Landlord when the actual cost (which shall be reasonable) is determined at the completion of the repairs.

13.03. Landlord shall not be liable to Tenant for any inconvenience, annoyance or interruption of or injury to business arising from Landlord's making repairs or alternations, storing material or performing any work in the Demised Premises or the Building, unless due to the negligence or wilful misconduct of Landlord, and the same shall not constitute an eviction or entitle Tenant to any rent abatement. Landlord shall use its best efforts to the extent practicable to minimize interference with Tenant's use and occupancy of the Demised Premises.

ARTICLE 14
ELECTRICITY

14.01 Landlord shall furnish all requisite electricity to the Demised Premises. If Landlord determines that the Tenant consumes an amount of electricity which exceeds by at least ten (10%) percent, on a regular basis, the charge to Tenant for electricity set forth in Section 1.04 above, then the charge for electricity (included in the Fixed Rent) shall be increased to reflect the increased power consumption, as determined from time to time by an independent reputable electrical engineering consultant selected by Landlord and reasonably satisfactory to Tenant, and applying the then applicable public utility rates. The consultant's fee shall be shared equally by Landlord and Tenant. If such consultant determines that the actual cost of electricity as then surveyed is less than ten (10%) percent, there shall be no increase in the electricity charge and Landlord shall be solely responsible for the consultant's fee. Any such increase in the charge for electricity shall be deemed Additional Rent and shall be payable in monthly installments together with the installments of Fixed Rent. If Tenant determines that it consumes an amount of electricity which is ninety (90%) percent or less, on a regular basis, than the charge to Tenant for electricity set forth in Section 1.04 above, then the charge for electricity (included in the Fixed Rent) shall be decreased to reflect the decreased power consumption, as determined from time to time by an independent reputable electrical engineering consultant selected by Landlord and reasonably satisfactory to Tenant, and applying the then applicable public utility rates. The consultant's fee shall be shared equally by Landlord and Tenant. If such consultant determines that the actual cost of electricity as then surveyed is greater than ninety (90%) percent, there shall be no decrease in the electricity charge and Tenant shall be solely responsible for the consultant's fee. Any such decrease in the charge for electricity shall be reflected by a credit to Tenant against Fixed Rent and deducted in monthly installments.

ARTICLE 15
HEAT, VENTILATION AND AIR CONDITIONING

15.01. Landlord shall, at its expense and in accordance with Exhibit B, furnish to the Demised Premises year-round air conditioning (heated or cooled as may be required seasonally for comfortable occupancy) between 8:00 a.m. and 6:00 p.m., prevailing time, on business days from Monday through Friday ("Business Hours").

15.02 Tenant shall abide by all reasonable regulations which Landlord promulgates for the proper functioning and protection of the HVAC System and for compliance with applicable governmental energy regulations and guidelines.

15.03. Landlord shall, when requested by Tenant, supply air conditioning to the Demised Premises at times other than during Business Hours, for which Tenant shall pay to Landlord, upon demand, the following amounts ("Overtime Charges"):

(a) $75.00 per hour or part thereof (but for not less than one (1) hour if requested for periods immediately prior to or after Business Hours; and

(b) $75.00 per hour or part thereof (but for not less than four (4) hours if requested for any other times, including Saturdays, Sundays and Holidays.

A request for air conditioning for a period immediately after Business Hours on any day shall be made before noon of such day. In all other cases requests shall be made before noon of the day preceding the day for which such overtime services are desired.

15.04. For each twelve-month period during the Term, commencing with the twenty-fifth month of the Term, Overtime Charges shall consist of the greater of:

(a) the applicable Overtime Charge as set forth in Section 15.03, or

(b) such Overtime Charge increased by the percentage of increase in the CPI*** for the calendar month immediately preceding the applicable twelve-month period over the CPI for the calendar month immediately preceding the Commencement Date.

15.05. Any modification of the HVAC system necessitated by any arrangement of partitioning in the Demised Premises, other than for Tenant's initial occupancy of the Demised Premises, which interferes with the normal operation of such system shall be made by Landlord at Tenant's expense.

ARTICLE 16
LANDLORD'S OTHER SERVICES

16.01. Landlord shall provide elevators (passenger and service) during Business Hours, and at least one passenger elevator at all other times.

16.02. Landlord, at its expense, shall furnish the janitorial services set forth in Exhibit C. Tenant shall reimburse Landlord, promptly upon demand, for any additional expense for janitorial services incurred by Landlord as a result of any neglect or unusual use of the Demised Premises by Tenant or non-compliance by Tenant with the Rules and Regulations annexed hereto, including, without limitation, the failure to keep any horizontal blinds lowered.

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*** Consumer Price Index (All Urban Consumers - 1982-84 = 100) for the New York-Northeastern New Jersey Area, issued by the U.S. Department of Labor, Bureau of Labor Statistics.

16.03. Landlord, at its expense, shall list Tenant's company name on the Building directory.

16.04. Except as otherwise provided herein, Landlord shall not be liable to Tenant for interruption or curtailment of any services to be furnished by Landlord under the Lease, to the extent resulting from any cause beyond Landlord's reasonable control (other than for lack of funds, and/or labor disputes affecting only the Property and/or other properties owned by Landlord and its affiliates) or by reason of repairs to the Building which Landlord is required to make or reasonably determines are necessary, provided Landlord commences and completes such repairs and restores such services with reasonable diligence in the circumstances (subject to Unavoidable Delays) and gives Tenant reasonable notice, when practicable, of the commencement of such interruption or curtailment and performs such repairs in accordance with the terms hereof. In the event that the services are not restored within five (5) business days (or two (2) business days in the event of an emergency), whether or not through the fault of Landlord or Unavoidable Delays (other than due to a fire, casualty or taking which is covered by Articles 20 and 21), Tenant may restore such service on behalf and at the expense of Landlord and deduct from rent the cost and expense thereof, subject to the offset limitation set forth in Section 24.08 hereof (unless the liability for same lies with Tenant pursuant to Article 19 below). If any of the services specified in Articles 14, 15 and 16 are not restored within five (5) business days, or if Tenant is deprived for any reason of its ability to utilize all or any material portion of the Demised Premises, whether or not through the fault of Landlord (other than when due to the fault of Tenant or when due to a fire, casualty or taking which is covered by Articles 20 and 21), to the extent that same interferes with Tenant's use of all or any part of the Demised Premises, rent and other charges shall abate as to such part (without limitation) effective on the sixth (6th) business day and continue abated until such service is restored. In the event the Landlord is unable to provide any of the services specified in Articles 14, 15 and 16, for any reason other than the fault of Tenant, and as a result of such interruption the Demised Premises are completely or substantially unusable by Tenant, and such interruption continues for a period of sixty (60) consecutive days (other than when due to a fire, casualty or taking which is covered by Articles 20 and 21), then Tenant shall have the right to terminate this Lease upon ten (10) days' written notice to Landlord, and thereafter Tenant shall be relieved of all further liability under this Lease. For the purposes of this Section 16.04, if more than thirty (30%) percent of the Demised Premises is rendered unusable for any reason (other than those reasons specifically excepted out by the terms of this Section 16.04), then the Demised Premises shall be deemed totally unusable, and rent and other charges shall thereafter completely abate until such service is restored.

ARTICLE 17
ACCESS, BUILDING NAME

17.01. Landlord and its authorized representatives may enter the Demised Premises during Business Hours for inspection or for exhibiting the Demised Premises to Superior Mortgagees or to prospective purchasers or mortgagees and, during the last twelve months of the Term, to prospective tenants of the Demised Premises. Landlord shall give Tenant reasonable advance notice of any such entry and shall not unreasonably interfere with Tenant's use and occupancy of the Demised

Premises.

17.02. Landlord and its authorized representatives may enter the Demised Premises at any time to make repairs to or installations in the Demised Premises or any Building system or facility or to cure any Event of Default (as hereinafter defined) and may, in such event, store within the Demised Premises any necessary equipment and materials.

In the event Landlord so enters the Demised Premises, it shall,

(a) except in the case of emergency, give Tenant reasonable advance notice of such entry;

(b) so effect such repairs (except emergency repairs) and installations as to minimize, so far as practicable, interference with Tenant's normal business operations (but the foregoing shall not be construed to obligate Landlord to effect such repairs or installations outside of Business Hours); and

(c) complete such repairs or installations with reasonable promptness.

17.03. Throughout the Term, the Building shall be known as Whiteweld Centre.

Landlord may, however, upon reasonable notice to Tenant, change the Building's name and address. In such event, Landlord shall pay the reasonable and necessary costs of Tenant for replacing its stationery, bills and other business materials containing Tenant's address.

ARTICLE 18
NOTICE OF ACCIDENTS

18.01. Tenant shall promptly notify Landlord of:

(a) any accident occurring in or about the Demised Premises;

(b) any fire or other casualty occurring in or about the Demised Premises; and

(c) all damage or defects in or to the Demised Premises or any Building system, facility or installation therein.

ARTICLE 19
INDEMNIFICATION

19.01. Each party ("Indemnitor") shall indemnify the other party ("Indemnitee") against all liability and expense (including reasonable architects' and attorneys' fees) incurred by Indemnitee by reason of:

(a) any wrongful or negligent act undertaken by Indemnitor, its agents, contractors, employees, licensees or invitees;

(b) any injury or damage to any person or property of any personnel or invitee of Indemnitor occurring in or immediately adjacent to the Demised Premises or the Building which is not due to the fault of Indemnitee, its agents, employees, contractors or invitees; and

(c) any failure by Indemnitor to perform its obligations under the Lease.

The obligations of the parties hereunder shall survive the termination of the Lease.

ARTICLE 20
DESTRUCTION OR DAMAGE

20.01. If the Demised Premises are damaged by fire or other casualty ("Casualty"), the Lease shall continue in full force, subject, however, to the following:

(a) Subject to subdivision (c) hereinbelow, if the Demised Premises are partially damaged by Casualty, the damage shall be repaired by Landlord and, during the period from the day following the Casualty until such repair is substantially completed, the Fixed Rent (and Additional Rent, insofar as applicable) shall be equitably reduced, taking into account the portion of the Demised Premises which remains usable.

(b) Subject to subdivision (c) hereunder, if the Demised Premises are totally damaged or rendered inaccessible by Casualty, the Fixed Rent and Additional Rent (as apportioned) shall be paid to the date of the Casualty and thenceforth shall not be payable until the Demised Premises have been repaired or access has been restored.

(c) If the Demised Premises are totally damaged or if the Building shall be so damaged that Landlord decides to demolish or rebuild it or if the cost of repair or restoration resulting from such Casualty, as reasonably estimated by Landlord, will exceed 25% of the replacement value of the Building prior to the Casualty, then (whether or not the Demised Premises have been damaged) Landlord may elect to terminate the Lease by notice to Tenant (and if the Building is totally damaged, then Tenant may also elect to terminate the Lease by notice to Landlord) given within sixty (60) days after the Casualty, specifying a date for the termination of the Lease, which date shall not be more than ninety (90) days after the giving of such notice and, upon the specified date, the Term shall expire and Tenant shall vacate the Demised

Premises, without prejudice, however, to Landlord's and Tenant's respective rights against the other accruing prior to the expiration date, and, as hereinabove provided, Fixed Rent and Additional Rent shall be paid to the date of the Casualty or, if the Demised Premises have not been damaged or have been only partially damaged, then Fixed Rent and Additional Rent (equitably reduced in the case of partial damage) shall be paid to the expiration date.

If Landlord does not serve such termination notice within sixty (60) days after the Casualty, and if the Demised Premises have been damaged to any extent, Landlord shall, within ten (10) days following such sixty (60)-day period, inform Tenant whether or not the necessary repairs to the Demised Premises can be reasonably made within five (5) months following the Casualty. If Landlord informs Tenant that the repairs cannot be made within such period, Tenant may elect to terminate the Lease by notice given within ten (10) days after being so informed by Landlord. If they can be so made or if they cannot be so made but Tenant does not elect to terminate, the Lease shall continue and Landlord shall proceed diligently to make the necessary repairs, either, as the case may be, within five (5) months following the Casualty, subject to Unavoidable Delays and delays due to adjustment of insurance claims. If Landlord fails to complete the repairs within such five (5)-month period (subject to extension for such delays), Tenant may terminate the Lease on notice to Landlord given within ten (10) business days following the expiration of such period (as extended for such delays). If the Casualty occurs during the last year of the Term, Tenant may terminate the Lease if the repairs cannot be completed within three (3) months.

Nothing hereinabove contained shall relieve Tenant from any liability that may exist as a result of damage from Casualty, and, without limitation, if a Casualty results from the fault of Tenant, its agents, contractors, employees or invitees, Tenant shall not be entitled to any abatement or reduction of rent under this Article, except to the extent that Landlord receives the proceeds of any rent interruption insurance in lieu of such rent.

ARTICLE 21
CONDEMNATION

21.01. If the Building or any part thereof is condemned or conveyed to a condemning authority ("Condemnor") under threat of condemnation (collectively, "Condemnation"), Landlord shall promptly notify Tenant thereof. If the Condemnation involves:

(a) the entire Demised Premises, the Lease shall terminate on the date title vests in the Condemnor; or

(b) such portion of the Building and/or Land as, in Landlord's reasonable judgment, renders uneconomic the utilization of the balance of the Building and Land, Landlord may terminate the Lease upon thirty (30) days' notice to Tenant at any time after title vests in the Condemnor.

21.02. If a portion of the Demised Premises is condemned, as a result of which the balance of the Demised Premises cannot be reconstituted to enable Tenant to conduct its business substantially as theretofore, Tenant may terminate the Lease, by notice to Landlord given within thirty (30) days after the date when Tenant receives notice from Landlord that the title has vested in the Condemnor. If Tenant does not so terminate the Lease, Additional Rent, Tenant's Proportionate Share and Tenant's Proportionate Share of Increase shall be equitably reduced.

21.03. In the event of termination of the Lease under this Article, the Fixed Rent and Additional Rent shall be apportioned as of the effective date of termination and the parties shall have no liability for subsequently accruing obligations.

21.04. Tenant hereby waives all rights to any award in Condemnation, including, without limitation, rights arising from termination of all or any part of Tenant's leasehold interest. Tenant may, however, file a separate claim for its fixtures (covered by Section 12.02) and relocation expenses, but not for the value of the unexpired balance of the Term or any leasehold interest.

ARTICLE 22
LIENS

22.01. If, because of any act or omission of Tenant or anyone claiming through or under Tenant, any mechanic's or other lien or order for the payment of money shall be filed against the Demised Premises or the Building, or against Landlord (whether or not such lien or order is valid or enforceable), Tenant shall, at its expense, either post a bond or other security reasonably satisfactory to Landlord in an amount sufficient to remove such lien or cause the same to be canceled and discharged of record within thirty (30) days after the date of filing thereof, and shall also indemnify and hold harmless Landlord from and against any and all costs, expenses, claims, losses and damages, including, without limitation, reasonable attorney's fees and all other costs incurred by Landlord, in its sole discretion, to discharge and satisfy any such lien or the underlying claim in the event Tenant fails to discharge such lien. Nothing in the Lease nor any action or inaction by Landlord shall be construed to grant to Tenant, expressly or impliedly, any right or authority to do anything that might give rise to any lien, charge or other encumbrance upon Landlord's estate in the Demised Premises.

ARTICLE 23
SURRENDER

23.01 Upon the expiration of the Term or any earlier termination of the Lease, Tenant shall remove all exposed and concealed computer, telephone and other communications wiring and cables and equipment from the plenum, and Tenant's Property, shall return to Landlord the 19 access control cards referred to in Section 1.08, and shall surrender the Demised Premises to Landlord broom-clean and in good condition, ordinary wear and tear and damage from causes beyond Tenant's reasonable control excepted. In the event of Tenant's failure to so remove such equipment or Tenant's Property, Landlord shall have the option either to retain such property without obligation to Tenant or to dispose thereof at Tenant's expense, including all reasonable charges for removal of wiring and equipment. In the event Tenant fails to return the access control cards to Landlord in accordance herewith,

Landlord shall charge Tenant for the replacement costs for same.

If Tenant retains possession of the Demised Premises or any part thereof after the expiration of the Term or earlier termination of the Lease, Tenant shall become a tenant from month-to-month until such possession shall cease and Tenant shall pay to Landlord, on a daily basis, (i) an amount equal to 150% of the immediately preceding Fixed Rent for the time Tenant thus remains in possession, (ii) all Additional Rent for such period, including any adjustment of rents pursuant to Article 5, and (iii) all damages, consequential and direct, sustained by Landlord by reason of Tenant's retention of possession.

Nothing contained in the Lease shall be construed as a consent by Landlord to the occupancy or possession by Tenant of the Demised Premises beyond the expiration or prior termination of the Term, and Landlord, upon such expiration or prior termination of the Term shall be entitled to the benefit of all legal remedies now in force or hereafter enacted relating to the speedy repossession of the Demised Premises.

ARTICLE 24
TENANT'S DEFAULT OR BANKRUPTCY/LANDLORD'S DEFAULT

24.01. If any one or more of the following events (herein sometimes called "Events of Default") occurs:

(a) If Tenant defaults in the payment of Fixed Rent or Additional Rent, when due, and such default continues for five (5) days after notice from Landlord to Tenant; or

(b) If Tenant defaults in the performance of any other obligation hereunder (including, without limitation, compliance with the Rules and Regulations annexed to the Lease) and such default continues for thirty (30) days (or appropriate shorter period in the event of an emergency) after notice from Landlord to Tenant (except for default, not involving an emergency, which cannot diligently be cured within such thirty (30)-day period and which is diligently cured by Tenant within a suitable longer period); or

(c) If a petition in bankruptcy, for a reorganization or for the appointment of a receiver for all or any portion of Tenant's property is filed against Tenant and is not discharged within sixty (60) days thereafter; or

(d) If Tenant acquiesces in the appointment of such a receiver, files any such petition, makes an assignment for the benefit of its creditors, or otherwise seeks the benefit of any insolvency laws.

Upon the occurrence of an Event of Default, Landlord, notwithstanding any other right or remedy it may have under the Lease, at law or in equity, may terminate the Lease, by notice to Tenant setting forth the basis therefor and to be effective not less than five (5) days after the date of giving such notice, whereupon the Lease shall terminate upon such effective date (with the same effect as if such date were the date fixed herein for the natural expiration of the Term), Tenant shall surrender

the Demised Premises to Landlord, and Tenant shall have no further rights hereunder but shall remain liable as hereinafter provided. In such event, Landlord may, without further notice, enter the Demised Premises, repossess same and dispossess Tenant and all other persons and property therefrom.

24.02. If Landlord so terminates the Lease, Tenant shall pay to Landlord, as damages, any rent of which Tenant may have been relieved pursuant to any provision of the Lease, and:

(a) If an Event of Default occurs pursuant to subdivision (c) or (d) of Section 24.01 hereof, a sum which represents any excess of (i) the aggregate of the Fixed Rent and Additional Rent for the balance of the Term (as if the Lease were not so terminated) over (ii) the net fair rental value of the Demised Premises at the effective date of such termination, both discounted at the rate of eight (8%) percent per annum; and

(b) In all other cases, sums equal to the Fixed Rent and Additional Rent, at such times as they would have been payable if not for such termination of the Lease, less the net rents received by Landlord from any reletting, after deducting from such rents all costs incurred in connection with such termination and reletting (but Tenant shall not be entitled to receive any excess of such net rents over such sums).

Landlord may commence actions or proceedings from time to time to recover such damages or installments thereof. No provision hereof shall be construed to preclude Landlord's recovery from Tenant of any other damages to which Landlord may be entitled under applicable law.

In the event of a breach or threatened breach by Tenant of any of its obligations under the Lease, Landlord shall also have the right of injunction. The special remedies to which Landlord may resort hereunder are cumulative and concurrent and are not intended to be exclusive of any other remedies or means of redress to which Landlord may lawfully be entitled at any time, and Landlord may invoke any remedy allowed at law or in equity as if specific remedies were not provided for herein.

24.03. Tenant, on behalf of itself and all persons claiming through Tenant, including creditors, waives all rights, under present or future laws, to repossess the Demised Premises.

24.04. Neither Landlord's nor Tenant's failure to insist upon the strict performance of the other's obligations hereunder or to exercise any remedy consequent upon a default, nor Landlord's acceptance of any Fixed Rent or Additional Rent during a continuance of any default of Tenant (with or without knowledge thereof) shall constitute a waiver of any such obligations or default.

24.05. Rent (Fixed or Additional) paid more than three (3) business days after receipt of notice that same is overdue shall bear interest at the Citibank (New York) prime rate, plus 1% from the date of such notice until paid (without prejudice to any other rights or remedies of Landlord). Notwithstanding the foregoing, in the event that Tenant fails to pay Rent (Fixed or Additional) within ten (10) days after

the due date more than two (2) times in any twelve (12)-month period, then thereafter such amount(s) shall bear interest at the Citibank (New York) prime rate, plus one (1%) percent without the requirement of notice by Landlord and without prejudice to any other rights or remedies of Landlord.

24.06. In the Event of Default under the Lease Landlord shall use reasonable efforts to mitigate its damages thereunder.

24.07. The occurrence of any one or more of the following events shall constitute an event of default by Landlord:

(a) The failure by Landlord to make any payment required to be made by Landlord hereunder, as and when due, where such failure shall continue for a period of ten (10) days after receipt of written notice thereof from Tenant to Landlord.

(b) The failure by Landlord to observe or perform any of the covenants, conditions or provisions of this Lease where such failure shall continue for a period of twenty (20) days after receipt of written notice thereof from Tenant to Landlord (except for a default which cannot diligently be cured within such twenty (20)-day period and which is diligently cured by Landlord within a suitable longer period.)

24.08. Upon the occurrence of an event of default under this Lease by Landlord, then Tenant in addition to other rights or remedies it may have, at Tenant's option, may set off any amount owed to Tenant by Landlord against any rent or other payment due or to become due hereunder or perform, at Landlord's reasonable expense, any obligations of Landlord (which Landlord has failed to perform), in which event Tenant shall have the right to set off any reasonable expense incurred thereby against any rent or other payment due or to become due hereunder; provided, however, after the expiration of the cure period afforded to Landlord pursuant to Section 24.07(b) hereof, Tenant shall give Landlord twenty (20) days prior written notice of Tenant's intent to cure, whereupon Landlord shall allow Tenant to cure or Landlord may elect to cure such alleged defaults, without waiver of prejudice to Landlord's rights to file such against Tenant to recover all losses, damages and expense (including reasonable attorney's fees) incurred in curing such alleged defaults, filing law suit and conducting litigation if Landlord prevails on its claim that the alleged default was not a default of Landlord under the terms of the Lease. Notwithstanding anything to the contrary contained in this Section 24.08, any and all rights of Tenant contained in this Section or otherwise subject to this Section by the terms of this Lease to set off from or to abate Fixed Rent or Additional Rent payments due under this Lease, shall be limited to a maximum per month equal to fifteen (15%) percent of such monthly amounts due hereunder from Tenant to Landlord; provided, however, that if there are not enough months remaining in the Lease Term (excluding any unexercised options to extend the Term) so that Tenant may fully recover the amount owed, Tenant shall be entitled to increase the set off so as to be able to recoup the full amount in equal monthly installments over the balance of the Term of the Lease. If, at the end of the Term (as may be extended or earlier terminated hereunder) Tenant has not received the full value of its abatement, then at such time Landlord shall promptly refund to Tenant any balance then owed to Tenant.

ARTICLE 25
LANDLORD'S RIGHT TO PERFORM
TENANT'S OBLIGATIONS

25.01. If Tenant fails to perform any of its obligations hereunder and such failure continues after any applicable grace periods (or an appropriate shorter period in the event of an emergency) after notice thereof by Landlord, Landlord may (but shall not be obligated to) perform such obligation, in which event the cost of such performance, together with interest from the date of payment thereof, at the Citibank (New York) prime rate, plus one (1%) percent, shall be reimbursed by Tenant to Landlord upon demand (and shall constitute additional rent). The performance by Landlord of such obligation of Tenant shall not constitute a waiver of any right or remedy of Landlord arising from such failure of Tenant.

ARTICLE 26
BROKER

26.01. Landlord and Tenant represent that they have dealt only with William A. White/Grubb & Ellis ("Broker"), and with no other broker or salesperson in connection with the Lease. Broker's commissions are to be paid in accordance with the terms of Landlord's agreement, dated December 28, 1992, with Broker in connection with this Lease. In the event Landlord does not make any of said commission payments when due, and such default is not cured within thirty (30) days after written demand from Broker, then in such event, upon notification to Tenant of such election by Broker, Tenant shall pay directly to Broker the commission payments in default out to the next rental payments due under the Lease and, notwithstanding any contrary provision of the Lease, offset such payments against rent due. Upon receipt of notice of such election from Broker, Tenant shall promptly notify Landlord.

Should any claim for commissions in connection with the Lease be made against Landlord by any other broker based on any acts of Tenant or its representatives, including an exclusive brokerage arrangement (other than an exclusive arrangement between the Landlord and a broker), Tenant shall indemnify Landlord against all liability and expenses (including reasonable attorney's fees) incurred in connection therewith. Should any such claim be made against Tenant on account of any acts of Landlord or its representatives, Landlord shall indemnify Tenant against all such liability and expenses (including reasonable attorneys' fees).

ARTICLE 27
OMITTED

ARTICLE 28
NOTICES

28.01. All notices, demands, requests, approvals and consents hereunder (collectively, "Notices") shall be in writing and shall be deemed to have been properly made or given if delivered in person, by overnight courier or sent by registered or certified mail, return receipt requested, as follows:

To Landlord: WHITEWELD CENTRE, INC.
300 Tice Boulevard
Woodcliff Lake, NJ 07675

with copy to: WHITEWELD, BARRISTER & BROWN, INC.
345 Kinderkamack Road
Westwood, New Jersey 87675

with copy to: All Superior Mortgagees of which
Tenant has notice.

To Tenant: Kraft General Foods, Inc.
Three Lakes Drive
Northfield, Illinois 60093
Attn: Commercial and Industrial Real Estate Department

with copy to: Kraft General Foods, Inc.
Three Lakes Drive
Northfield, Illinois 60093
Attn: Legal Department, Real Estate Counsel

Either party may, by notice given pursuant to this Section, specify a different address. Mailed notices shall be deemed to have been given as of the date which is two (2) days after the date on which they are mailed. Overnight courier and personally delivered notices shall be effective as of the date of delivery. Notices may be given by an attorney-at-law or other authorized agent on behalf of Landlord or Tenant with the same effect as if given by the party itself.

ARTICLE 29
FLOOR LOAD

29.01. Tenant shall not place a load upon any floor of the Demised Premises exceeding the load specified in Exhibit B, or, if none is so specified, then exceeding the load permitted by law or building design.

ARTICLE 30
MISCELLANEOUS

30.01. Tenant shall comply with the annexed Rules and Regulations (as the same may be reasonably amended in accordance with its provisions), which are an integral part of the Lease, which shall be non-discriminatorially enforced and the violation of which by Tenant shall constitute an Event of Default, as provided in Section 24.01 (b). Any reasonable costs incurred by Landlord to compel compliance with such Rules and Regulations by Tenant shall be repayable by Tenant to Landlord, on demand, as additional rent.

30.02. Tenant, within twenty (20) days after a request from Landlord, shall execute and deliver to Landlord a statement in such form as may be required by Landlord or a Superior Mortgagee, certifying, without limitation, that (a) the Lease

has not been modified and is in full force (or, if there have been modifications, that the Lease is in full force as modified, and stating the modifications), (b) the date to which the Fixed Rent has been paid, (c) (if any option to extend the Term is provided for in the Lease) whether Tenant has exercised its option to extend the Term, (d) whether or not, to the best of the knowledge of the party executing such statement, Landlord is then in default in the performance of any of its obligations under the Lease and, if so, specifying each such default, (e) whether Tenant has any defenses, offsets or counterclaims against Landlord with respect to the Lease or the Demised Premises, and if so, specifying each such defense, offset or counterclaim, and (f) whether any security has been deposited by Tenant with Landlord, and, if so, the amount thereof; and any other facts within the knowledge of Tenant reasonably requested by Landlord or a Superior Mortgagee.

If reasonably required in connection with a permitted assignment by Tenant, Landlord, within twenty (20) days after a request from Tenant, shall execute and deliver to Tenant a statement certifying the applicable information pursuant to subdivisions (a), (c) and (f).

30.03. The term "Landlord" means the Landlord named herein and any successor to its interest in the Lease. If Landlord assigns such interest and the assignee assumes Landlord's obligations hereunder, Landlord shall thereupon cease to be liable for any subsequently accruing obligations under the Lease, which shall be the sole liability of the assignee of such interest.

30.04. Without limiting Article 8 hereof, the term "Tenant" means the named Tenant herein, any permitted assignee of the Lease and/or any permitted subtenant of all or any portion of the Demised Premises (without hereby creating any relationship or privity between Landlord and such subtenant).

30.05. The term "Unavoidable Delays" means delays or prevention due to strikes, lock-outs or other labor difficulties, acts of God, shortages of labor, materials, supplies, fuel or utilities, governmental restrictions, enemy action, war, civil commotion, fire or other casualty, emergency, holdover of tenants, or any other causes beyond Landlord's or Tenant's reasonable control, as the case may be.

30.06. Landlord and Tenant hereby waive trial by jury in any action or proceeding and with respect to any counterclaim arising under or in connection with the Lease.

30.07. The Lease shall be governed by the Laws of the State of New Jersey.

30.08. The invalidity or unenforceability of any provision of the Lease in any instance shall have no effect upon the validity or enforceability of the remainder of the Lease or the validity or enforceability of such provision in any other instance.

30.09. The Lease contains the entire agreement between the parties concerning the Demised Premises, and the parties acknowledge that its execution has not been induced by any representation or warranty by Landlord or Tenant (or any representative or broker) not set forth herein.

30.10. The Lease may not be modified or terminated (except as otherwise

provided herein) and its provisions may not be waived except by a written agreement signed by the parties.

30.11. The Lease shall be binding upon and inure to the benefit of the parties and their respective heirs, administrators, successors, executors and permitted assigns, and shall be deemed to run with the Land.

30.12. The captions herein are for convenience of reference only and shall not be deemed to define, limit or describe the scope or intendment of any provision of the Lease.

30.13. During the period when the Demised Premises are being prepared for Tenant's occupancy and during Tenant's move-in, Tenant shall do nothing in or about the Demised Premises which might create labor discord affecting Landlord or the Building.

30.14. Tenant shall look solely to Landlord's estate and property in the Land and Building (as the same may be subject to any ground leases or mortgages) for the enforcement of any judgment or decree requiring the payment of money to Tenant by reason of any default or breach by Landlord under the Lease. In no event shall there be any personal liability on the part of Landlord (or any of the entities comprising Landlord) beyond such estate and property and no other assets of Landlord (or of any constituent entity thereof) shall be subject to levy, execution, attachment or any other legal process.

30.15. Landlord and Tenant represent (each for itself) that they have full authority to enter into the Lease and that the person or persons signing on their behalf are duly authorized to execute the Lease with binding effect upon Landlord and Tenant.

30.16. The Lease shall not become effective or binding until signed by Landlord, and a counterpart, so signed, has been delivered to Tenant.

30.17. Neither the Lease nor any memorandum of lease shall be recorded.

30.18. Tenant's sole remedy in connection with any dispute as to Landlord's reasonableness in exercising its judgment or withstanding its consent or approval hereunder or in any separate agreement relating to the Lease (if Landlord is required to act reasonably) shall be an action for an injunction, a declaratory judgment or specific performance, all rights and claims to money damages or other remedies hereby being waived by Tenant.

30.19. The Exhibits annexed hereto shall be deemed part of the Lease with the same force as if set forth as numbered Articles herein.

30.20. Landlord shall furnish hot and cold water for drinking, lavatory and toilet purposes.

30.21. Neither party shall (negligently or otherwise) cause or permit the escape, disposal or release of any hazardous or toxic substances or materials at or about the property. Neither party shall allow the storage or use of such substances

or materials in any manner not sanctioned by law and by the highest standards prevailing in the industry for the storage and use of such substances or materials, nor allow to be brought onto the Demised Premises any such materials or substances. Without limitation, hazardous substances and materials shall include those described in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 9601 et seq., the Resource Conservation and Recovery Act, as amended, 42 U.S.C. Section 6901) et seq., and all applicable state and local laws, ordinances, rules and regulations. If any lender or governmental agency shall ever require testing to ascertain whether or not there has been a release of hazardous materials, the test discloses that there has been a release of hazardous substances at or about the property around or upon which the Building is situated and it is established that the release of hazardous substances, if present, was due to the cause or permission of Tenant, then to the extent of such fault, the reasonable costs thereof shall be reimbursed by Tenant to Landlord, upon demand, as Additional Rent, if such requirement applies to the Demised Premises. Otherwise, as between Landlord and Tenant, such cost shall be borne by Landlord. In addition, the parties shall execute affidavits, representations and the like, from time to time, at the parties' request, concerning the parties' best knowledge and belief regarding the presence of hazardous and toxic substances or materials on the Demised Premises. Subject to the terms of the next two sentences, at all events, Tenant shall indemnify and hold Landlord harmless from and against all liability, damages, costs, claims, judgments and expenses arising out of or relating to the presence, use or release of hazardous or toxic materials on the Demised Premises caused by Tenant, Tenant's agents, contractors, employees, licensees or invitees, while Tenant is in possession, or elsewhere if caused by Tenant or persons acting under Tenant, or out of or relating to the violation of or non-compliance with the provisions of this Article or of any applicable laws, ordinances or rules or regulations, including but not limited to, the New Jersey Environmental Cleanup Responsibility Act. Landlord warrants and represents that the Demised Premises, the Building and the property are free from asbestos and all other toxic or hazardous materials. Landlord agrees to indemnify and hold Tenant harmless from and against all liability, damages, costs, claims, judgments and expenses arising out of or relating to the presence, use or release of hazardous or toxic materials on or about the property which does not arise out of the acts or omissions of Tenant, its employees, agents or invitees. The provisions of this Section 30.21 shall survive the expiration or earlier termination of the Term.

ARTICLE 31
TENANT'S RIGHT TO TERMINATE LEASE

31.01. Tenant may terminate the Lease, effective as of sixty-one (61) months after the Commencement Date, upon giving Landlord at least twelve (12) months' advance notice, provided as follows:

(a) Tenant is not in default under the Lease beyond any applicable grace period at the time of giving such notice or on the designated termination date, and all monetary obligations of Tenant accruing to the designated termination date are paid to Landlord on or before such date, or if not then determinable, Tenant secures to Landlord the payment of such undischarged obligations;

(b) Tenant, in addition to all other monetary obligations, shall pay to Landlord on or before the designated termination date that amount representing the sum of (i) twelve (12) months' rental payments at the rate then applicable, and (ii) the unamortized portion of the cost of Landlord's Work, and (iii) the unamortized portion of any brokerage commission earned and actually paid or obligated to be paid by Landlord, each amortized at a rate of eight (8%) percent over the Initial Term. Such sum represents full compensation to Landlord for the loss of its bargain and for its expenses for reletting and loss of rents;

(c) All Lease provisions applicable as of the natural expiration of the Lease shall apply to the effective earlier termination date; and

(d) Tenant shall deliver the Demised Premises to Landlord vacant and broom clean and in accordance with Article 23 on the designated termination date.

ARTICLE 32
TENANT'S OPTION TO EXTEND TERM

32.01. Tenant may extend this Lease for two (2) additional terms of three (3) years each ("Extended Terms"), to commence on the date of the expiration of the Term and the first Extended Term, respectively, subject to compliance with the following conditions precedent:

A. Tenant, at the time of exercising each option as well as at the time fixed for the commencement of each Extended Term, shall not be in default under the Lease and the Lease shall at such times be in force;

B. Tenant shall have given notice of election to extend no later than twelve (12) months prior to the date of expiration of the Term or of the first Extended Term, as the case may be. The failure to do so shall be deemed an irrevocable waiver by Tenant of its right to extend or further extend the Term, as the case may be.

C. The Fixed Rent for each Extended Term, if any, shall be ninety-five (95%) percent of the then fair market rental value of the Demised Premises. If the parties are unable to agree as to such fair market rental value not later than six (6) months before the commencement date of the first or second Extended Term, as the case may be, if any, each party shall promptly appoint a qualified real estate appraiser or leasing broker ("appraiser") having at least ten (10) years' full-time commercial real estate (rental and fee) appraisal experience in the area in which the Office Building is located. If either party fails to designate an appraiser within ten (10) days after demand by the other party, the appraiser appointed by the other party shall alone make the determination. The appraisers appointed by the parties shall meet and promptly fix the fair market rental value of the Demised Premises as of the commencement date of such Extended Term. If they are unable to do so within thirty (30) days after the appointment of the second appraiser, they shall select a third appraiser with similar qualifications. If they are unable to agree on a third appraiser, either party may apply to the assignment judge of the

Superior Court of the county in which the Office Building is located, for the selection of a third appraiser having the indicated qualifications and who has not previously acted for either party in any capacity. Within thirty (30) days after selection of the third appraiser, the appraisers shall meet and, by majority vote, determine the fair market rental value of the Demised Premises.

In establishing the fair market rental value, the Demised Premises shall be considered as if being leased at the commencement of the first or second Extended Term, as the case may be, and then constituted but unoccupied, to a third party, and the parties or the appraisers, as the case may be, shall be guided principally by rentals then being charged for office space of similar rentable area, layout and location in buildings of nearly comparable construction, size and age, located in comparable areas in northern New Jersey. For such purposes, any building owned or leased by Landlord, alone or with others, may be considered. Any special features of the Demised Premises and the accessory facilities (but not Tenant's Property) shall be considered and the appraisers shall receive and consider all pertinent evidence and testimony offered by the parties or their representatives, including evidence of Landlord's operating expenses and real estate taxes.

If a majority of the appraisers are unable to agree on the fair market rental value, the mean average of the appraisals shall be taken as such value, provided that if either the highest or the lowest appraisal is more than fifteen (15%) percent above or below the middle appraisal, such highest or lowest appraisal shall be disregarded and the mean average of the remaining appraisals shall be used and if both the highest and lowest appraisals are thus disregarded, the middle appraisal shall govern. The parties shall bear the costs of their own appraisers and shall share the costs of the third appraisers.

Ninety-five (95%) percent of the fair market rental value, as so determined, shall constitute the Fixed Rent for the Extended Term.

D. All of the provisions of the Lease (other than such as are manifestly or by fair construction inapplicable or inconsistent) shall apply to each of the Extended Terms, except that the Fixed Rent shall be as above provided and Tenant shall have no right to any further extension.

E. Tenant shall pay for its electricity as provided in Article 14.

F. The Fixed Rent for each of the Extended Term shall be payable in addition to Additional Rent, as defined in Section 1.04(b), and shall be subject to annual adjustment in accordance with Article 5.

ARTICLE 33
TENANT'S RIGHT OF FIRST REFUSAL

33.01. During the term of the Lease, as it may be extended, Landlord shall apprise Tenant of square feet of contiguous space (the "Offered Space") on the second floor of the South Wing of the Building, as set forth in Exhibit D attached hereto, should the same become available for leasing after the expiration of any

existing leases of the Offered Space (including any extended terms and any rights of first refusal with respect thereto). Subject to any existing tenant's rights of first refusal, Tenant shall have the option, exercisable by notice to Landlord sent within five (5) business days after receipt of Landlord's notification of availability of the Offered Space, to lease the Offered Space "as is" for the balance of the Term on the then standard terms for leases in the Building, other than rental and business terms requiring modifications by reason of different or peculiar factors relating to the Offered Space. The rental for the Offered Space shall be the then fair market rental value thereof as agreed upon by Landlord and Tenant at such time. Such rental value, if not agreed to by the parties, shall be subject to determination as set forth in Section 32.01 above. If Tenant shall fail to exercise its option within the five (5)-business day period above provided, Tenant's right of first refusal shall terminate and be of no further force or effect, and Landlord shall be free to lease such Offered Space to any other party on such terms as Landlord in its sole discretion shall determine.

The fair market rental value, as so determined, shall constitute the Fixed Rent for the Offered Space.

ARTICLE 34
HEALTH AND FITNESS CLUB

34.01. During the first anniversary year of the Term only, Tenant shall be entitled to enroll no more than 19 employees as members of the Health and Fitness Club located in the Building at an annual cost of $200 per employee. Membership fees for (i) all other employees during the first anniversary year of the Term, and (ii) all employees for each anniversary year thereafter, shall be the then prevailing rates for such membership.

IN WITNESS WHEREOF, Landlord and Tenant have executed the Lease the date first above written.

ATTEST: WHITEWELD CENTRE, INC.

/s/ /s/ (L.S.)
(SEAL) ---------- By: ----------

ATTEST: KRAFT GENERAL FOODS, INC.

(SEAL) /s/ Sandra F. Hermil By: /s/ Mike Cissell (L.S.)
---------- ----------
Assistant Controller

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STATE OF NEW JERSEY)
: ss.:
COUNTY OF BERGEN)

I CERTIFY that on this day of , 1992, edged under oath, to my satisfaction, that this person signed, sealed and delivered the attached documents as of WHITEWELD CENTRE, INC.; that the proper corporate seal was affixed; and that this document was signed and made by the corporation as its voluntary act and deed by virtue of authority from its Board of Directors.

Sworn to and subscribed before
me, the date aforesaid.

STATE OF ILLINOIS)
: ss.:
COUNTY OF COOK)

I CERTIFY that on this 29th day of December, 1992, Mike Cissell personally came before me and this person acknowledged under oath, to my satisfaction, that this person signed, sealed and delivered the attached document as Dir., R.E. of KRAFT GENERAL FOODS, INC.; that the proper corporate seal was affixed; and that this document was signed and made by the corporation as its voluntary act and deed by virtue of authority from its Board of Directors.

Sworn to and subscribed before
me, the date aforesaid.

- ---------------------------------
OFFICIAL SEAL
Deborah A. McCarthy /s/ Deborah A. McCarthy
NOTARY PUBLIC STATE OF ILLINOIS
MY COMMISSION EXPIRES 1/29/94

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RULES AND REGULATIONS

1. Tenant shall not (a) obstruct or permit its employees, agents, servants, invitees or licensees to obstruct, in any way, the sidewalks, entrances, passages, fire exits, corridors, halls, stairways or elevators of the Office Building, or use the same in any way other than as a means of passage to and from the offices of Tenant; (b) bring in, store, test or use any materials in the Office Building which could cause a fire or an explosion or produce any fumes or vapor; (c) make or permit any improper noises in the Office Building; (d) smoke in any elevator; throw substances of any kind out of windows or doors, or down the passages of the Office Building, or in the halls or passageways, sit on or place anything upon the window sills; or (e) clean the windows.

2. Waterclosets and urinals shall not be used for any purpose other than those for which they were constructed, and no sweepings, rubbish, ashes, newspaper or any other substances of any kind shall be thrown into them. Waste and excessive or unusual use of electricity or water is prohibited.

3. The windows, doors, partitions and lights that reflect or admit light into the halls or other places of the Office Building shall not be obstructed.

4. No signs, lettering, advertisements or notices shall be inscribed, painted, affixed or displayed in, on, upon or behind any windows. Tenant's interior signage which is exterior to the Demised Premises shall conform to Building standard, and shall, in any event, be subject to Landlord's prior written consent, which shall not be unreasonably withheld or delayed.

5. No curtains, blinds, shades or screens shall be attached to or hung in, or used in connection with, any window or door of the Demised Premises, without the prior written consent of Landlord, which consent shall not be unreasonably withheld, provided that on exterior windows or glass there shall be no deviation from the Building standard. Such curtains, blinds and shades must be of a quality, type, design and color, and attached in a manner approved by Landlord.

6. No bottles, parcels, or other articles shall be placed on the windowsills, in the halls, or in any other part of the Building (other than the Demised Premises). No articles of Tenant's Property shall be placed against the glass walls of the Demised Premises exposed to the Atrium of the Building. No article shall be thrown out of the doors or windows of the Demised Premises.

7. No contract of any kind with any supplier of towels, ice, toilet articles, waxing, rug shampooing, venetian blind washing, furniture polishing, lamp servicing, cleaning of electrical fixtures, removal of waste paper, rubbish or garbage, or other like service shall be entered into by Tenant. Tenant shall not employ any person or persons for the purpose of cleaning the Demised Premises, without the prior written consent of Landlord, which shall not be unreasonably withheld or delayed. Tenant may install vending machines and shall use Landlord's vendor, if competitive.

8. Plumbing facilities shall not be used for any purpose other than

those for which they were constructed; and no sweepings, rubbish, ashes, newspaper or other substances of any kind shall be thrown into them. Waste and excessive or unusual amounts of electricity or water is prohibited. When electric wiring of any kind is introduced, it must be connected as directed by Landlord, and no stringing or cutting of wires will be allowed, except with the prior written consent of Landlord, and shall be done only by contractors approved by Landlord. No tenant shall lay floor covering so that the same shall be in direct contact with the floor of the Demised Premises; and if floor covering is desired to be used, an interlining of builder's deadening felt shall be first affixed to the floor by a paste or other material soluble in water, the use of cement or other similar adhesive material being expressly prohibited.

9. Landlord shall have the right to prescribe the weight, size and position of all safes and other bulky or heavy equipment and all freight brought into the Office Building by any tenant; and the time of moving the same in and out of the Office Building. All such moving shall be done under the supervision of Landlord. Landlord will not be responsible for loss or damage to any such equipment or freight from any cause; but all damage done to the Office Building by moving or maintaining any such equipment or freight shall be repaired at the expense of Tenant. All safes shall stand on a base of such size as shall be designated by Landlord. Landlord reserves the right to inspect all freight to be brought into the Office Building and to exclude from the Office Building all freight which violates any of these Rules and Regulations or the Lease of which these Rules and Regulations are a part.

10. No machinery of any kind or articles of unusual weight or size will be allowed in the Office Building, without the prior written consent of Landlord. Business machines and mechanical equipment shall be placed and maintained by Tenant at Tenant's expense, in settings sufficient, in Landlord's judgment, to absorb and prevent vibration, noise and annoyance to other tenants.

11. No additional lock or locks shall be placed by Tenant on any door or window in the Office Building, without the prior written consent of Landlord. Twenty-five keys will initially be furnished to Tenant by Landlord; two additional keys will be supplied to Tenant by Landlord, without charge; any additional keys requested by Tenant shall be paid for by Tenant. Tenant, its agents and employees, shall not have any duplicate key made and shall not change any lock. All keys to doors and washrooms shall be returned to Landlord on or before the end of the term of this Lease, and, in the event of a loss of any keys furnished, Tenant shall pay Landlord the cost thereof. Tenant shall, on the termination of Tenant's tenancy, deliver to Landlord, all keys to any space within the Building, either furnished to or otherwise procured by Tenant, and in the event of the loss of any keys furnished, Tenant shall pay to Landlord the cost thereof.

12. No bicycles, vehicles (except wheelchairs) or animals or pets of any kind shall be brought into or kept in or about the Demised Premises.

13. The requirements of Tenant will be attended to only upon application at the office of Landlord. Employees of Landlord shall not perform any work for Tenant or do anything outside of their regular duties, unless under special instructions from Landlord.

14. The Demised Premises shall not be used for lodging or sleeping purposes, and cooking therein is prohibited, but Tenant may use a microwave oven.

15. Tenant shall not conduct, or permit any other person to conduct, any auction upon the Demised Premises; manufacture or store goods, wares or merchandise upon the Demised Premises (other than as provided in Section 2.01 of the Lease), without the prior written approval of Landlord, except the storage of usual supplies and inventory to be used by Tenant in the conduct of its business at the Demised Premises; permit the Demised Premises to be used for gambling; make any unusual noises in the Office Building; permit to be played any musical instrument in the Demised Premises; permit to be played any radio, television, recorded or wired music in such a loud manner as to disturb or annoy other tenants; or permit any odors to emanate from the Demised Premises; or otherwise interfere with other tenants or occupants of the Building (or those having business with them).

16. No awnings, air conditioning units or other fixtures or projections shall be attached to the outside walls, windows or window sills of the Office Building.

17. Canvassing, soliciting and peddling in the Office Building are prohibited, and Tenant shall cooperate to prevent same.

18. There shall not be used in the Demised Premises or in the Office Building either by Tenant or by others in the delivery or receipt of merchandise, supplies or equipment, any hand trucks except those equipped with rubber tires and side guards. No hand trucks will be allowed in passenger elevators.

19. OMITTED.

20. Landlord shall have the right to prohibit any advertising by Tenant which in Landlord's opinion tends to impair the reputation of the Office Building or its desirability for offices, and upon written notice from Landlord, Tenant shall refrain from or discontinue such advertising.

21. Landlord hereby reserves to itself any and all rights not granted to Tenant hereunder, including, but not limited to, the following rights which are reserved for Landlord's purposes in operating the Office Building: (a) the exclusive right to the use of the name of the Office Building for all purposes, for himself or anyone he might designate, except that Tenant may use the name as its business address and for no other purpose; (b) the right to change the name or address of the Office Building, without incurring any liability to Tenant for so doing, other than to compensate Tenant for letterhead and business cards; (c) the right to install and maintain a sign or signs on the exterior of the Office Building; (d) the executive right to use or dispose of the use of the roof of the Office Building; (e) the right to limit the space on the directory of the Office Building allotted to Tenant; (f) the right to grant to anyone the right to conduct any particular business or undertaking in the Office Building.

22. Tenant shall list all articles to be taken from the Office Building (other than those taken out in the usual course of business of Tenant) on Tenant's

letterhead, or a blank which will be furnished by Landlord. Such list shall be presented at the office of the Office Building for approval before such articles are taken from the Office Building.

23. Except as provided in Article 35, Tenant shall have the nonexclusive right to use in common with Landlord and other tenants of the Office Building and their employees and invitees the portion of the parking area provided by Landlord for the common parking of passenger automobiles. Landlord may issue parking permits, install a gate system, and impose any other system as Landlord deems necessary for the use of the parking area. Tenant agrees that it and its employees and invitees shall not park their automobiles in parking spaces allocated to others by Landlord and shall comply with such rules and regulations for use of the parking area as Landlord may from time to time prescribe. Landlord shall not be responsible for any damage to or theft of any vehicle in the parking area and shall not be required to keep parking spaces clear of unauthorized vehicles or to otherwise supervise the use of the parking area. Landlord reserves the right to change any existing or future parking area, roads or driveways, and may temporarily revoke or modify the parking rights granted to Tenant hereunder for the purpose of undertaking any repairs or alterations it deems necessary to the parking area, roads and driveways. Landlord shall use its best efforts to minimize the requirement for any such revocation or modification of such parking rights.

24. No Common Office Facilities within the Office Complex shall be obstructed or encumbered by any Tenant or used for any purpose other than ingress and egress to and from the Demised Premises, and no Tenant shall permit any of its employees, agents, licensees or invitees to congregate or loiter in any of the Common Office Facilities. No Tenant shall invite to, or permit to visit, the Demised Premises, persons in such number or under such conditions as may interfere with the use and enjoyment by others of the Common Office Facilities. Fire exits and stairways are for emergency use only, and they shall not be used for any other purposes by any tenant, to the employees, agents, licensees or invitees of Tenant. Landlord reserves the right to control and operate, and to restrict and regulate the use of, the Common Office Facilities and the public facilities, as well as facilities furnished for the common use of tenants, in such manner as it deems best for the benefit of the tenants generally, including the right to allocate certain elevators for delivery service, and the right to designate which Office Building entrances shall be used by persons making deliveries in the Office Building. No doormat of any kind whatsoever shall be placed or left in any public hall or outside any entry door of the Demised Premises.

25. Tenant shall, at all times maintain the Demised Premises in a neat, clean and sanitary condition.

26. Landlord reserves the right to exclude from the Building between the hours of 6:00 p.m. and 8:00 a.m., after 2:00 p.m. Saturdays, and at all hours on Sundays and Legal Holidays, all persons who do not present a pass to the Building signed by the Tenant. Each tenant shall be responsible for all persons for whom such a pass is issued and shall be liable to the Landlord for the acts of such persons.

EXHIBIT "C"

JANITORIAL SERVICES

Nightly Services:

1. Empty and clean ash trays.
2. Empty waste baskets.
3. Clean cigarette urns.
4. Remove trash to areas designated.
5. Wipe drinking fountains.
6. Sweep floors.

Weekly Services:

1. Dust desks and tables.
2. Dust desk accessories not of material value and replace in proper place.
3. Dust cabinets, files, chairs and window sills.
4. Vacuum carpets.

Outside Service, as required:

1. Sweep driveways - curbs.
2. Sweep and clean sidewalks.
3. Snow removal from driveways, sidewalks, steps and parking area.

Occasional Service, when necessary:

1. Dust paneling.
2. Dust picture frames.
3. Dust diffusers.
4. High dust door tops, tops of partitions and high ledges.
5. Damp mop floor.

Nightly Service - Rest Room Area (on floor leased by Tenant):

1. Sweep, mop and sanitize floors.
2. Clean commodes and toilet seats.
3. Empty and clean towel and sanitary disposal receptacles.
4. Clean urinals.
5. Clean mirrors.
6. Clean sinks.
7. Sanitize plumbing fixtures.

Occasional Service - Rest Room Area (on floor leased by Tenant):

1. High dust walls and ceilings.
2. Completely clean ceramic tile.
3. Replenish soap, toilet tissue and paper towels.
4. Spot clean ceramic wall tiles.

Public Areas and Multiple Tenancy Floors - Supplemental Service:

1. Flooring on stairs, corridors, foyers and elevators washed and waxed as necessary.
2. Elevator, stairway and utility doors washed with clear water or approved cleanser, as necessary.
3. Dust and clean electric fixtures and fittings in public corridors, foyers, stairways, as necessary.

WINDOW CLEANING SERVICE:

Exterior windows and glass and interior doors and partition glass will be washed inside and outside as required, but not more than four (4) times per year.

KGF Sublease
Entire Premises

Premises: Portion of the Second Floor
Whiteweld Centre, Inc.
300 Tice Boulevard
Woodcliff Lake, New Jersey 07675
Date: December 23, 1994

SUBLEASE AGREEMENT

This Sublease Agreement (this "Sublease") is made and entered into as of the 23 day of December, 1994, by and between KRAFT GENERAL FOODS, INC., a Delaware corporation ("Sublessor"), Three Lakes Drive, Northfield, Illinois 60093, and MEDCO CONTAINMENT SERVICES, INC., a Delaware corporation ("Sublessee"), 100 Summit Avenue, Montvale, New Jersey 07645 (Sublessor and Sublessee hereinafter collectively referred to as the "Parties" and individually referred to as "Party").

WITNESSETH:

WHEREAS, Sublessor, as tenant, and Whiteweld Centre, Inc., a New Jersey corporation, as landlord ("Lessor"), have heretofore entered into that certain Lease (the "Master Lease"), dated as of December 28, 1992, providing for the leasing of certain space, totalling approximately 19,374 rentable square feet, and improvements therein, located at Whiteweld Centre, 300 Tice Boulevard, Woodcliff Lake, New Jersey 07675 and more particularly described in the Master Lease (collectively the "Premises") for a lease term commencing April 1, 1993 and ending March 31, 2001, unless sooner terminated as provided in the Master Lease:

WHEREAS, Sublessor and Sublessee previously have entered into that certain Sublease Agreement (the "Prior Sublease") dated April 11, 1994, a copy of which is attached hereto as Exhibit A, whereby Sublessor subleased to Sublessee the Premises for a sublease term commencing April 15, 1994 and ending March 1, 2001, unless sooner terminated as provided in the Prior Sublease; and

WHEREAS, Sublessor and Sublessee desire to terminate the Prior Sublease and execute a new sublease with respect to the Premises upon the terms and subject to the conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the foregoing preambles, the payment of Ten Dollars ($10.00) by Sublessee to Sublessor, the occupancy of the Premises by Sublessee pursuant to the terms hereof, the covenants and agreements hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby covenant, acknowledge, represent and agree as follows:

1. TERMINATION OF THE PRIOR SUBLEASE. Sublessor and Sublessee hereby agree that, as of the date hereof, the Prior Sublease shall be terminated and shall be null and void and of no further force and effect regarding the rights, duties and obligations of the Parties with respect to the subject matter hereof (except for any unfulfilled indemnities and obligations as stated in Paragraph 31(i) of the Prior Sublease to survive the termination thereof), and the rights, duties and obligations of the Parties with respect to the subject matter hereof shall be governed hereafter by the terms and provisions of this Sublease.

2. DEMISE: TERM. Sublessor hereby subleases the Premises to Sublessee, and Sublessee hereby subleases the Premises from Sublessor, for a term commencing as of the date on which Sublessee shall receive a fully executed copy of the Recognition and Attornment Agreement attached hereto as Exhibit B (the "Attornment Agreement") (hereinafter such date shall be referred to as the "Sublease Commencement Date"), and expiring March 31, 2001, or on such earlier date upon which said term may expire or terminate (the "Sublease Term") pursuant to any of the conditions of limitation or other provisions of the Master Lease or this Sublease or pursuant to the provisions of any present or future constitution, law, statute, ordinance, rule, regulation, other governmental order or controlling judicial determination of any federal, state, local, municipal or other governmental body, agency or authority having or asserting jurisdiction and all departments, commissions, boards and officers thereof (collectively the "Laws"). Unless expressly stated to the contrary herein, Sublessee and Sublessor agree that no extension rights or renewal options have been granted to Sublessee.

3. TERMINATION OPTION. Sublessee shall have the right, in its sole discretion, to terminate this Sublease effective March 31, 1998, upon (i) not less than twelve (12) months prior written notice of such termination to Sublessor and (ii) payment of a termination fee to Sublessor in the amount of One Hundred Fifty Thousand and no/100 Dollars ($150,000.00), payable to Sublessor not less than six (6) months prior to such termination date.

4. RENT. Sublessee agrees to pay to Sublessor, without previous demand therefor and without set-off, abatement, credit, deduction or claim of offset, except as provided in Paragraph 5 below, annual base rent for the Premises ("Base Rent") in the amount of Two Hundred Sixty One Thousand Five Hundred Forty-Nine and no/100 Dollars ($261,549.00).

payable in equal consecutive monthly installments of Twenty-One Thousand Seven Hundred Ninety-Five and 75/100 Dollars ($21,795.75) ($1.125 per square foot), payable in lawful money of the United States of America, in advance, on the first day of each month commencing on the Sublease Commencement Date, and continuing on the first day of each month thereafter until March 31, 1998 or the earlier termination of this Sublease; thereafter, Sublessee shall pay to Sublessor Base Rent in the amount of Two Hundred Eighty Thousand Nine Hundred Twenty-Three and no/100 Dollars ($280,923.00), payable in equal consecutive monthly installments of Twenty-Three Thousand Four Hundred Ten and 25/100 Dollars ($23,410.25) ($1.21 per square foot), in advance, on the first day of each month for the period commencing April 1, 1998, and continuing on the first day of each month thereafter until the expiration or earlier termination of this Sublease. Base Rent and all other amounts due Sublessor hereunder shall be payable to Sublessor at the address of Sublessor set forth in Paragraph 29 of this Sublease or at such other address as Sublessor may from time to time designate by notice to Sublessee. In the event the Sublease Term commences or expires on any day other than the first or last day of a month, respectively, then the Base Rent for such month shall be paid for the fraction of the month during which a portion of the Sublease Term exists. In addition to the Base Rent, Sublessee agrees to pay to Sublessor, as additional rent (the "Sublease Additional Rent"), the sums specified in Paragraph 11 and otherwise in this Sublease, in the same manner as provided for the payment of the Base Rent herein.

5. RENT ABATEMENT. Notwithstanding anything to the contrary contained in Paragraph 4 above, Sublessee shall be entitled to an abatement of Base Rent in an amount equal to Ninety Thousand Two Hundred Ninety-Nine and 63/100 Dollars ($90,299.63), which represents an adjustment of Base Rent payable by Sublessee to Sublessor, retroactive to the commencement date of the Prior Sublease, which amount shall be credited against Sublessee's rental obligations next becoming due hereunder until such abatement amount has been fully exhausted. Additionally, in the event Sublessee fails to exercise its termination option provided in Paragraph 3 above, and provided Sublessee has paid its broker the balance of its commission due in connection herewith, Sublessee shall be entitled to an abatement of Base Rent in an amount equal to Thirty-Four Thousand Six Hundred Thirty-Eight and 45/100 ($34,638.45), which amount shall be credited, commencing as of April 1, 1998, against Sublessee's rental obligations next becoming due hereunder until such abatement amount has been fully exhausted.

6. SECURITY DEPOSIT. [Intentionally Deleted]

7. ASSIGNMENT; SUBLETTING. Sublessee will not sublet the Premises, or any portion thereof, or assign this Sublease in whole or in part, for collateral purposes or otherwise, or permit use or occupancy of the Premises, or any portion thereof, by others without the prior written consent of Sublessor in each instance being first obtained, which consent shall not be unreasonably withheld provided Sublessee remains liable under this Sublease; and if Sublessee shall not remain liable under this Sublease, Sublessor may withhold its consent in its sole discretion and with or without cause or reason. In the event Sublessee desires to assign this

Sublease or further sublet all or any part of the Premises to (a) any entity resulting from a sale of assets, merger or consolidation with Sublessee or (b) its parent or any subsidiary or affiliate of Sublessee, Sublessor shall be deemed to have consented to such assignment or subletting; provided, however, that (i) Sublessee shall provide Sublessor with thirty (30) days prior written notice of said assignment or sublease, (ii) said assignment or sublease shall not release Sublessee from any of its liabilities or obligations pursuant to the terms of this Sublease, and (iii) such sub-sublessee or assignee shall execute and deliver to Sublessor a written acceptance and assumption of the rights, duties and obligations of Sublessee hereunder. However, any assignment or sublease under this Paragraph 7 is further subject to the consent of the Lessor under the terms and conditions of the Master Lease. For the purposes of this Paragraph 7, the sale of stock of Sublessee or its parent shall not be deemed an assignment. In the event Sublessee shall assign or sublet all or any part of the Premises, such assignment, subletting, or grant of any other right of occupancy shall not be construed as relieving Sublessee from any liability under this Sublease or from responsibility for obtaining Sublessor's prior written consent to any further assignment, subletting or occupancy.

8. REFERENCE TO MASTER LEASE; SUBORDINATION; ESTOPPEL. Sublessee hereby acknowledges that it has received and fully reviewed a copy of the Master Lease, a copy of which is attached hereto as Exhibit C. Sublessee furthermore hereby assumes and agrees to fully adhere to, perform and comply with all covenants, agreements, terms, provisions, conditions, duties and obligations contained in the Master Lease and imposed upon the tenant named therein (other than the payment of the base rent and additional rent and Sublessor's termination option specified therein) as fully and completely as though it were the tenant named therein. Sublessee acknowledges and agrees that the lien of this Sublease is, and at all times shall be, expressly subject and subordinate to the Master Lease, and all present or future (i) ground and underlying leases of all or any portion of the Premises, (ii) mortgages or trust deeds which affect all or any portion of the Premises, (iii) advances under such mortgages or trust deeds and (iv) renewals, modifications, replacements and extensions of any such lease, mortgage or trust deed. Upon the request of Sublessor, Sublessee shall execute and deliver, within ten (10) days after receipt of the request, such certificates of subordination and estoppel as reasonably may be requested by Sublessor, or Lessor under the Master Lease, to evidence the subordination set forth above and provide information concerning the status of this Sublease.

9. INDEMNIFICATION. The rights and liabilities of the Parties with respect to indemnification, unless otherwise provided herein, shall be controlled by the terms and definitions of Article 19 of the Master Lease except that "Lease" shall mean "Sublease" and "Master Lease".

10. HAZARDOUS MATERIALS. Sublessor represents and warrants that Sublessor did not introduce or bring any hazardous material (hereinafter defined) onto the Premises prior to the commencement date of the Prior Sublease. Sublessor further represents and warrants that, to the best of its knowledge the Premises were free of hazardous material prior to the

commencement date of the Prior Sublease. Sublessor shall indemnify, hold harmless and defend Sublessee from and against any and all actions, claims, costs, damages, demands, expenses (including reasonable attorneys' fees), inquiries, judgments, liabilities, losses and suits with respect to and arising out of any breach of its representations and warranties contained under this Paragraph 10. Sublessee hereby indemnifies Sublessor and Lessor and agrees to defend and hold Sublessor and Lessor harmless from and against any and all actions, claims, costs, damages, demands, expenses (including attorneys' fees), injuries, judgments, liabilities, losses and suits of any and every kind, whatsoever paid, sustained, suffered or incurred, including all foreseeable and all unforeseeable damages arising out of or in connection with, or as a direct or indirect result of, Sublessee's or its agents', suppliers', guests', employees', invitees' or contractors' use, manufacture, generation, storage, disposal, release or presence, on or under the Premises, or Sublessee's or its agents', suppliers', guests', employees', invitees' or contractors' transportation to, across, or from the Premises, of any hazardous material (as defined herein), or the escape, seepage, leakage, spillage, discharge, emission, discharging or release of any hazardous material introduced by Sublessee, its agents, employees, designees, invitees or guests, or allowed to be introduced by Sublessee onto the Premises, Building or the land on which the same are located. As used herein, the term "hazardous material" shall mean petroleum or any fraction thereof, natural gas, liquefied synthetic gas, any mixture of natural and synthetic gas, and asbestos, and any material defined as "hazardous substances," "hazardous waste," "hazardous constituents," "solid waste," "hazardous materials," "extremely hazardous waste," or "toxic substances," or words of similar meaning or import in any federal, state or local statute, rule or regulation, as they may be amended, including without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq., and the Hazardous Materials Transportation Act, 49 U.S.C. Section 6901 et seq., and in the regulations adopted and publications promulgated pursuant to said laws (the "Environmental Laws").

11. TAXES, OPERATING EXPENSES AND OTHER CHARGES. During the term of this Sublease (comprised of the Sublease Term and any and all extensions, renewals or modifications of this Sublease which may be granted by Sublessor, hereinafter referred to as the "Term"), Sublessee shall pay Sublessor, as Sublease Additional Rent, an amount reasonably estimated from time to time by Lessor under the Master Lease or by Sublessor prior to or during any calendar year in the Term and communicated to Sublessee by written notice (an "Estimate"), as being equal to the Taxes and Operating Expenses (as defined in Article 5 of the Master Lease) and all other impositions, assessments and charges incurred by Lessor in its management, control, operation, maintenance, leasing and repair of the Premises and other amounts specified in the Master Lease relating to the management, control, operation, maintenance, leasing and repair of the Premises and the property of which the Premises are a part, the charge for which is passed through to Sublessor, as tenant, under the Master Lease ("Other Charges"), for each calendar year of the Term in excess of the amount of such Taxes, Operating Expenses and Other Charges for the twelve (12) month period beginning April 11, 1994 ("Sublease Base Year") provided that the amount to be paid by Sublessee with respect to each of the calendar years during which the Term begins and ends shall be apportioned pro rata between Sublessor and

Sublessee on the basis of the number of days of the Term falling within said calendar years ("Estimated Expenses"). All amounts to be paid by Sublessee hereunder shall be paid in monthly installments in advance on the first day of each calendar month during each calendar year of the Term in an amount sufficient to satisfy payment of the Estimated Expenses as based on the Estimate and all other payments described above. Upon receipt of an expense statement from Lessor with respect to actual Taxes, Operating Expenses and Other Charges, Sublessor shall deliver the same to Sublessee with a detailed statement setting forth (i) Sublease Base Year Taxes, Operating Expenses and Other Expenses and (ii) the amount of Sublease Additional Rent previously paid by Sublessee to Sublessor for the period of time covered by such expense statement. If Sublessee's payments under this Paragraph 11 exceed Sublessee's share as indicated on said statement, Sublessee shall be entitled to credit the amount of such overpayment against Sublessee's share of such Taxes, Operating Expenses or Other Charges, as the case may be, next falling due. If such overpayment occurs in the final year of the Term, Sublessee has vacated the Premises and is not in default hereunder or under the Master Lease, Sublessor shall pay to Sublessee the amount of the overpayment (or the balance thereof not used by Sublessor to cure any Sublessee defaults hereunder or under the Master Lease) within thirty (30) days of the date of the later to occur of (i) expiration or other termination of this Sublease, (ii) vacation of the Premises or (iii) cure of any default hereunder or under the Master Lease. If Sublessee's payments under this Paragraph 11 were less than Sublessee's share as indicated on said statement, Sublessee shall pay to Sublessor the amount of such deficiency within twenty-one (21) days after delivery by Sublessor to Sublessee of said expense statement.

12. EXPENSES AND COSTS.

(a) With respect to the Premises, Sublessee agrees to do the following at its sole cost and expense:

1. Make all repairs necessitated by the negligence of or abuse by Sublessee its agents and employees;

2. To the extent required of Sublessor under the Master Lease, provide maintenance of all systems and equipment located within the Premises;

3. To the extent required of Sublessor under the Master Lease, replace all broken or damaged plate glass and provide a certificate of plate glass insurance;

4. Except to the extent Lessor is required to do so under the terms of the Master Lease, make all repairs to the interior of the Premises necessary to keep them in good condition excepting reasonable wear and tear;

5. To the extent required of Sublessor under the Master Lease, provide and maintain in good repair all water, sewer, gas, electrical and other utility services to the Premises;

6. To the extent required of Sublessor under the Master Lease, pay for all permit and inspection fees imposed by governmental authorities; and

7. Comply with all rules and regulations governing the use and occupation of the Premises now existing or hereafter promulgated by Sublessor or Lessor.

13. LATE CHARGES. Provided Sublessee pays all rental and other sums due hereunder in a timely manner, Sublessor shall timely pay to Lessor the rent payable under the Master Lease. To the extent Sublessee has not made all payments due hereunder when due, Sublessee shall be responsible for all late charges and all other fees and costs imposed by Lessor under the Master Lease for late payments. If Sublessee fails to make any payment of Base Rent or Sublease Additional Rent hereunder when due, in addition to the foregoing, Sublessee shall pay and be liable to Sublessor for, interest on any such delinquent amount, calculated at an annual rate equal to the Citibank, N.A. (New York) prime rate plus one percent (1%) from and after the due date of said payment until paid in full, without regard to whether Sublessor has incurred or paid any late charges or penalties under the Master Lease.

14. CONDITION AND USE OF PREMISES. SUBLESSEE CURRENTLY OCCUPIES AND IS IN POSSESSION OF THE PREMISES AND SUBLESSEE ACKNOWLEDGES THAT IT IS TAKING THE PREMISES IN AN "AS IS, WHERE IS" CONDITION AS OF THE DATE HEREOF, EXCEPT FOR LATENT DEFECTS KNOWN TO SUBLESSOR THAT WOULD NOT HAVE BEEN DISCOVERED BY A REASONABLE VISUAL INSPECTION CONDUCTED PRIOR TO THE COMMENCEMENT DATE OF THE PRIOR SUBLEASE. Sublessor represents and warrants that with respect to Sublessor's use and occupancy of the Premises prior to the commencement date of the Prior Sublease, the Premises and tenant improvements constructed thereon were built in accordance with all laws, zoning codes, rules, regulations, ordinances, statutes, guidelines and other requirements applicable thereto, including, but not limited to the Americans with Disabilities Act. No promise of Sublessor to alter, remodel or improve the Premises, or any portion thereof, and no representation respecting the condition of the Premises or its compliance with the Americans with Disabilities Act (except as provided in this Paragraph 14) has been made by Sublessor or any employee, agent or representative of Sublessor to Sublessee. Notwithstanding any provision of the Master Lease to the contrary, Sublessee hereby agrees that the Premises shall at all times be used and occupied for the purpose of general offices and for no other use or purpose whatsoever.

15. ALTERATIONS: IMPROVEMENTS. Sublessee agrees that any and all alterations and improvements to the Premises shall be subject to the Sublessor's prior written consent, which shall not be unreasonably withheld or delayed, and to the provisions of the Master Lease, if any, relating to alterations and improvements. Sublessor shall be entitled to all of the rights afforded Lessor under the Master Lease with respect to such alterations and improvements without diminishing any of the rights of Lessor thereunder. All alterations and improvements undertaken and performed by Sublessee shall be in made in a good and workmanlike manner in compliance with all applicable federal, state and local laws, zoning codes, rules, regulations, ordinances, statutes, guidelines and other requirements and the terms of this Sublease and the Master Lease. Further, unless otherwise directed under the terms of the Master Lease, all structural and/or permanent alterations and improvements undertaken and performed by Sublessee and approved, in advance, by Lessor and Sublessor specifically in writing may, at Sublessee's option, remain upon the Premises upon termination of the Sublease Term; provided that if Sublessee shall elect to remove said structural and/or permanent improvements, Sublessee shall repair and restore, at its sole cost and expense (including any and all permits or certificates that may be required to be obtained), the Premises to the same condition as existed immediately prior to the installation of such structural and/or permanent alteration or improvement.

Sublessee shall indemnify, defend and hold harmless Sublessor, its successors and assigns against any and all actions, claims, costs, damages, demands, expenses (including attorneys' fees), injuries, judgments, liabilities, liens, losses and suits of every kind and nature paid, sustained, suffered or incurred in connection with and arising out of the removal, under the terms of the Master Lease, of any structural or permanent alterations and improvements performed by Sublessee and left on the Premises upon the expiration of the Sublease Term.

16. INSURANCE.

(a) Liability and Property Damage Insurance. Sublessee shall, at its sole cost and expense, obtain and maintain in effect during the Sublease Term, with a reputable and financially sound company acceptable to Sublessor and Lessor, comprehensive general liability and property damage or casualty insurance insuring Sublessee (and naming Lessor, Sublessor and the holder of any mortgage or trust deed on the Premises as additional insureds, with a severability of interest endorsement) with combined single limit coverage of $2,000,000.00 (or more if required by the Sublessor, Lessor or terms of the Master Lease) for each occurrence. Said insurance also shall fully cover the indemnities provided for in Paragraphs 9 and 10 above. The aforesaid insurance policy shall not be subject to cancellation except after at least thirty (30) days prior written notice to Sublessor, Lessor and the holder of any mortgage or trust deed on the Premises. An original certificate of insurance evidencing coverage in compliance with this Paragraph 16 shall be deposited with Sublessor within fifteen (15) days of execution of this Sublease, and Sublessee shall deliver to Sublessor original certificates

of renewal or replacement policies not less than thirty (30) days prior to the expiration of any such insurance coverage.

(b) Sublessee agrees that it shall pay any increase in Lessor's or Sublessor's insurance premiums caused by Sublessee's occupancy of the Premises.

(c) Sublessor shall maintain such insurance as it is obligated to maintain under the Master Lease and shall deliver, on or before the Sublease Commencement Date, to Sublessee certificates evidencing such coverage or, in the alternative, Sublessor may elect to self-insure against any risk under the terms of the Master Lease in which event Sublessor shall deliver to Sublessee evidence of such self-insurance before the Sublease Commencement Date. Prior to the Sublease Commencement Date, Sublessor shall also deliver to Sublessee copies of all certificates of insurance Sublessor has received from Lessor under the Master Lease. Sublessor's insurance or self-insurance shall fully cover the indemnities of Paragraphs 9 and 10.

17. WAIVER OF CLAIMS. Sublessee hereby waives any claim which may arise against Lessor or Sublessor during the Sublease Term for any loss or damage to any of Sublessee's property or the property of any of its agents, employees or invitees, located upon or constituting a part of the Premises, or for any liability relating to personal injury or death in or about the Premises which loss, damage or liability is covered by valid and collectible fire and extended coverage, personal property or public liability coverage under insurance policies. Inasmuch as the aforesaid wavier will preclude the assignment of any such claim by way of subrogation or otherwise to an insurance company or any other person, Sublessee agrees to give each insurance company which has issued fire and extended coverage, personal property, property or public liability coverage, written notice of the terms of said waiver immediately and shall have said insurance policies properly endorsed with a waiver of subrogation. Evidence of said wavier shall be forwarded to Sublessor upon request.

18. COMPLIANCE WITH LAWS; NO ABATEMENT.

(a) Subject to the terms and limitations of this Sublease and the Master Lease, Sublessee shall, throughout the Sublease Term, and at Sublessee's sole cost and expense, promptly comply or cause compliance with, and in any event shall not commit any act or omission within Sublessee's control which would result in any breach or violation of any and all laws which impose an obligation on Sublessee arising from or relating to the manner in which Sublessee conducts its business or uses the Premises including, without limitation, the Americans with Disabilities Act, or result in a breach of Sublessee's obligations under this Sublease or the Master Lease, whether present or future, foreseen or unforeseen, ordinary or extraordinary, whether or not the same shall be presently within the contemplation of Sublessor and Sublessee or shall involve any change of governmental policy, or require structural or extraordinary repairs, alterations, or additions, irrespective of the cost thereof, which may be applicable to the Premises.

(b) Subject to the terms and limitations of this Sublease and the Master Lease, and except as expressly provided in the Master Lease or this Sublease, no abatement, diminution or reduction in Base Rent or Sublease Additional Rent required to be paid by Sublessee shall be claimed by or allowed to Sublessee for any reason whatsoever, including but not limited to any inconvenience or interruption, cessation, or loss of business caused directly or indirectly by any present or future laws including, without limitation, the Americans with Disabilities Act, or by priorities, rationing or curtailment of labor or materials, or by war, civil commotion, strikes or riots, or any manner of thing resulting therefrom, or by any other cause or causes beyond the control of Sublessor or Sublessee, nor shall this Sublease be affected by any such causes; and no diminution in the amount of the space used by Sublessee caused by legally required changes in the construction, equipment, fixtures, motors, machinery, operation or use of the Premises shall entitle Sublessee to any abatement, diminution or reduction of the rent required to be paid by Sublessee pursuant to the terms of this Sublease.

19. DEFAULT. For purposes of this Sublease and notwithstanding the cure periods provided in the Master Lease, the Sublessee's cure periods for a default shall be as follows: (i) Sublessee shall have five (5) days, after written notice, to cure a default in the payment of any monies required to be paid hereunder; (ii) Sublessee shall have twenty-one (21) days to cure a default by Sublessee of any other provision of the Master Lease or this Sublease (provided, however, that Sublessee shall cure immediately any default for which it is responsible involving a hazardous condition); in the event said default cannot diligently be cured within such twenty-one (21) day period, such longer time as is suitable and reasonable shall be provided (however, no longer than is granted under the Master Lease) so long as Sublessee continuously and diligently pursues a cure; and (iii) Sublessee shall have fifty (50) days to obtain the dismissal of any bankruptcy or insolvency proceedings that may be commenced against Sublessee and the discharge of any receiver, trustee or assignee that may be appointed in any bankruptcy or insolvency proceedings. If Sublessee shall default in the fulfillment of any of its covenants and agreements set forth herein or under the Master Lease, and Sublessee shall fail to cure the default within the aforesaid periods, Sublessor shall have the following rights and remedies with respect to such default:

(a) Terminate this Sublease pursuant to the terms herein, in which event Sublessee shall immediately surrender the Premises to Sublessor; and

(b) Sue periodically to recover damages during the period corresponding to the portion of the Sublease Term for which suit is instituted.

In addition to the foregoing, and not in limitation thereof, Sublessor shall have the right, but shall not be obligated, to cure, after all cure periods provided Sublessee hereunder have expired, any breach or default of Sublessee under this Sublease, or the Master Lease, and any and all costs incurred by Sublessor in connection with the curing any such breach or default, together with interest at an annual rate equal to the Citibank N.A. (New York) prime rate plus one

percent (1%) calculated from the date of payment thereof by Sublessor to the date of reimbursement thereof from Sublessee to Sublessor, shall become immediately due and payable to Sublessor.

20. SUBLESSOR'S DEFAULT; REMEDIES OF SUBLESSEE. In the event Sublessor fails to comply with a material obligation under the Master Lease and such failure results in a default thereunder. Sublessor shall reimburse Sublessee for any reasonable out-of-pocket expenses incurred by Sublessee in connection therewith upon receipt of evidence from Sublessee of the amount and payment of such out-of-pocket expenses.

21. DAMAGE OR DESTRUCTION. If the Premises become partially damaged by fire or other casualty ("Casualty"), repairs or restoration shall be made in accordance with the terms of the Master Lease. The Master Lease also shall govern to what extent, if any, the rent payable by Sublessee to Sublessor hereunder shall be abated. If the Premises become destroyed or rendered inaccessible by Casualty at any time during the Sublease Term, the Base Rent and Additional Rent shall be paid to Sublessor to the date of Casualty and shall not be payable to Sublessor until the Premises substantially have been restored to the condition immediately prior to the occurrence of said Casualty. Sublessee agrees to be bound by Sublessor's or Lessor's decision, or the provisions of the Master Lease, as the case may be, as to whether or not the Premises are to be repaired or restored. If the Premises are not repaired or restored, and whether or not the Master Lease and the Sublease shall remain in effect, Sublessee shall pay rent to the date of Casualty.

22. CONDEMNATION. If, as the result of any condemnation proceeding, Sublessor has the right to terminate the Master Lease, Sublessor shall immediately notify Sublessee of such right and of its recommendation with regard to the exercise of such termination rights. Sublessor shall decide, in its sole discretion, whether or not to terminate said Master Lease and shall provide Sublessee with written notice of such decision. If Sublessor elects to terminate the Master Lease, this Sublease, notwithstanding the language of Paragraph 8, shall automatically terminate on the earlier of (i) thirty (30) days after such written notice or (ii) the effective date of the termination of the Master Lease. If the Master Lease is not terminated as aforesaid, the extent to which, if any, rent due hereunder shall be abated shall be dependent upon whether or to what extent the rent due from Sublessor to Lessor under the Master Lease is abated.

23. QUIET ENJOYMENT. So long as Sublessee is not in breach or default of the terms of this Sublease or the Master Lease, Sublessee quietly shall have and enjoy the Premises and all rights under this Sublease during the Sublease Term and Sublessor shall not interfere with Sublessee's use and enjoyment of the Premises by reason of any activities at the Premises, except as provided in this Sublease and the Master Lease.

24. PARKING. As part of this Sublease, Sublessee shall be entitled to all and no greater rights for parking granted to Sublessor, as tenant, under Section 1.07 of the Master

Lease. Specifically, Sublessor shall grant to Sublessee for no additional payment and as part of Base Rent, the right to use the 18 parking spaces granted to Sublessor under the Master Lease which shall be reserved for Sublessee's exclusive use in the underground enclosed parking garage of the building in which the Premises are a part. In addition, and for no additional payment and as part of Base Rent, Sublessor shall grant to Sublessee the right to use 53 unreserved surface parking spaces in the parking zone adjoining the Premises granted to Sublessor under the Master Lease.

25. BROKERS. The Parties hereby agree and represent that they have not dealt with any real estate brokers in connection with this transaction except Living Earth Realty Corp., representing Sublessee, and Wm. A. White/Grubb & Ellis, representing Sublessor. Sublessor and Sublessee shall be individually and solely responsible for any brokerage commissions or claims by their own broker in connection with this transaction. Sublessor agrees to indemnify Sublessee and hold Sublessee harmless from any loss, liability, damage, cost or expense (including, without limitation, reasonable attorney's fees) paid or incurred by Sublessee by reason of any claim to any broker's, finder's or other fee in connection with this transaction by any party claiming by, through or under Sublessor. Sublessee agrees to indemnify Sublessor and hold Sublessor harmless from any loss, liability, damage, cost or expense (including, without limitation, reasonable attorney's fees) paid or incurred by Sublessor by reason of any claim to any broker's, finder's or other fee in connection with this transaction by any party claiming by, through or under Sublessee.

26. HOLDING OVER. If Sublessee retains possession of the Premises or any part thereof after the effective date of any termination of the Sublease Term, Sublessor may exercise any and all remedies provided in this Sublease or at law or in equity to recover possession of the Premises, and for damages. For each and every month or partial month Sublessee remains in occupancy of all or a portion of the Sublease Term, Sublessee shall pay monthly rental at a rate equal to 150% of Base Rent and Sublease Additional Rent.

27. NON-WAIVER. Failure of either Party to declare any default immediately upon occurrence thereof, or delay in taking any action in connection therewith, shall not waive such default, but said Party shall have the right to declare any such default at any time and take such action in law or in equity, as might be lawful or authorized hereunder. No waiver by either Party of a default by the other Party shall be implied, and no express waiver by either Party shall affect any default other than the default specified in such waiver and then only for the time and extension therein stated. All rights and remedies specifically granted to either Party herein, shall be cumulative and not mutually exclusive.

28. SURRENDER. Upon expiration of the Sublease Term hereof, or if, at any time prior to expiration of the Sublease Term this Sublease shall be terminated as a result of the Sublessee's default hereunder or otherwise, Sublessee immediately shall quit and surrender to Sublessor possession of the Premises, and all of Sublessor's furnishings and items of property

therein, in a broom-clean condition and in good order and repair, ordinary wear and tear excepted, and Sublessee shall remove all of its property therefrom, and at the option of and upon notice from Sublessor, any Lessor and Sublessor approved non-structural or non-permanent alterations or improvements made by or on behalf of Sublessee, all in accordance with the terms of the Master Lease. Sublessee's obligation to observe or perform this covenant shall survive the expiration or termination of this Sublease.

29. NOTICES. Any notice required or permitted hereunder shall be in writing and shall be given by personal delivery or two (2) days after deposit in the U.S. mail, by certified or registered mail, postage prepaid, return receipt requested, addressed to the Party to receive same at the address of such Party shown below or such other address as such Party may, by notice, hereafter furnish to the other:

Sublessor:	Sublessee:
KRAFT GENERAL FOODS, INC. Three Lakes Drive Northfield, Illinois 60093 Attn: Commercial & Industrial Real Estate Department	MEDCO CONTAINMENT SERVICES, INC. 100 Summit Avenue Montvale, New Jersey 07645 Attn: General Counsel

with copies to:

Real Estate Counsel
Three Lakes Drive
Northfield, Illinois 60093

Sublessor agrees to provide Sublessee with copies of all notices forwarded to and received from Lessor pursuant to the Master Lease simultaneously and within one (1) day of Sublessor's forwarding or receipt, respectively.

30. RECORDING. It shall be deemed an automatic default hereunder entitling Sublessor to immediately and without notice terminate this Sublease if Sublessee should record this Sublease, or any memorandum or summary thereof.

31. MISCELLANEOUS.

(a) This Sublease constitutes the entire agreement of the Parties relative to the subject matter hereof, and all prior negotiations, conversations, representations, agreements and understandings are specifically merged herein and superseded hereby. This Sublease may be modified only by a written instrument executed by the Parties hereto. This Sublease is the result of the prior negotiations, conversations, representations,

agreements and understandings of the Parties and is to be construed as the jointly prepared product of the Parties.

(b) The terms and provisions of this Sublease shall inure to the benefit of and shall be binding upon the Parties and their respective successors, representatives and assigns (subject to the provisions of Paragraph 7 hereof).

(c) In the event of a conflict between the terms of this Sublease and the terms of the Master Lease as to and between the Parties, the terms of this Sublease shall govern.

(d) Time is of the essence of this Sublease.

(e) This Sublease shall be construed in accordance with and governed by the laws of the State of New Jersey.

(f) The paragraph headings used in this Sublease have been inserted for convenience and reference only and should not be construed to limit or restrict the terms and provisions, covenants and conditions hereof.

(g) If any term or provision of this Sublease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Sublease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each remaining term and provision of this Sublease shall be valid and be enforced to the fullest extent permitted by law.

(h) This Sublease and any modifications or amendments thereof shall not take effect and be binding upon Sublessor until Sublessor obtains the approval or consent of the Lessor under the Master Lease if such approval or consent is required under the Master Lease.

(i) Any and all unfulfilled duties, indemnities and obligations of the Parties shall specifically survive termination of this Sublease.

IN WITNESS WHEREOF, the Parties have executed this Sublease as of the date set forth above.

SUBLESSOR:	SUBLESSEE:
KRAFT GENERAL FOODS, INC., a Delaware corporation	MEDICO CONTAINMENT SERVICES, INC., a Delaware corporation
By: /s/	By: /s/ Joseph V. Valesio
Its: Assistant Treasurer	Its: Joseph V. Valesio Executive Vice President Division Management/ Information Strategy

Exhibit 10.33

This THIRD AMENDMENT OF LEASE is made as of the 17th day of February, 2000 between MEADOWLANDS ASSOCIATES, a New Jersey limited partnership, ("Landlord") having an address at PW/MS Management Co., Inc., c/o Gale & Wentworth, LLC, Park Avenue at Morris County, 200 Campus Drive, Suite 200, Florham Park, New Jersey 07932-1007 and MOVADO GROUP, INC., a New York corporation, having an office at 125 Chubb Avenue, Lyndhurst, New Jersey 07071 (hereinafter called "Tenant").

WITNESSETH:

WHEREAS:

A. Landlord and North American Watch Corporation, predecessor-in-interest to Tenant, heretofore entered into a certain lease dated as of October 31, 1986, as amended by a certain first amendment of lease dated as of May 31, 1994 ("First Amendment") and a certain second amendment of lease dated as of December 23, 1998 ("Second Amendment") (said lease as it was or may hereafter be amended is hereinafter called the "Lease") with respect to (i) the entire rentable square foot area of the fourth (4th) floor and (ii) a portion of the rentable square foot area of the fifth (5th) floor (collectively, "Demised Premises") of the building known as and located at 125 Chubb Avenue, Lyndhurst, New Jersey ("Building"); and

B. Tenant is desirous of extending by nineteen (19) months the term for (i) the 10,363 rentable square foot Additional Space (defined in WHEREAS clause B. of the First Amendment) on the fifth (5th) floor of the Building and (ii) the 17,862 rentable square foot Expansion Space (defined in WHEREAS clause B. of the Second Amendment) on the fifth (5th) floor of the Building; and

C. The parties hereto desire to further modify the Lease

in certain other respects.

NOW, THEREFORE, in consideration of the promises and mutual covenants hereinafter contained, the parties hereto modify the Lease as follows:

1. DEFINED TERMS. Except as specifically provided otherwise in this Third Amendment of Lease, all defined terms contained in this Third Amendment of Lease shall, for the purposes hereof, have the same meaning ascribed to them in the Lease.

2. CONDITION OF ADDITIONAL SPACE AND EXPANSION SPACE. As of May 31, 2000, Tenant shall be deemed to have accepted both the Additional Space and the Expansion Space in their then "as is" physical condition and state of repair, except for (i) any damage caused by Landlord, (ii) any damage that Landlord is otherwise expressly required to repair under the Lease and (iii) fire and casualty damage subject to and in accordance with Article 9 of the Lease. In that regard, except as otherwise expressly provided to the contrary in the Lease, Landlord shall have no obligation to do any work or perform any services with respect to the Additional Space and/or the Expansion Space or grant Tenant any construction allowance.

3. EXTENSION OF ADDITIONAL SPACE AND EXPANSION SPACE TERMS. Pursuant to the First Amendment, Tenant leased the 10,363 rentable square foot Additional Space on the fifth (5th) floor of the Building for a period (defined as the "Additional Space Term" in Paragraph 2. of the First Amendment) commencing on September 8, 1994 and ending on September 30, 1999 (defined as the "Additional Space Termination Date"). Pursuant to Paragraph 4. of the Second Amendment, the Additional Space Termination Date of the Additional Space Term was changed from September 30, 1999 to May 31, 2000. Notwithstanding anything contained to the contrary in Paragraph 4.

of the Second Amendment, the Additional Space Termination Date shall be, and the Additional Space Term shall end on, December 31, 2001. Similarly, the last day of the term for the Expansion Space, measuring 17,862 rentable square feet, shall also be December 31, 2001.

4. SURRENDER OF ADDITIONAL SPACE AND EXPANSION SPACE. Tenant shall deliver both the Additional Space and the Expansion Space to Landlord by December 31, 2001 in the same physical condition and state of repair that would apply to them as if December 31, 2001 were the Termination Date. December 31, 2001 is hereinafter referred to as the "Scheduled Surrender Date". The earliest date after the Scheduled Surrender Date by when Tenant has delivered to Landlord both the Additional Space and the Expansion Space in the physical condition and state of repair as required hereunder is hereinafter called the "Actual Surrender Date". If the Actual Surrender Date fails to occur by the Scheduled Surrender Date, then, Tenant shall be deemed a holdover tenant at sufferance for both the Additional Space and the Expansion Space and Tenant shall be liable to Landlord under Article 55 of the Lease as if the Scheduled Surrender Date were the Termination Date. As of the Actual Surrender Date, Exhibit A to the Lease shall be deemed to have excluded therefrom both the Additional Space and the Expansion Space. Nothing in this Third Amendment of Lease shall be deemed to constitute a release or discharge of Tenant with respect to any outstanding and unsatisfied obligation or liability, whether unbilled or calculated, accrued or incurred under the Lease, such as, but not limited to, Minimum Rent, Adjusted Minimum Rent, additional rent and other charges payable by Tenant in connection with the Additional Space and/or the Expansion Space, up to and including the Actual Surrender Date.

5. MINIMUM RENT. The Lease is hereby amended to provide that the Minimum Rent, on an annual basis shall be:

(i) TWO MILLION THREE HUNDRED SIXTY TWO THOUSAND ONE HUNDRED FIFTY SEVEN AND 50/100 DOLLARS ($2,362,157.50) for the period commencing on June 1, 2000 and ending on December 31, 2001, payable in advance on the first day of each calendar month in equal monthly installments of ONE HUNDRED NINETY SIX THOUSAND EIGHT HUNDRED FORTY SIX AND 46/100 DOLLARS ($196,846.46); and

(ii) ONE MILLION SIX HUNDRED NINETY EIGHT THOUSAND EIGHT HUNDRED SEVENTY AND 00/100 DOLLARS ($1,698,870.00) for the period commencing on January 1, 2002 and ending on the Termination Date of May 31, 2002, payable in advance on the first day of each calendar month in equal monthly installments of ONE HUNDRED FORTY ONE THOUSAND FIVE HUNDRED SEVENTY TWO AND 50/100 DOLLARS ($141,572.50).

6. SIZE OF DEMISED PREMISES. Section 36.2 of the Lease shall be amended as of the date hereof to provide that (A) for the period beginning on the Expansion Space Commencement Date until the day prior to the Actual Surrender Date, (i) the Demised Premises shall be deemed to contain a floor area of 84,854 rentable square feet and (ii) the Occupancy Percentage shall be 30.5% and (B) for the period beginning on the Actual Surrender Date until the Termination Date of May 31, 2002, (i) the Demised Premises shall be deemed to contain a floor area of 56,629 rentable square feet and (ii) the Occupancy Percentage shall be 20.3%.

7. BROKERAGE. Tenant represents that it has had no dealings or communications with any real estate broker or agent in connection with this Third Amendment of Lease, except Gale & Wentworth Real Estate Advisors, LLC. Tenant agrees to defend indemnify and hold Landlord, its affiliates and/or subsidiaries and the partners, directors, officers of Landlord and its affiliates and/or subsidiaries harmless from and against any and all costs, expenses or liability (including attorney's fees, court costs and disbursements) for any commission or other

compensation claimed by any broker or agent in connection with this Third Amendment of Lease, except Gale & Wentworth Real Estate Advisors, LLC.

8. CORPORATE AUTHORITY. Tenant represents that the undersigned officer of the Tenant corporation has been duly authorized on behalf of the Tenant corporation to enter into this Third Amendment of Lease in accordance with the terms, covenants and conditions set forth herein, and, upon Landlord's request, Tenant shall deliver an appropriate certification by the Secretary of the Tenant corporation to the foregoing effect.

9. LEASE RATIFICATION. Except as expressly amended by this Third Amendment of Lease, the Second Amendment and the First Amendment, the Lease, and all terms, covenants and conditions thereof, shall remain in full force and effect and is hereby in all respects ratified and confirmed.

10. NO ORAL CHANGES. This Third Amendment of Lease may not be changed orally, but only by a writing signed by both Landlord and Tenant.

11. NO DEFAULT. Tenant confirms that (i) Landlord has complied with all of its obligations contained in the Lease and (ii) no event has occurred and no condition exists which, with the passage of time or the giving of notice, or both, would constitute a default by Landlord under the Lease.

12. NON-BINDING DRAFT. The mailing or delivery of this document by Landlord or its agent to Tenant, its agent or attorney shall not be deemed an offer by the Landlord on the terms set forth in such document or draft, and such document or draft may be withdrawn or modified by Landlord or its agent at any time and for any reason. The purpose of this section is to place Tenant on notice that this document or draft shall not be effective, nor shall Tenant have any rights with respect hereto, unless and until

Landlord shall execute and accept this document. No representations or promises shall be binding on the parties hereto except those representations and promises contained in a fully executed copy of this document or in some future writing signed by Landlord and Tenant.

IN WITNESS WHEREOF, the parties hereto have caused this Third Amendment of Lease to be executed on the day and year first written above.

Signed and delivered

LANDLORD:

MEADOWLANDS ASSOCIATES
By: ARC Meadowlands Associates,
General Partner
By: ARC Meadowlands, Inc.,
General Partner

By: _____
Michael Futterman
President

WITNESSED BY:

- _____

Name: _____
(please print)

ATTESTED BY:

AGENT FOR LANDLORD:

PW/MS MANAGEMENT CO., INC.
By: Gale & Wentworth Real Estate
Advisors, LLC

By: _____
Robert R. Martie
Senior Vice President

- _____
Marc Leonard Ripp, Esq.
Corporate Secretary

APPLY CORPORATE SEAL HERE

ATTESTED BY:

TENANT:

MOVADO GROUP, INC.

By: /s/ Richard A. Buonocore

- _____

Name: _____
(please print)

Name: Richard A. Buonocore
(please print)

Title: Corporate Secretary

Title: Senior Vice President--
Administration
(please print)

APPLY CORPORATE SEAL HERE

EXHIBIT 10.34 **

LICENSE AGREEMENT

This Agreement is entered into as of October 31, 1999, by and between Movado Corporation, a Delaware corporation with offices at 501 Silverside Drive, Suite 25, Wilmington, Delaware 19809 (sometimes hereinafter referred to as "U.S. Licensor"); Movado Watch Company SA, a Swiss corporation with offices at 8 Bettlachstrasse, CH-2540 Grenchen, Switzerland (sometimes hereinafter referred to as "International Licensor") and Lantis Eyewear Corporation, a New Jersey corporation with offices at 461 Fifth Avenue, New York, New York 10017 (hereinafter referred to as "Licensee").

WHEREAS, U.S. Licensor is the owner of the Licensed Trademarks (as hereinafter defined) in the United States and International Licensor is the owner of the Licensed Trademarks in the rest of the world (U.S. Licensor and International Licensor are sometimes hereinafter referred to together as "Licensor"); and

WHEREAS, the Licensed Trademarks have been used by Licensor and/or by related and predecessor entities in connection with the manufacture, sale, distribution, marketing and advertising of watches, clocks and other goods and accessories and are the subject of pending applications and/or registrations for various goods including without limitation optical frames and sunglasses, and have thereby acquired very valuable good will and secondary meaning and;

(** CONFIDENTIAL PORTIONS OF THIS EXHIBIT HAVE BEEN OMITTED FROM PAGES 3, 5, 14, 15, 17, 19, 22-24, 27, 31, 38, 43, 45 AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION ("SEC") PURSUANT TO RULE 24b-2 OF THE SECURITIES EXCHANGE ACT OF 1934 ("1934 Act")).

WHEREAS, Licensee manufactures, make and sells non-prescription sunglasses, ophthalmic frames and other eyewear products and accessories, and desires to use the Licensed Trademarks in connection with the manufacture, marketing and sale of Licensed Products (as hereinafter defined); and

WHEREAS, U.S. Licensor is willing to grant Licensee the right to use the Licensed Trademarks in the United States and International Licensor is willing to grant Licensee the right to use the Licensed Trademarks in the rest of the world, in each case, under the terms and conditions hereinafter set forth;

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

1. DEFINITIONS

As used herein the term(s):

1.1 "Acquiror" shall mean a Person or group of Persons acting in concert, but shall not include the Person(s) in Control of Licensee on the date hereof or any Affiliate of any such Persons.

1.2 "Affiliate" of any Person shall mean a Person that, directly or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with such Person.

1.3 "Authorized Marks" shall have the meaning as set forth in Section 2.2 hereof.

1.4 "Authorized Retailer" shall mean any retail outlet approved for the sale of Licensed Products pursuant to Section 8.2. hereunder.

1.5 "Bankruptcy shall have the meaning as set forth in Section 15.7.

1.6 "Change of Control" with respect to Licensee shall be deemed to occur if (i) an Acquiror obtains Control of Licensee; or (ii) Licensee sells,

conveys or otherwise transfers to an Acquiror all or substantially all of its assets involved in the Exploitation of Products.

1.7 "Change Of Control Notice" shall mean a written notice to Licensor of a proposed or completed Change of Control and which explains with reasonable specificity the nature and extent of the Change of Control and the anticipated effect of the Change of Control on the Licensee.

1.8 "Closeout" shall mean any Licensed Product sold (i) to a retailer at a sales price which is * or (ii) to any Person other than a retailer at a sales price *.

1.9 "Contract Quarter" shall mean a three-month period ending on the last day of the third, sixth, ninth and twelfth full calendar months of a Contract Year, provided that if Market Roll-Out does not occur on the first day of August, November, February or May then the first Contract Quarter shall mean the period from Market Roll-Out until the last day of the three (3) month period following the first day of whichever August, November, February or May is the first to occur after Market Roll-Out.

1.10 "Contract Year" shall mean each twelve (12) month period following Market Roll-Out if Market Roll-Out occurs on the first day of August, November, February or May, provided that if Market Roll-Out does not occur on the first day of August, November, February or May, then "Contract Year" shall mean the period from Market Roll-Out until the last day of the twelve (12) month period following the first day of whichever August, November, February or May is the first to occur after Market Roll-Out and each twelve (12) month period thereafter.

1.11 "Consumer Advertising Payments" shall have the meaning set forth in section 11.3.

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1.12 "Control" shall mean the possession, direct or indirect, of the power to cause the direction of the management and policies of the Person, whether through the ownership of voting securities, by contract or otherwise.

1.13 "Exploit" shall mean manufacture, publicize, use, or distribute, and "Exploitation" shall have a correlative meaning.

1.14 "International Minimum Sales" shall have the meaning set forth in section 8.5.

1.15 "International Plan" shall have the meaning set forth in section 11.1.

1.16 "Licensor Affiliate" shall mean any Affiliate of Licensor.

1.17 "Licensed Products" shall mean Products bearing or sold under or in connection with any of the Licensed Trademarks.

1.18 "Licensed Trademarks" shall mean any of the trademarks listed on Schedule A annexed hereto.

1.19 "Manufacturers" shall have the meaning set forth in section 5.4

1.20 "Market Roll-Out" shall mean the date of Licensee's initial distribution of Licensed Products in the Territory to Authorized Retailers.

1.21 "Minimum Communication Expenditures" shall have the meaning set forth in section 11.3.

1.22 "Minimum Royalty" shall have the meaning set forth in Section 10.1.

1.23 "Minimum Sales" shall have the meaning set forth in Section 8.6

1.24 "Net Sales" during any period shall mean (a) the sum of the sales all Licensed Products invoiced to customers during such period, less (b) the sum of all sales previously included in Net Sales for Licensed Products returned by customers during such period. The sales price invoiced to customers shall not be deemed to include amounts invoiced for sales, use, excise, or other taxes, freight, insurance, and normal and customary trade discounts so long as separately stated.

1.25 "North America" shall mean the United States, Canada and the Caribbean Islands listed on Schedule C annexed hereto and "North American" shall have a correlative meaning.

1.26 "North American Minimum Sales" shall have the meaning set forth in section 8.4.

1.27 "North American Plan" shall have the meaning set forth in section 11.1.

1.28 "Packaging" with respect to Licensed Products shall mean labels, packaging, containers and displays utilized with such Licensed Products.

1.29 "Person" shall mean any individual, corporation, association, partnership or limited liability company, trust or other entity.

1.30 "Plan" shall have the meaning set forth in section 11.1.

1.31 "Products" shall mean ophthalmic eyeglasses, spectacles, readers, sunglasses, eyeglass and sunglass cases, eyeglass and sunglass cords, eyeglass and sunglass frames and eyeglass and sunglass lenses.

1.32 "Royalty Rate" shall have the meaning set forth in Section 10.1.

1.33 "Term" shall mean the duration of this Agreement, as determined pursuant to section 15.1 hereof.

1.34 "Territory" shall mean the world except to the extent otherwise limited pursuant to Sections, 2.1, 8.6 and 15.1.

1.35 "United States" shall mean the United States of America and all territories and possessions within its jurisdiction including all United States military bases and installations wherever located and further including *.

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2. GRANT OF LICENSE

2.1 Upon the terms and conditions hereinafter set forth, (a) U.S. Licensor grants to Licensee a license to use the Licensed Trademarks in connection with the Exploitation of Licensed Products in the United States and(b) International Licensor grants to Licensee a license to use the Licensed Trademarks in connection with the Exploitation of Licensed Products in (i) the remainder of North America outside the United States and (ii) the rest of the world subject to agreement with Licensee on an International Plan for the first Contract Year as provided in section 11.1 hereof and, further, subject to agreement with Licensee, no later than the last date by which International Licensor may object to such International Plan as originally submitted or as revised, on International Minimum Sales which such agreement shall be evidenced by International Licensor and Licensee causing such International Minimum Sales as agreed upon to be set forth on and executing a schedule which shall be annexed hereto in the form of Schedule D annexed hereto. The licenses granted hereunder shall be exclusive to Licensee.

2.2 Licensee shall not use other marks, including without limitation, trademarks, trade names, sub-brands, line names, collection names, model names, designs, logos or endorsements (hereinafter referred to as "Authorized Marks") in connection with the Exploitation of the Licensed Products, except as specifically authorized by Licensor pursuant to the terms of this Agreement. Licensee acknowledges that Licensor is and at all times shall be the owner of all right, title, and interest in and to such Authorized Marks and that all use thereof shall inure to the benefit of Licensor. To the extent any rights in and to such Authorized Marks, or with respect to any materials used in the Exploitation of the Licensed Products, including without limitation, copy, artwork, and photographs, are deemed to accrue to Licensee pursuant to this Agreement or otherwise, Licensee hereby assigns any and all such rights, at such time as they may be deemed to accrue, to Licensor. Licensee agrees that it will execute and deliver to Licensor any

documents reasonably requested by Licensor necessary to effect any such assignment.

2.3 Licensor reserves the right to Exploit and to grant to other Persons the right to Exploit the Licensed Trademarks on any products or merchandise or services other than Products.

3. OWNERSHIP OF LICENSED TRADEMARKS

3.1 Licensee recognizes the great value of the good will associated with the Licensed Trademarks and acknowledges that the Licensed Trademarks and all right, title and interest therein, and good will pertaining thereto, belong exclusively to U.S. Licensor in the United States and to International Licensor in the rest of the world and agrees that it will not, during the term of this Agreement or thereafter, challenge Licensor's rights in and to the same or do or knowingly permit to be done any act or thing by any Person that will, in any way, impair the rights of Licensor in and to the Licensed Trademarks or which will affect the validity thereof. Licensee further agrees that it will not attack the validity of the license granted hereunder. Licensee further acknowledges that all use of the Licensed Trademarks by Licensee shall inure to the benefit of Licensor.

3.2 Licensee agrees promptly to notify Licensor in writing of any infringement of any of the Licensed Trademarks which comes to Licensee's attention and to cooperate with Licensor, but at Licensor's expense, in such legal actions as Licensor may take to compel cessation of such infringement. Licensee shall have no right whatsoever itself to sue any Person for infringement of any of the Licensed Trademarks; such right and the election to sue or not to sue shall belong exclusively to Licensor.

3.3 Licensor shall take such steps as Licensor in its sole discretion believes appropriate to cause cessation of any infringement of the Licensed Trademarks, or any of them, which substantially and adversely affects the business of Licensee in the sale of Licensed Products; provided, however, that if

Licensor shall fail to cause the cessation, substantially, of any infringement in any country or countries within the Territory and such infringement continues for at least 12 months after notice by Licensee as provided in section 3.2 then the North American Minimum Sales requirements in section 8.4 (if such infringement is in North America) or the International Minimum Sales requirements in section 8.5 (if such infringement is outside North America) shall be decreased from the date of such notice but only for so long as such infringement continues to fairly reflect the adverse impact on Licensee's Net Sales of such continuing infringement in the country or countries affected.

3.4 At Licensor's request, Licensee will execute and deliver any and all documents necessary or desirable to record the license granted hereunder in all jurisdictions in which Licensor in its sole discretion deems appropriate or necessary.

4. RELATIONSHIP OF PARTIES

4.1 No party is an agent or employee of the other nor shall any party in any event be liable for any acts or omissions of any other. This Agreement does not, and shall not, be deemed to make any party hereto the agent, partner, joint venturer or legal representative of any other party for any purpose whatsoever. Neither Licensor nor Licensee shall have the right or authority to assume or create any obligations or responsibility whatsoever, express or implied, on behalf of, or in the name of, the other, or to bind the other in any respect whatsoever, except as may otherwise be expressly herein provided.

5. USE OF THE LICENSED TRADEMARKS

5.1 Licensee recognizes and acknowledges that the favorable reputation and goodwill attached to the Licensed Trademarks are valuable property rights of Licensor and are dependent for their preservation upon the proper manufacture and quality of the products on or in connection with which such trademarks are used. Accordingly, Licensee agrees that it will not use any of

the Licensed Trademarks except as expressly permitted hereunder and in the form approved by and in accordance with the standards and requirements established by Licensor from time to time and that it will not use any trademark, trade name or commercial name on or in connection with products if such trademark, trade name or commercial name is confusingly similar to any of the Licensed Trademarks in sound, appearance or meaning, or if it possesses such similarity that confusion, deception, mistake or dilution may result. The provisions of this section 5.1 shall survive any termination or cancellation of this Agreement.

5.2 Licensee agrees that its every use of the Licensed Trademarks shall be strictly in accordance with the requirements as to marking, labeling and advertising established from time to time by Licensor, which requirements Licensor will not modify without giving Licensee at least sixty (60) days prior written notice. Licensee will not make any use whatsoever of any Packaging, product literature, advertising or promotional matter or any other materials in connection with the Licensed Products without the prior written approval of Licensor which Licensor shall have the right to grant or withhold on its sole and absolute discretion. Licensee will submit samples of all such materials to Licensor for advance approval at least ten (10) business days before the proposed use thereof unless such matter is a copy of identical matter previously submitted to Licensor for approval pursuant to this Section 5.2 and approved by Licensor in writing. Licensor shall respond promptly to submissions under this Section 5.2; such responses shall be in writing and any objections shall be stated together with the reason therefor. Notwithstanding the foregoing, Licensor and Licensee acknowledge that on occasion due to special circumstances it may be necessary for Licensor to approve or disapprove of proposed advertising or promotional material within twenty four (24) hours of their submission to Licensor, and in such cases Licensor will use its reasonable commercial efforts to respond, but shall not be obligated to respond, to such submission within such period.

5.3 Licensee shall prepare and submit to U.S. Licensor for its review and comments specific suggested retail prices for the Licensed Products in the United States and shall prepare and submit to International Licensor for its review

and comments specific suggested retail prices for the Licensed Products in the rest of the world. Subject to the next two sentences, all initial suggested retail prices, and any subsequent changes thereto, must be approved, in writing, by U.S. Licensor or by International Licensor as appropriate, such approval not to be unreasonably withheld or delayed. Licensee acknowledges that in order to preserve the good will attached to the Licensed Trademarks, the suggested retail prices for the Licensed Products should reflect the prestigious nature of the Licensed Trademarks, it being understood, however, that Licensor is not empowered to fix or regulate the prices at which the Licensed Products are to be sold. Nothing contained in this Agreement is intended or will be construed as giving either party any right of approval with respect to any of the prices at which the other party sells or offers to sell any of the Licensed Products.

5.4 Subject to Section 5.5, Licensee will have the right to engage one or more third party manufacturers, subcontractors or vendors to produce the Licensed Products or any component parts thereof exclusively on Licensee's behalf (collectively "Manufacturers") provided that (a) each such Manufacturer is approved in advance in writing by Licensor, which approval Licensor shall not unreasonably withhold (with the reason for any such nonapproval to be provided in writing to Licensee) and (b) each such Manufacturer enters into an agreement with Licensee which is approved by Licensor and which contains such provisions as Licensor shall approve, including a covenant prohibiting the Manufacturer from selling or otherwise disposing of Licensed Products (or components thereof) except to Licensee, Licensor or any Licensor Affiliate.

5.5 Licensor requires and Licensee warrants that all Licensed Products shall be manufactured and/or produced in accordance with the terms of the manufacturing agreement referred to in section 5.4 (b) hereof and with all applicable laws, rules and regulations in the country where the Licensed Products are manufactured, including, but not limited to, such laws, rules and regulations related to minimum age of employment, minimum wages, forced labor, safety, sanitation, building codes and working conditions. Licensee shall adopt a program to ensure that each Manufacturer complies with the aforesaid which

program shall be in writing and submitted to Licensor for review and approval. At a minimum, such program shall include a physical inspection of each Manufacturer and interview with the owner and/or senior management of Manufacturer prior to the first performance of any work on the Licensed Products and each Contract Year thereafter. A written report of the inspection signed by Licensee and setting forth the scope of the inspection and the results thereof shall be provided to Licensor as a condition precedent to Licensee's right to sell the Licensed Products produced by such Manufacturer. Such inspections, together with a written report, shall be required at least once annually thereafter during the Term and any subsequent term, to ensure compliance. In the event Licensee fails to implement or, once implemented, to abide by and to continue, such a program, Licensor may, at its option, terminate the License and/or require Licensee to terminate its relationship with Manufacturer. In the event that it is determined by Licensor, or any other entity, whether or not a party to this License, and upon notice to Licensee, that a Manufacturer does not meet applicable laws, rules and/or regulations, Licensee shall demand such Manufacturer to come into compliance with such laws, rules and/or regulations within the sooner of thirty (30) days of notice of such noncompliance or the time period required by the local governing body. In the event that such Manufacturer fails to comply, Licensee shall terminate its relationship with such Manufacturer. In the event Licensee fails to terminate its relationship with such Manufacturer, Licensor may, at its option, terminate this License. In no event shall Licensee or any Manufacturer utilize forced labor or establish a minimum age of employment below the age of completion of compulsory education in the applicable country.

6. QUALITY CONTROL

6.1 Before Licensee commences the manufacture of any one or more of the Licensed Products, Licensee shall submit to Licensor one prototype piece for approval which Licensor shall have the right to grant or withhold in its sole and absolute discretion. Following such approval, Licensee shall submit to

Licensor production samples of Licensed Product from the initial production run for such examination and testing as Licensor may reasonably require. Licensee shall not commence the sale of any Licensed Product until Licensor has given written approval of the production samples submitted by Licensee for approval, which approval Licensor shall have the right to grant or withhold in its absolute discretion for quality reasons and which Licensor shall not unreasonably withhold for any other reason. Under no circumstances shall Licensor have any obligation to approve any production sample that does not strictly conform to the approved prototype and any applicable specifications approved by Licensor. Written approval of the prototype piece and of the production samples or written reasons for disapproval (including, in the case of disapproval of production samples for any quality reason, an explanation of such reason) shall be given to Licensee reasonably promptly after submission of the prototype piece and the production samples to Licensor; in general, Licensor shall endeavor, but shall not be obligated to give written approval or disapproval within ten (10) business days after receipt of such prototype piece or the samples, whichever is the case. Unless within such ten (10) business day period Licensor has either approved or disapproved the prototype piece or production samples as provided above or informed Licensee in writing that it requires additional time, then if Licensee continues to want Licensor to approve such prototype or samples, as the case may be, it will send Licensor a written notice to that effect and Licensor shall have ten (10) business days after receipt of such notice to approve or disapprove of such prototype or samples or to notify Licensee that proper testing of the prototype or production samples requires a longer period and in the event Licensor does not so respond within such ten (10) business day period then approval of such prototype piece or production samples will be deemed to have been given upon the expiration of such period, regardless of whether approval otherwise has been given by the Licensor.

6.2 Licensee agrees that all Licensed Products sold by Licensee under this Agreement, shall be identical in all material respects to the prototypes and samples approved by Licensor under Section 6.1 and shall be of a high quality

relative to other like products on the market and shall be manufactured in strict compliance with such standards and requirements applicable thereto as established by Licensor and as in effect from time to time. Licensor shall have the right at any time and from time to time on written notice to Licensee to alter or amend said standards and requirements, but no such alteration or amendment shall take effect as to any Licensed Products until Licensee shall have had a reasonable time (not more than ninety (90) days after such written notice) to effect corresponding manufacturing or marketing changes and such alteration or amendment shall apply only to Licensed Products manufactured after the date which is ninety (90) days after the date of such notice. Licensee agrees to submit to Licensor for approval prior to sale at least two (2) representative samples of any Licensed Product manufactured by Licensee which differ in any respect from the Licensed Products previously approved under Section 6.1 hereof; approval or disapproval by Licensor shall be communicated to Licensee as provided for in Section 6.1 hereof.

6.3 Licensor shall have the right to inspect each manufacturing facility for the Licensed Products up to two times per Contract Year. Any such inspection will occur during business hours and only after giving Licensee at least ten (10) business days written notice of such inspection.

6.4 Licensee shall be solely responsible, whether or not the same shall be covered by the applicable warranty, for the handling of all customer inquiries, complaints and service relating to the Licensed Products. Such service shall include all necessary repair and replacement of all the Licensed Products and all costs associated therewith shall be borne exclusively by Licensee. Licensee will submit to Licensor for approval after sales service guidelines and a manufacturer's limited warranty relating to the Licensed Products and will adhere to such guidelines and offer such warranty as approved by Licensor. Licensor may require Licensee to recall any Licensed Products sold by Licensee which do not comply with the quality standards and specifications established for such products pursuant

to sections 6.1 and 6.2. Licensee shall provide replacement products for the recalled products at Licensee's expense, including shipping expense.

7. PRODUCT DEVELOPMENT

7.1 Licensee shall prepare and submit to Licensor for approval all proposed designs and prototypes relating to the Licensed Products, provided however, that Licensor may from time to time, at its option and without any obligation to do so or to continue to do so, furnish Licensee with proposed designs, sketches, samples and other materials to assist Licensee in the design and production of the Licensed Products. All product designs, prototypes, sketches, samples, drawings and copyrights relating to the Licensed Products, whether prepared by Licensee or by Licensor, shall be owned exclusively by Licensor provided, however, that any such designs, prototypes, sketches, samples, drawings and copyrights developed exclusively by Licensee and not used on or as any part of any Licensed Product any time during the term hereof shall remain the property of Licensee. Nothing herein shall be construed as preventing or limiting Licensee from using in its business any design attributes in respect of which Licensor does not have exclusive rights (provided that use of any design attributes on or in connection with the Licensed Products is first approved by Licensor as provided under this Agreement) provided that such design attributes, if used on the Licensed Products, have been in use * and that, in any event, such design attributes have become widely employed by Persons other than Licensee in sunglass and/or ophthalmic frame designs. Licensee will execute and deliver all documents necessary or desirable to confirm Licensor's ownership of such designs, prototypes, sketches, samples, drawings and copyrights. All costs associated with the design and production of the Licensed Products, shall be the sole responsibility of Licensee.

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7.2 Subject to Sections 5.1, 5.2 and 6.1 the Licensor and Licensee shall use their best efforts to reach agreement on the styles of the Licensed Products that will comprise the seasonal collections to be sold by Licensee. The Licensor and Licensee acknowledge that subjectivity and taste are major elements involved in the design and development of new products, and in that context that Licensee's understanding of the eyewear market will have to be balanced with Licensor's perception of what eyewear bearing the Licensed Trademarks needs to be, if saleable collections of the Licensed Products are to be introduced. Accordingly, if (i) after following the procedures in Section 7.1 and using their best efforts as above provided, Licensor and Licensee in good faith fail to agree on * and (ii) Licensee, by notice to Licensor within thirty (30) days after the date of Licensee's last design submission under Section 7.1, sets forth in reasonable detail a description of how said design submission, together with all other designs comprising the same collection, * and (iii) thereafter Licensee, having used its best efforts to exploit the right and license granted under this Agreement as provided in Section 8.1, fails to make the North American Minimum Sales for the Contract Year when such collection was introduced, then Licensee shall have the right to terminate this Agreement as of the end of the next ensuing Contract Year by giving Licensor written notice thereof within sixty (60) days following the end of the Contract Year in which it failed to make such Minimum Sales.

7.3 Licensee may discontinue production of any one or more of the models of Licensed Products previously approved by Licensor on at least thirty (30) days prior notice to Licensor. Licensor may disapprove any one or more of the models of Licensed Products previously approved at least two (2) years earlier

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by Licensor on at least ninety (90) days prior notice to Licensee; after which time Licensee shall cease all production of and make no further use of the Licensed Trademarks in connection with such disapproved model in the United States, if such disapproval was by U.S. Licensor, or outside the United States, if such disapproval was by International Licensor, except that Licensee shall provide Licensor with a complete list of its inventory thereof and shall have the right to sell its remaining inventory of such model.

8. SALES AND DISTRIBUTION

8.1 Licensee will use its best efforts in Exploiting the right and license granted hereunder.

8.2 Licensee will sell Licensed Products only to such retailers or other accounts (i) as Licensor shall approve in writing in its sole and absolute discretion or (ii) which are department stores authorized to sell Movado watches and in which Movado watches are sold or (iii) which are authorized to sell, and only for so long as any such retailer or account continues to sell, optical eyewear sold under at least three (3) of the brand names listed on Schedule B annexed hereto and made a part hereof, which Schedule Licensor shall have the right to modify in its sole and absolute discretion on thirty (30) days prior notice to Licensee ("Authorized Retailers"). Any such retailer or account which is an Authorized Retailer by reason of 8.2 (iii) above shall cease to be so authorized at such time as it shall no longer sell at least three (3) brands of the optical eyewear listed on Schedule B, either by reason of modification of Schedule B or otherwise. Licensee will sell Licensed Products only to Authorized Retailers within the Territory and will not sell Licensed Products to any account which Licensee has reason to know will ship or resell any of such Licensed Products outside the Territory or sell all or any of such Licensed Products to anyone other than consumers.

8.3 Licensee will not sell or offer for sale or permit any Authorized Retailer or any other Person to sell or offer for sale any Licensed Products directly

to consumers through catalogs, television, the Internet or otherwise without the express prior written approval of Licensor.

8.4 Each Contract Year during the term of this Agreement, Licensee shall make no less than the following total Net Sales of Licensed Products in North America ("North American Minimum Sales").

*

8.5 Each Contract Year during the term of this Agreement, provided that International Licensor shall have granted Licensee the license to Exploit the Licensed Trademarks outside North America as provided in section 2.1 (b) (ii) hereof, Licensee shall make no less than the total Net Sales of Licensed Products outside North America as set forth on Schedule D annexed hereto ("International Minimum Sales"). For purposes of determining whether International Minimum Sales have been achieved in any Contract Year, the equivalent U.S. Dollar amount of total Net Sales invoiced in any currency other than the U.S. Dollar shall be the average of the spot prices for the relevant foreign currency on the first and last days for each Contract Quarter as reported in THE WALL STREET JOURNAL.

8.6 In the event Licensee fails to achieve either North American Minimum Sales or International Minimum Sales (together "Minimum Sales") in any Contract Year then U.S. Licensor and International Licensor, respectively, shall have the right at any time, upon thirty (30) days prior written notice to

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Licensee, (i) to terminate the license granted hereunder as provided in Article 15 or (ii) to appoint one or more other Persons, including without limitation, one or more Licensor Affiliates, to Exploit the Licensed Products in all or any portion of North America (in the event North American Minimum Sales were not achieved) and in all or any portion of the Territory outside North America (in the event International Minimum Sales were not achieved) in which case the North American Minimum Sales and/or the International Minimum Sales, as appropriate, be adjusted to reflect the non-exclusivity of the licenses granted herein. Licensor's sole recourse if Licensee fails to achieve either North American Minimum Sales or International Minimum Sales, or both in any Contract Year shall be as provided in the preceding sentence provided, however, that the foregoing shall not be deemed to in any way limit or waive Licensor's right to any and all available remedies as a result of any breach by Licensee of any other provision hereof.

9. MARKET ROLL-OUT

It is the intention of the parties that the Market Roll-Out of the Licensed Products will commence on or about August 1, 2000. Licensee shall provide Licensor with written notice of the actual date Market Roll-Out occurs. If by March 1, 2001 the Market Roll-Out has not occurred, and if such delay is not due to the act or acts of Licensor or Licensor's failure to act, or by reason of force majeure, then Market Roll-Out shall be deemed to have occurred in August 1, 2000 and Licensee shall be in material breach of this Agreement.

10. ROYALTIES

10.1 Within forty-five (45) days following the end of each Contract Quarter during each Contract Year, Licensee shall pay a royalty in an amount equal to: (i) the greater of: (A) the Minimum Royalty which became due since the beginning of that Contract Year and (B) the product of the Royalty Rate multiplied by all Net Sales during that Contract Year less (ii) all royalty payments

previously made relating to Net Sales during that Contract Year. The Minimum Royalty shall be deemed to accrue on a quarterly basis in an amount equal to one-fourth of the Minimum Royalty for the applicable Contract Year. The Minimum Royalty due for any Contract Year shall equal the product of the Royalty Rate multiplied by the applicable Minimum Sales for such Contract Year. The Royalty Rate in effect as of any date during any Contract Year ("Determination Date") shall be determined in accordance with the following table based on the greater of (x) the highest total cumulative Net Sales made in any prior Contract Year and (y) total cumulative Net Sales made since the beginning of such Contract Year through the Determination Date and (z) the highest applicable Minimum Sales required in any prior Contract Year:

*

For example, if Licensee's total Net Sales for each of the first three (3) Contract Quarters of Contract Year 3 are * and Net Sales in no prior Contract Year exceeded * , then the Royalty Rate in effect as to all Net Sales made in Contract Year 3 totaling less than * and the Royalty Rate in effect as to all Net Sales made in Contract Year 3 exceeding * will be the Royalty Rate in effect as to all Net Sales made after Contract Year 3 until the Royalty Rate is next increased. In no event will the Royalty Rate ever decrease after it has increased.

10.2 Royalties calculated on Net Sales made in the United States shall be paid to U.S. Licensor; royalties calculated on Net Sales made in the rest of the world shall be paid to International Licensor. In the event the North American

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Minimum Royalty to be paid for any Contract Quarter exceeds the product of the Royalty Rate multiplied by all applicable Net Sales for such Contract Quarter made in North America, then such excess shall be paid to U.S. Licensor and to International Licensor, respectively, in the same proportions as the respective proportions of Net Sales made for such Contract Quarter in the United States and to Authorized Retailers in the rest of the world. The "North American Minimum Royalty" due for any Contract Year shall equal the product of the Royalty Rate multiplied by the applicable North American Minimum Sales for such Contract Year. For the purpose of calculating royalties, Net Sales in foreign currencies shall be converted to United States Dollars as provided in section 8.5.

10.3 If the license shall terminate other than on the last day of a Contract Year, the royalty due for such Contract Year shall be an amount equal to (i) the greater of (A) the Minimum Royalty for such Contract Year multiplied by a fraction, the numerator of which shall be the number of days in such Contract Year to and including the date of termination of the license and the denominator of which shall be 365 and (B) the product of the Royalty Rate multiplied by all Net Sales during that Contract Year less (ii) all royalty payments previously made relating to Net Sales during that Contract Year.

10.4 Together with each royalty payment due each Contract Quarter, Licensee shall provide Licensor with a written statement certified as accurate by Licensee's Chief Financial Officer and setting forth (i) total Net Sales of all Licensed Products made by Licensee both in the United States and such total Net Sales made by Licensee outside the United States (with the latter broken out by country and by geographic region as described in Schedule D) since the beginning of such Contract Year through the last day of such Contract Quarter; and (ii) the computation of the applicable Royalty Rate and the royalty due on such Net Sales. Each such statement shall also identify by model number or SKU number, or in such other appropriate manner as Licensor shall reasonably request, the different

Licensed Products and the total units sold of each included in such statement and sub totals of each sold to each Authorized Retailer separately identified by name and address. All products shall be deemed to have been sold when invoiced, shipped or paid for, whichever first shall occur.

11. MARKETING AND ADVERTISING

11.1 No later than ninety (90) days prior to the beginning of each Contract Year during the term of this Agreement, Licensee shall prepare and present (i) to U.S. Licensor for feedback and input and, as required hereunder, approval, an annual marketing plan setting forth the information described below with respect to the United States (the "U.S. Plan") and (ii) to International Licensor for feedback and input and approval, an annual marketing plan setting forth the information described below with respect to the Territory outside the United States (the "International Plan"). The U.S. Plan and the International Plan are sometimes hereinafter referred to as the "Plan". The Plan shall set forth in reasonable detail, Licensee's plans for conducting the Licensed Products business for the next Contract Year, with particular emphasis on the marketing, promotion and sales of the Licensed Products. The Plan shall include, without limitation, (a) a description (including timing) of the types and numbers of designs intended to be developed or manufactured (including any new products); (b) sales volume projections by channel and country, in units and dollars; (c) marketing strategies, including wholesale and suggested retail pricing by collection and market; (d) assessment of customer base and customers; (e) distribution, including distribution outlets; (f) advertising and sales promotion plans, including number of and cost of advertisements and promotions already scheduled, where advertisements will be published or promotions will be scheduled, the proposed media schedule and costs of any and all advertising campaigns, the format and the structure for all advertising not already approved by Licensor; (g) Packaging, point of sale and trade exhibition plans; (h) the results of any market research relating to the Licensed Products and similar products, and market trends; and (i)

any other information Licensor shall reasonably request. Licensor shall promptly review and shall not unreasonably withhold approval of such marketing Plan each Contract Year and shall notify Licensee that it either approves or objects to such Plan, which notice shall specify the objection or objections in reasonable detail. Licensor and Licensee shall communicate with respect to such objections and shall develop a mutually acceptable marketing Plan for such Contract Year. Licensee shall thereafter submit a revised marketing Plan which Licensor shall review. At such time as a mutually acceptable marketing Plan is completed, Licensor shall notify Licensee of its approval of the Plan. If Licensor fails to notify Licensee of its approval or objections to the marketing Plan within thirty (30) days following submission of the initial marketing Plan, or fifteen (15) days following submission of any revised marketing Plan, such marketing Plan shall be deemed approved by Licensor. Licensee shall abide by and adhere to the Plan as finally approved provided, however, that in the event of any conflict between any provision contained in the Plan and this Agreement, the latter shall control. In the event International Licensor timely disapproves of the International Plan and it is unable to agree with Licensee on an International Plan prior to the beginning of the relevant Contract Year, then International Licensor shall have the right upon notice to Licensee, to terminate this Agreement as between International Licensor and Licensee as to all or any portion of the Territory outside of the United States. In the event U.S. Licensor timely disapproves of the U.S. Plan and it is unable to agree with Licensee on a U.S. Plan prior to the beginning of the relevant Contract Year, then U.S. Licensor shall have the right upon notice to Licensee to terminate this Agreement as between U.S. Licensor and Licensee.

11.2 As soon as possible upon the execution hereof and thereafter at all times during the term hereof, * .

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

11.3 Each Contract Year Licensee will make, at a minimum, advertising and marketing expenditures exclusively in connection with the Licensed Products equal to: * ("Minimum Communication Expenditures"). Licensee further agrees to pay the following portions of such Minimum Communication Expenditures directly to Licensor (such direct payments hereinafter referred to as "Consumer Advertising Payments"):

*

The Consumer Advertising Payments shall be paid to U.S. Licensor and to International Licensor each Contract Year in the same proportions, respectively, as Net Sales estimated to be made in the United States and outside the United States bear to total estimated Net Sales based on the Plan for such Contract Year. The Consumer Advertising Payments shall be made to Licensor in equal quarterly payments no later than the beginning of each Contract Year Quarter. Licensor will spend an amount equal to the Consumer Advertising Payments for the creation, production and placement of consumer advertising of the Licensed Products for which it shall be solely responsible; provided, however, that Licensor will furnish Licensee within sixty (60) days after each Contract Year with a statement of such expenditures made by Licensor and a list of all such consumer advertising placed in such Contract Year. Notwithstanding the foregoing, Licensee will pay Licensor * against the Consumer Advertising Payments due in the first Contract Year no later than one hundred twenty (120) days prior to Market Roll-Out.

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For purposes of this section 11.3 Minimum Communications Expenditures, other than the portion thereof paid to Licensor as Consumer Advertising Payments, shall be deemed to include only those expenditures incurred by Licensee for marketing and promotion purposes involving the display of the Trademark (other than for purposes of packaging the Licensed Product), including, but not limited to, * . Such expenditures shall be in accordance and consistent with the marketing Plan as approved by Licensor or otherwise as expressly approved by Licensor in writing.

11.4 Together with the final royalty statement due following each Contract Year pursuant to section 10.4 hereof, Licensee shall include a final calculation and statement of the total Consumer Advertising Payments and total Minimum Communication Expenditures due for such Contract Year and shall, together therewith, remit to Licensor any underpayment of the Consumer Advertising Payments and either spend in the next succeeding two (2) Contract Quarters any underpayment of Minimum Communication Expenditures or set off from the Minimum Communication Expenditures due in the next succeeding two (2) Contract Quarters any overpayment of Minimum Communications Expenditures; and Licensor, within thirty (30) days after receipt of such statement, shall pay to Licensee any overpayment of Consumer Advertising Payments to the extent Licensor agrees with Licensee's statement and calculation thereof.

11.5 Licensee shall use such advertising agency or agencies as Licensor shall require in connection with the Exploitation of the Licensed Products; provided the charges of any such agency are reasonable and customary.

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

12. BOOKS AND RECORDS

12.1 Licensee shall keep and maintain at its regular place of business complete and accurate records and accounts on the basis of which, it prepares financial statements that are in accordance with GAAP, showing the business transacted in connection with the Licensed Products manufactured and sold pursuant to this Agreement, including without limitation records and accounts relating to Net Sales, shipments and orders for Licensed Products and expenditures on marketing, promotion and advertising. In the case of termination of this Agreement, such information shall be provided for the period ending at termination. Such records and accounts shall be kept until the earlier to occur of (i) the third year following the Contract Year in which such Net Sales were received and (ii) two years following the termination or expiration of this Agreement.

12.2 Licensor, or its duly authorized agents or representatives, shall have access to and the right to examine and make copies of all records and accounts that Licensee is required to maintain pursuant to Section 12.1 at Licensee's premises, provided that any such examination (a) shall be at Licensor's expense, (b) shall be during normal business hours upon reasonable prior notice which shall be no less than five (5) business days, and (c) shall not unreasonably interfere with Licensee's operations and activities. Should an audit disclose that Licensee underpaid royalties for any given Contract Year, Licensee shall forthwith and upon written demand pay Licensor the amount owed, together with interest thereon, at a rate of ten percent (10%) per annum calculated from the due date of such royalties. Should an audit disclose that Licensee's actual advertising and marketing expenditures in any given Contract Year failed to meet the

Minimum Communication Expenditures required hereunder, Licensee shall forthwith and upon written demand pay Licensor the difference. Further, Licensee shall pay for the cost of the audit, if it should be disclosed that Licensee underpaid royalties by a margin exceeding five percent (5%) in any given Contract Year, or that Licensee's actual advertising and marketing expenditures failed to meet the Minimum Communication Expenditures required hereunder by a margin exceeding five percent (5%) and Licensee had not obtained Licensor's approval to apply such deficiency in advertising expenditures to the next Contract Year.

12.3 Promptly after the date hereof, Licensee will furnish Licensor with copies of Licensee's audited financial statements for its 1998 and 1999 fiscal years together with the opinion of Licensee's independent certified public accountants thereon. In addition, for so long as Licensee is not subject to or in compliance with the reporting requirements of section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, ("1934 Act") Licensee shall provide Licensor in writing (a) a statement certified by Licensee's Chief Financial Officer to be delivered to Licensor within four (4) months after the end of each fiscal year of Licensee and (b) a six (6) month interim statement certified by Licensee's Chief Financial Officer to be delivered to Licensor within sixty (60) days after the end of the six (6) month period, both evidencing all of the following:

(i) There is no default or event of default which has not been affirmatively waived under any agreement covering Licensee's indebtedness as of the end of the period to which the certified statement relates. (Licensee shall provide Licensor with copies of all quarterly officer's certifications simultaneously with the sending of the same by Licensee to Licensee's lenders);

(ii) After the date hereof, Licensee has not had Operating Losses (defined as income/losses before interest and taxes) for two (2) consecutive fiscal quarters;

(iii) At the end of each fiscal year of Licensee, Licensee has not had Operating Losses for such fiscal year;

(iv) Licensee's net shipments of all of its products during the period to which the certified statement relates were * which by their terms were to be filled prior to the end of such period; and

(v) Cash flow, defined as operating income plus depreciation and amortization, is * .

In addition, in the event Licensee's net worth for any period covered by any of the foregoing statements is less than Licensee's net worth for its fiscal year 1999, then Licensee will provide Licensor with copies of Licensee's audited financial statements and accompanying opinions of its independent certified public accountants for each fiscal year thereafter for the duration of this Agreement unless Licensee becomes subject to the 1934 Act reporting requirements referred to above.

13. REPRESENTATIONS AND WARRANTIES OF LICENSEE

Licensee represents and warrants to Licensor as follows:

13.1 Licensee is a corporation duly organized, validly existing and in good standing under the laws of the State of New Jersey.

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13.2 Licensee has corporate power and authority to execute and deliver this Agreement and to perform its obligations under this Agreement. The execution and delivery of this Agreement by Licensee have been duly and validly authorized by all necessary corporate action. This Agreement has been duly authorized, executed and delivered by Licensee and constitutes a valid and binding obligation of Licensee, enforceable against Licensee in accordance with its terms, except that (i) such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditor's rights and (ii) the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and the discretion of the court in which any proceeding therefor may be brought.

13.3 The execution, delivery and performance of this Agreement by Licensee will not (i) violate any provision of the Articles of Incorporation or By-Laws of Licensee, (ii) violate, or be in conflict with, or constitute a default of or termination event (or an event which, with notice or lapse of time to both, would constitute a default or a termination event) under, any agreement to which Licensee is a party, or (iii) violate any applicable statute or law or any judgment, decree, order, regulation or rule of any court or governmental authority binding on Licensee.

13.4 No consent, approval or authorization of, or declaration, filing or registration with, any governmental or regulatory authority or other Person is required in connection with the execution, delivery and performance of this Agreement by Licensee.

13.5 Licensee has provided to Licensor a copy of its audited financial statements for its 1998 and 1999 fiscal years (the "Licensee Financial Statements"). The Licensee Financial Statements have been prepared from the

books and records of Licensee in accordance with generally accepted accounting principles, consistently applied, and present fairly in all material respects, the financial condition of Licensee at July 31, 1999 and the results of operations and cash flows for Licensee for each of the two years in the period ended July 31, 1999. Since the date of the Licensee Financial Statements, there has not been any material adverse change in the business, operations, financial condition, assets or liabilities of Licensee.

14. REPRESENTATIONS AND WARRANTIES OF LICENSOR.

Licensor represents and warrants to Licensee as follows:

14.1 U. S. Licensor is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and International Licensor is a corporation duly organized, validly existing and in good standing under the laws of Switzerland.

14.2 Licensor has corporate power and authority to execute and deliver this Agreement and to perform its obligations under this Agreement. The execution and delivery of this Agreement by Licensor have been duly authorized, executed and delivered by Licensor and constitutes a valid and binding obligation of Licensor, enforceable against Licensor in accordance with its terms, except that (i) such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditor's rights and (ii) the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and the discretion of the court in which any proceeding therefor may be brought.

14.3 The execution, delivery and performance of this Agreement by Licensor will not (i) violate any provision of the Articles of Incorporation or By-Laws of Licensor, (ii) violate, or be in conflict with, or constitute a default of or termination event (or an event which with notice or lapse of time or both, would

constitute a default or a termination event) under, any agreement to which Licensor is a party, or (iii) violate any applicable statute or law or any judgment, decree, order, regulation or rule or any court or governmental authority binding on Licensor.

14.4 No consent, approval or authorization of, or declaration, filing or registration with, any governmental or regulatory authority or other Person, except any which have already been obtained, is required in connection with the execution, delivery and performance of this Agreement by Licensor.

14.5 U.S. Licensor is the sole and exclusive owner of the Licensed Trademarks and the goodwill attached thereto in the United States and has the sole and exclusive right to grant to Licensee the rights purported to be granted hereunder to use the Licensed Trademarks in connection with the Exploitation of Licensed Products in the United States. International Licensor is the sole and exclusive owner of the Licensed Trademarks and the goodwill attached thereto in the rest of the world and has the sole and exclusive right to grant to Licensee the rights purported to be granted hereunder to use the Licensed Trademarks in connection with the Exploitation of Licensed Products in the rest of the world. No proceedings have been instituted, are pending or, to the knowledge of Licensor, threatened, which challenge the rights of Licensor in respect to the Licensed Trademarks or the validity thereof which, if resulting in a judgment adverse to Licensor, would materially and adversely affect the rights granted to Licensee hereunder; to the knowledge of Licensor, none of the Licensed Trademarks infringes upon or otherwise violates the rights of others or is being infringed by others and none is subject to any outstanding order, decree, judgment, stipulation or charge which will materially and adversely affect the rights granted to Licensee hereunder.

15. TERM AND TERMINATION

15.1 This Agreement shall remain in full force and effect from the date this Agreement is entered into by the parties until the end of the fifth Contract

Year unless earlier terminated as provided herein. Licensee shall have the right to renew this Agreement for an additional five (5) years upon notice to the Licensor given at least 180 days prior to the end of the initial Term if during the initial Term the Minimum Sales have been achieved, no event has occurred that upon the giving of notice or lapse of time, or both, would entitle the Licensor to terminate this Agreement and Net Sales in North America for the fourth Contract Year were at least double the North American Minimum Sales required for such Contract Year; provided, however, that there shall be excluded from the Territory in the renewal Term any geographic region set forth on Schedule D hereof (i.e.,Europe, Asia/Australia, and Other) in which Licensee's Net Sales in the fourth Contract Year were not at least double the required Net Sales for such region as set forth on Schedule D. In the event this Agreement is renewed as provided above in this section 15.1 then the Minimum Sales for each Contract Year in such renewal Term shall be no less than the greater of * Contract Year. The allocation of Minimum Sales for each Contract Year during the renewal Term as between North American Minimum Sales and International Minimum Sales shall be determined by Licensor in accordance with the foregoing and set forth in a notice which Licensor shall deliver to Licensee as soon as reasonably practicable after Licensee's exercise of its renewal right as set forth above.

15.2 No right of Licensor or obligation of Licensee accruing under this Agreement prior to any termination thereof shall be affected by such termination; without limiting the generality of the foregoing, Licensee agrees promptly after termination (i) to make all payments that became due hereunder on or before the effective date of termination and (ii) render all statements required hereunder through the effective date of termination.

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15.3 In addition to its rights to terminate under Section 15.4 and 15.5 Licensor shall have the right to terminate this Agreement immediately upon notice to Licensee if Licensee shall breach or default in the observance or performance of any one, or more provisions hereof and (a) if such breach or default is remediable, Licensee shall have failed to effect such remedy to Licensor's reasonable satisfaction within thirty (30) days after notice of such breach or default from Licensor or (b) such breach or default is not remediable to the reasonable satisfaction of Licensor and is not immaterial.

15.4 U.S. Licensor shall have the right to terminate this Agreement immediately upon notice to Licensee in the event this Agreement is terminated by International Licensor except in the case of termination by International Licensor under Section 8.6. International Licensor and/or Licensee shall have the right to terminate this Agreement immediately upon notice to the other party in the event this Agreement is terminated by U.S. Licensor.

15.5 Licensor will have the right to terminate this Agreement forthwith upon notice to Licensee in the event:

(a) Licensee fails to achieve Minimum Sales in any Contract Year; or

(b) Licensee breaches any of the provisions set forth in Article 5 hereof; or

(c) Licensee fails to procure Licensor's prior approval as provided in Sections 6.1, 6.2, 7.1, 8.2; or

(d) Licensee fails to make timely payment of all royalties due hereunder more than twice during any eight (8) consecutive Contract Year quarters; or

(e) Licensee underpays royalties more than once by more than 5%.

15.6 Licensee shall have the right to terminate this Agreement as follows:

(a) By giving Licensor at least six (6) months written notice of such termination in the event that Licensor shall breach or default in the observance or performance of any one, or more provisions hereof and (i) if such breach or default is remediable, Licensor shall have failed to effect such remedy to Licensee's reasonable satisfaction within thirty (30) days after notice of such breach or default from Licensee or (ii) such breach or default is not remediable to the reasonable satisfaction of Licensee and is not immaterial

(b) If the U.S. Licensor's rights in the trademark MOVADO in the United States are canceled, defeated or limited to items that do not include watches and/or eyewear or determined to be invalid in a non-appealable judgment of a court of competent jurisdiction, Licensee shall have the right to terminate this Agreement upon notice to Licensor. If the International Licensor's rights in the trademark MOVADO in any country included within the Territory outside the United States are cancelled, defeated or limited to items that do not include watches and/or eyewear or are determined to be invalid in a non-appealable judgment of a court of competent jurisdiction then International Minimum Sales for each Contract Year following the Contract Year in which such rights have been so affected shall be reduced by an amount equal to the Net Sales made in such country in the immediately preceding Contract Year.

15.7 In the event Licensee files a petition in bankruptcy, or is adjudicated a bankrupt, or if a petition in bankruptcy is filed against Licensee and is not dismissed within thirty (30) days or if Licensee becomes insolvent or makes an assignment for the benefit of creditors or any arrangement pursuant to any bankruptcy law, or if Licensee discontinues its business or if a receiver is appointed for Licensee (any of the foregoing hereinafter referred to as a "Bankruptcy"), this Agreement shall automatically terminate without any notice whatsoever being necessary, to the full extent allowed by applicable law. All royalties on sales made prior to such Bankruptcy shall become immediately due and payable. In the event this Agreement is terminated pursuant to this section, Licensee, its receivers, representatives, trustees, agents, administrators, successors

and/or assigns, shall have no right to sell any of the Licensed Products covered by this Agreement, except with the special consent in accordance with the written instructions of Licensor. The non-assumption of this Agreement by or on behalf of the debtor in connection with any Bankruptcy, shall operate to automatically terminate this Agreement, without any notice whatsoever being necessary, effective as of the date of the commencement of the Bankruptcy.

15.8 In the event that this Agreement is terminated for any reason whatsoever, Licensee shall immediately discontinue all use of the Licensed Trademarks or any of them in any form and/or in any manner whatsoever; and shall promptly provide Licensor with a list of its inventory of Licensed Products provided that Licensee shall have the right for a nine (9) month period after such termination to continue to sell Licensed Products then in Licensee's inventory at the date of such termination in accordance with the terms hereof, subject, however, to Licensor's repurchase option. Licensee hereby grants to Licensor the right and option, exercisable by Licensor upon notice at any time and from time to time after the effective date of termination, to purchase at cost (excluding any intercompany markups) from Licensee all or any portion selected by Licensor of unused labels, wrappers, tags, cartons, bags, boxes, advertising material and Licensed Products on which any Licensed Trademark appears. No Royalty shall be payable on sales of Licensed Products to the Licensor as provided in this section 15.8. This Section 15.8 shall survive any termination of this Agreement.

16. INSURANCE; INDEMNITY

16.1 Except as to such matters in respect of which Licensor is required to indemnify Licensee under Section 16.2, Licensee will indemnify and hold Licensor harmless from any claim, suit, loss, damage or expense (including reasonable attorney's fees) arising out of the breach of this Agreement by Licensee or the manufacture, labeling, sale, distribution or advertisement of any

Licensed Product by Licensee. Licensor shall give to Licensee timely notice of any such claim or suit.

16.2 Licensor will indemnify and hold Licensee harmless from any claim, suit, loss, damage or expense (including, without limitation, reasonable attorneys' fees) arising out of the alleged infringement by any of the Licensed Trademarks of the trademarks, patents or copyrights owned by any third party. Licensee will give Licensor timely notice of any such claim or suit.

16.3 Licensee shall maintain, at its own expense, in full force and effect at all times during which Licensed Products bearing a Licensed Trademark are being sold, with a responsible insurance carrier acceptable to Licensor comprehensive general liability insurance which includes, among other things, products liability insurance with coverage limits of no less than $2,000,000 per occurrence and $10,000,000 in the aggregate. Such insurance shall provide primary insurance protection to Licensor and shall name Licensor as an additional insured and Licensee shall give at least thirty (30) days prior written notice to Licensor of the cancellation of, or any substantial modification in, such insurance policy. Licensee shall, from time to time, upon reasonable request by Licensor, promptly furnish or cause to be furnished to Licensor evidence in form and substance satisfactory to Licensor of the maintenance of the insurance required hereunder, including, but not limited to, originals or, copies of policies, certificates of insurance (with applicable riders and endorsements) and proof of premium payments.

17. NO ASSIGNMENT OR SUBLICENSE BY LICENSEE

17.1 This Agreement and all its rights and duties hereunder are personal to the Licensee and shall not, without the prior written consent of Licensor, which consent Licensor shall have the right to grant or withhold in its sole and absolute discretion, be assigned, sublicensed or otherwise encumbered by Licensee whether

by operation of law or otherwise. Any such purported assignment, sublicense or encumbrance without such consent shall be void and of no effect whatsoever.

17.2 At least 60 days prior to the completion of any proposed Change of Control of Licensee, Licensee shall send a Change of Control Notice to Licensor who may terminate the License by written notice to Licensee within 20 days after Licensor receives a Change of Control Notice effective upon the later to occur of the Change of Control and the date specified in any such termination notice; provided, however, that the License shall not be terminated if such Change of Control shall not occur. If Licensor does not exercise its right to terminate the License within such 60 day period, Licensor shall not have the right to terminate the License as a result of such Change of Control. In the event that Licensor learns of a completed Change of Control for which Licensor did not receive a Change of Control Notice, Licensor may terminate the License forthwith by written notice to Licensee.

18. MISCELLANEOUS

18.1 In the event that Licensor or Licensee shall, at any time, waive any of its rights under this Agreement, or the performance by the other party of any of its obligations hereunder, such waiver shall not be construed as a continuing waiver of the same rights or obligations or a waiver of any other rights or obligations.

18.2 Each party acknowledges that all information relating to the business and operations of the other party and its affiliates which either party learns during the term, or has learned during negotiation, of this Agreement, subject to section 7.1 all special design concepts which either party or its affiliates provide to the other party hereunder and all sketches and designs received by either party from the other party or its affiliates (hereinafter referred to as "Confidential Data"), are valuable property of the party from whom obtained.

Confidential Data shall not include publicly available information unless the same becomes publicly available through a breach of this Agreement. Each party acknowledges the need to preserve the confidentiality and secrecy of Confidential Data and agrees that, both during and after the term of this Agreement neither shall, and shall not permit any third party to, use or disclose Confidential Data except to the extent any such disclosure is required by a count of competent jurisdiction or by a lawfully issued subpoena, in which event such party shall immediately notify the other party of such required disclosure and use reasonable efforts to obtain an appropriate stipulation under which the confidentiality of the disclosed Confidential Data is preserved to the extent practicable. Each party shall take all necessary steps to ensure that all use of Confidential Data by it or its authorized representatives and employees (which use shall be solely as necessary for, and in connection with, performance of its obligations under this Agreement) shall preserve in all respects the confidentiality of Confidential Data.

18.3 Licensee shall sell all Licensed Products ordered by Licensor or by Licensor Affiliate to Licensor or such Licensor Affiliate at the lowest price the same Licensed Products have been sold by Licensee or by any Affiliate of Licensee to any other Person within the preceding twelve (12) months. If, within six (6) months subsequent to any such sale to Licensor or any Licensor Affiliate, Licensee or any Affiliate of Licensee sells any of the same Licensed Products purchased by Licensor or any Licensor Affiliate in such prior six (6) month period to any other Person at a price less than that paid by Licensor or any such Licensor Affiliate, then Licensee will issue a credit note to Licensor or such Licensor Affiliate, as the case may be, equal to the per unit difference paid multiplied by the total number of units purchased by Licensor or Licensor Affiliate within thirty (30) days after the date of such sale to such other Person or, at the request of Licensor or such Licensor Affiliate, Licensee will refund to Licensor or such Licensor Affiliate the amount of such price difference.

18.4 In no event will sales of Closeouts * any Contract Year. All Closeouts shall be sold only with Licensor's prior written approval, which Licensor may withhold in its sole discretion, * terms and conditions as Licensee, in its reasonable discretion, determines appropriate and shall not be sold to any Person which Licensee knows, or has reason to know, will export such Closeouts from the country in which the Licensed Products were to have been sold.

18.5 This Agreement constitutes the entire Agreement between the parties as to the subject matter hereof and no modifications or revisions hereof shall be of any force or effect unless the same are in writing and executed by the parties hereto.

18.6 Any provisions of this Agreement which are, or shall be determined to be, invalid shall be ineffective, but such invalidity shall not affect the remaining provisions hereof. Section headings herein are for convenience only and have no substantive effect.

18.7 This Agreement is binding upon the parties hereto, and their permitted successors and assigns. Licensor shall have the right to assign this Agreement including without limitation any or all of its rights or obligations hereunder to any other person upon notice to Licensee.

18.8 This Agreement shall be construed in accordance with and be governed by the laws of the State of New York, applicable to contracts made and to be wholly performed therein without regard to its conflict of laws rules. Any action or proceeding arising out of or relating in any way to this Agreement, shall be brought and enforced in the courts of the United States for the Southern

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

District of New York, or, if such courts do not have, or do not accept, subject matter jurisdiction over the action or proceeding, in the courts of the state of New York for New York County and each party hereby consents to the personal jurisdiction of each such court in respect of any action or proceeding. Each party consents to service of process in any such action or proceeding by the mailing of copies thereof by Registered or Certified Mail, postage prepaid, return receipt requested, to it at its address provided for notices hereunder. The foregoing shall not limit the right of any party of the parties to serve process in any other manner permitted by law or to obtain execution or enforcement of any judgment in any other jurisdiction. Each party hereby waives (a) any objection that it may now or hereafter have to the laying of venue in any action or proceeding arising under or related to this Agreement in any court located in the Borough of Manhattan, City and State of New York, (b) any claim that a court located in the Borough of Manhattan, City and State of New York is not a convenient forum for any action or proceeding, and (c) any claim that it is not subject to the personal jurisdiction of the United States of District Court for the Southern District of New York or of the courts of the State of New York located in the Borough of Manhattan, City and State of New York.

18.9 All notices and authorizations hereunder shall be in writing and, together with all statements, reports and payments, shall be dispatched by overnight courier, or certified mail/return receipt requested or hand delivered or faxed (with a confirmation copy sent by overnight courier, hand delivered or registered mail) addressed to Licensee or Licensor as set forth below, and shall be effective upon receipt:

Licensee:	Executive Vice President Lantis Eyewear 461 Fifth Avenue New York, New York 10017

Copies to:	General Counsel Lantis Eyewear Corporation 461 Fifth Avenue New York, NY 10017
U.S. Licensor:	President Movado Corporation 501 Silverside Road, Suite 25 Wilmington, DE 19809
Copies to:	Executive Vice President Movado Group, Inc. 125 Chubb Avenue Lyndhurst, NJ 07071
	General Counsel Movado Group, Inc. 125 Chubb Avenue Lyndhurst, NJ 07071
International Licensor:	President Movado Watch Company SA 8 Bettlachstrasse CH-2540 Grenchen, Switzerland
Copies to:	Executive Vice President Movado Group, Inc. 125 Chubb Avenue Lyndhurst, NJ 07071
	General Counsel Movado Group, Inc. 125 Chubb Avenue Lyndhurst, NJ 07071

18.10 This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same Agreement.

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

MOVADO CORPORATION	LANTIS EYEWEAR CORPORATION
By: /s/ Timothy F. Michno	By: /s/ Stephen Clarke
Name: Timothy F. Michno	Name: Stephen Clarke
Title: General Counsel/Secretary	Title: Executive VP

MOVADO WATCH COMPANY S.A.
By: /s/ Michael Bush
Name: Michael Bush
Title: Director

SCHEDULE A

LICENSED TRADEMARKS

MOVADO

M Logo

SCHEDULE B

BRAND NAMES

*

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

CARIBBEAN ISLANDS

The Bahamas
Cayman Islands
Jamaica
Haiti
Dominican Republic
Puerto Rico
British Virgin Islands
Anguilla
St. Martin
St. Barthelemy
St. Kitts & Nevis
Antigua & Barbuda
Montserrat
Guadeloupe
Dominica
Martinque
St. Lucia
Barbados
Grenada
Trinidad & Tobago
Aruba
Curacao
Cuba
Turks & Caicos Islands
Bermuda
St. Vincent & The Grenadines
Netherlands Antilles
Tortola
Virgin Gorda

SCHEDULE D

International Minimum Sales (in thousands)

*

MOVADO CORPORATION
By: /s/ Timothy F. Michno
- ----------
Name: Timothy F. Michno
- ----------
Title: General Counsel/Secretary
- ----------

LANTIS EYEWEAR CORPORATION
By: /s/ Steve Clarke
- ----------
Name: Steve Clarke
- ----------
Title: E.V.P. Lantis Eyewear
- ----------

MOVADO WATCH COMPANY S.A.
By: /s/ Michael J. Bush
- ----------
Name: Michael J. Bush
- ----------
Title: Director
- ----------

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

EXHIBIT 10.35

December 15 , 1999

Mr. Richard Cote
2 Toboggan Ridge
Saddle River, NJ 07458

Dear Rick:

This will confirm the agreement between you and Movado Group, Inc. (the "Corporation") concerning the payment of severance by the Corporation to you under certain circumstances as hereinafter set forth.

1. For purposes of this Agreement, a "Change of Control" of the Corporation shall mean the occurrence of any of the following events:

(a) the acquisition by any single individual or entity or group (within the meaning of Section 13(d)(3) or 14(d)(3) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) ("Person") of beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of more than fifty percent (50%) of the combined aggregate voting power of the Corporation's then outstanding voting securities other than (i) any acquisition directly from the Corporation, excluding an acquisition by virtue of the exercise of a conversion privilege, unless the security being so converted was itself acquired directly from the Corporation , (ii) any acquisition by the Corporation or by any Person controlled by, under common control with or controlling the Corporation ("Affiliate"), (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Corporation or by an Affiliate, (iv) any acquisition by any Person, or any entity controlled by any such Person, who, as of May 12, 1999 was the beneficial owner of at least fifteen percent (15%) of the combined aggregate voting power of the Corporation's then outstanding voting securities, or (v) any acquisition that complies with subsection b(i) of this section 1; or

(b) the approval by the shareholders of the Corporation of a reorganization, merger or consolidation, or the sale or other disposition of all or substantially all the assets of the Corporation ("Corporate Transaction"); excluding, however, any Corporate Transaction (i) as a result of which the Persons, each of whom was, as of May 12, 1999, the beneficial owner of more than fifteen percent (15%) of the combined aggregate voting power of the then outstanding voting securities of the Corporation, or any entity controlled by such Persons, will beneficially own, directly or indirectly, more than thirty percent (30%) of the combined aggregate voting power of the then outstanding voting securities of the corporation resulting from such Corporate Transaction; or

(c) the complete liquidation or dissolution of the Corporation.

2. In the event of your Qualified Termination of Employment, you shall be entitled, as compensation for services rendered (subject to any applicable payroll or other taxes required to be withheld) to continue to receive regular bi-weekly payments of base salary for twenty four months following the date of such Qualified Termination of Employment.

3. (a) "Qualified Termination of Employment" shall mean your termination of employment with the Corporation, other than as a consequence of your death or Disability, within two years after a Change of Control of the Corporation,

(i) by the Company for any reason other than for Cause, or

(ii) by you by reason of an Adverse Change in Conditions of Employment.

(b) For the purpose of this Section 3, "Cause" shall mean gross negligence or willful misconduct in respect of your obligations to the Corporation (including but not limited to final conviction for a felony or perpetration of a common law fraud) that has or is likely to result in material economic damage to the Corporation.

(c) An "Adverse Change in Conditions of Employment" shall mean the occurrence of any of the following events:

(i) change by the Corporation of your functions, duties or responsibilities, which change would cause your position with the Corporation to become one of substantially less dignity, responsibility, importance or scope;

(ii) a reduction by the Corporation of your monthly base salary as in effect immediately preceding the Change of Control or as the same may thereafter be increased from time to time;

(iii) failure by the Corporation to continue you in any compensation or benefit plan in which, and on at least as favorable a basis, as, you were participating immediately preceding the Change of Control or, if more favorable to you, failure by the Corporation to provide for you participation in any compensation or benefit plan on a comparable basis and as in effect at any time thereafter with respect to other key employees;

(iv) the Corporation's requiring you to be based anywhere other than fifty (50) miles of your principal office location prior to the Change of Control, except for required travel on the Corporation's business to an extent substantially consistent with your business travel obligations prior to the Change of Control.

4. Termination by the Corporation of your employment based on Disability shall mean termination because of your absence from duties with the Corporation on a full time basis for six (6) consecutive months, as a result of your incapacity due to physical or mental illness which is determined to be total and permanent by a physician selected by the Corporation or its insurers and acceptable to you or your legal representative (such Agreement as to acceptability not to be withheld unreasonably).

5. You shall hold, in a fiduciary capacity for the benefit of the Corporation, all secret or confidential information, knowledge or data relating to the Corporation and its businesses which shall have been obtained by you during your employment by the Corporation and which shall not be public knowledge (other than by your acts in violation of this provision). After termination of your employment with the Corporation, you shall not, without the prior written consent of the Corporation use, communicate or divulge any such information, knowledge or data to any one other than the Corporation and those persons designated by it.

6. If one or more of the covenants or agreements provided for in this Agreement is contrary to any express provision of law or contrary to the policy of expressed law, though not expressly prohibited, then such covenant or covenants, agreement or agreements shall be null and void and shall be deemed separable from the remaining covenants and agreements and shall in no way affect the validity of this Agreement or the effect of any remaining covenant or agreement.

7 All notices required or permitted hereunder shall be in writing and sent by fax and first class mail or overnight courier to the parties at their respective addresses first set forth above.

8. This Agreement contains the entire agreement of the parties with respect to the subject matter hereof, and no representations, inducements, promises or agreements, oral or otherwise, between the parties not embodied herein shall be of any force and effect.

9. No amendment or modification of this Agreement or any of its terms shall be binding on either of the parties to this Agreement unless such amendment or modification is in writing and is executed by both parties to this Agreement.

10. It is the intention of the Corporation and you that no portion of the payments made hereunder be deemed to be an excess parachute payment as defined in Section 280G of the Internal Revenue Code of 1986, as amended, or any successor thereto (the "Code"). It is agreed that the total amount of such payments and any other payment to or for the benefit of you in the nature of compensation, receipt of which is contingent on a Change in Control, and to which Section 280G of the Code applies, shall not exceed an amount equal to one dollar less than the maximum amount which you may receive without becoming subject to the tax imposed by Section 4999 of the Code or any successor provision or which the Corporation may pay without the loss of deduction under Section 280G of the Code or any successor provisions.

11. This Agreement shall be governed by the law of New York without reference to any conflict of laws rules and the parties consent to the personal jurisdiction of the federal and state courts sitting in New York county and agree that any dispute arising hereunder shall be resolved in such courts.

Very truly yours,

MOVADO GROUP, INC.
By :/s/ Vivian D'Elia
Name: Vivian D'Elia
Title: Sr. VP HR

Agreed and accepted
this 16 day of December,

/s/ Richard Cote
Richard Cote

SUBSIDIARIES OF THE REGISTRANT EXHIBIT 21.1.

California:
North American Watch Service Corporation

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

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

Switzerland:
Concord Watch Company, S.A.
Movado Watch Company, S.A.
N.A. Trading, Ltd.
Montres Movado Bienne, S.A.
Grandjean GmbH

Canada:
Movado Group of Canada, Inc.

Japan:
Concord Movado Japan Co., Ltd.

Singapore:
Swissam Pte. Ltd.

Hong Kong:
Swissam Ltd.
Swissam Products Ltd.

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

Exhibit 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (Nos 33-72232, 333-13927 and 333-80789) of Movado Group, Inc. of our report dated April 11, 2000, appearing on page F-1 of this Form 10-K.

PRICEWATERHOUSECOOPERS LLP
Florham Park, New Jersey
April 19, 2000

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED FINANCIAL STATEMENT FOR THE FISCAL YEAR ENED JANUARY 31, 2000 AND IS QUALIFIED IT ITS ENTIRETY BY REFERENCE TO SUCH.

1,000
US DOLLAR

YEAR	
	JAN-31-2000
	FEB-01-1999
	JAN-31-2000
	1
	26,615
	0
	103,795
	0
	77,075
	226,826
	51,846
	(24,253)
	267,186
	68,096
	0
	0
	0
	0
	130
	147,685
267,186	
	295,067
	295,067
	126,667
	0
	152,631
	0
	5,372
	15,149
	1,428
	0
	0
	0
	0
	13,721
	1.10
	1.06