# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**Washington, D.C. 20549**

# FORM 10-Q

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

**For the Quarterly Period Ended July 31, 2008**

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

**For the transition period from& # 1 6 0 ; to**

**Commission File Number 1-16497**

# MOVADO GROUP, INC.
**(Exact Name of Registrant as Specified in its Charter)**

| | |
|---|---|
| **New York**<br>**(State or Other Jurisdiction of Incorporation or Organization)** | **13-2595932**<br>**(IRS Employer Identification No.)** |
| **650 From Road, Ste. 375**<br>**Paramus, New Jersey**<br>**(Address of Principal Executive Offices)** | **07652-3556**<br>**(Zip Code)** |

**(201) 267-8000**

**(Registrant's telephone number, including area code)**

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.
Large accelerated filer ☐ Accelerated filer x Non-accelerated filer ☐ Smaller reporting company ☐

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

The number of shares outstanding of the registrant's common stock and class A common stock as of August 29, 2008 were 17,644,661 and 6,634,319, respectively.

**MOVADO GROUP, INC.**

**Index to Quarterly Report on Form 10-Q**
**July 31, 2008**

**PART I - FINANCIAL INFORMATION**
**Item 1. Financial Statements**

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

| | July 31, 2008 | January 31, 2008 | July 31, 2007 |
|---|---|---|---|
| **ASSETS** | | | |
| Current assets: | | | |
| Cash and cash equivalents | $ 84,503 | $ 169,551 | $ 112,456 |
| Trade receivables, net | 96,372 | 94,328 | 100,611 |
| Inventories, net | 238,736 | 205,129 | 215,557 |
| Other current assets | 48,352 | 50,317 | 37,443 |
| Total current assets | 467,963 | 519,325 | 466,067 |
| Property, plant and equipment, net | 71,472 | 68,513 | 61,040 |
| Deferred income taxes | 20,223 | 20,024 | 27,863 |
| Other non-current assets | 38,404 | 38,354 | 37,417 |
| Total assets | $ 598,062 | $ 646,216 | $ 592,387 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | |
| Current liabilities: | | | |
| Current portion of long-term debt | $ 10,000 | $ 10,000 | $ 5,000 |
| Accounts payable | 21,331 | 38,397 | 30,708 |
| Accrued liabilities | 43,543 | 42,770 | 38,037 |
| Deferred and current income taxes payable | 568 | 8,526 | 5,717 |
| Total current liabilities | 75,442 | 99,693 | 79,462 |
| Long-term debt | 49,776 | 50,895 | 62,475 |
| Deferred and non-current income taxes payable | 6,577 | 6,363 | 32,181 |
| Other non-current liabilities | 24,306 | 24,205 | 24,384 |
| Total liabilities | 156,101 | 181,156 | 198,502 |
| Commitments and contingencies (Note 7) | | | |
| Minority interests | 1,977 | 1,865 | 1,467 |
| Shareholders' equity: | | | |
| Preferred Stock, $0.01 par value, 5,000,000 shares authorized; no shares issued | - | - | - |
| Common Stock, $0.01 par value, 100,000,000 shares authorized; 24,364,427, 24,266,873 and 24,176,802 shares issued, respectively | 244 | 243 | 242 |
| Class A Common Stock, $0.01 par value, 30,000,000 shares authorized; 6,634,319, 6,634,319 and 6,634,319 shares issued and outstanding, respectively | 66 | 66 | 66 |
| Capital in excess of par value | 131,702 | 128,902 | 124,393 |
| Retained earnings | 330,722 | 325,296 | 283,329 |
| Accumulated other comprehensive income | 72,747 | 65,890 | 40,537 |
| Treasury Stock, 6,745,915, 4,830,669 and 4,785,701 shares, respectively, at cost | (95,497) | (57,202) | (56,149) |
| Total shareholders' equity | 439,984 | 463,195 | 392,418 |
| Total liabilities and equity | $ 598,062 | $ 646,216 | $ 592,387 |

**See Notes to Consolidated Financial Statements**

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

| | Three Months Ended July 31, | | Six Months Ended July 31, | |
|---|---|---|---|---|
| | **2008** | **2007** | **2008** | **2007** |
| Net sales | $ 129,689 | $ 139,467 | $ 231,042 | $ 240,830 |
| Cost of sales | 45,786 | 56,121 | 82,119 | 95,832 |
| Gross profit | 83,903 | 83,346 | 148,923 | 144,998 |
| Selling, general and administrative | 72,763 | 67,009 | 136,170 | 125,889 |
| Operating income | 11,140 | 16,337 | 12,753 | 19,109 |
| Interest expense | (794) | (872) | (1,500) | (1,751) |
| Interest income | 523 | 1,062 | 1,480 | 2,309 |
| Income before income taxes and minority interests | 10,869 | 16,527 | 12,733 | 19,667 |
| Provision for income taxes (Note 9) | 2,669 | 4,117 | 3,236 | 4,764 |
| Minority interests | 64 | 146 | 112 | 239 |
| Net income | $ 8,136 | $ 12,264 | $ 9,385 | $ 14,664 |
| Basic income per share: | | | | |
| Net income per share | $ 0.33 | $ 0.47 | $ 0.37 | $ 0.56 |
| Weighted basic average shares outstanding | 24,581 | 26,016 | 25,146 | 25,967 |
| Diluted income per share: | | | | |
| Net income per share | $ 0.32 | $ 0.45 | $ 0.36 | $ 0.54 |
| Weighted diluted average shares outstanding | 25,384 | 27,272 | 26,033 | 27,259 |
| Dividends paid per share | $ 0.08 | $ 0.08 | $ 0.16 | $ 0.16 |

**See Notes to Consolidated Financial Statements**

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

| | Six Months Ended July 31, | |
|---|---|---|
| | **2008** | **2007** |
| Cash flows from operating activities: | | |
| Net income | $ 9,385 | $ 14,664 |
| Adjustments to reconcile net income to net cash (used in) / provided by operating activities: | | |
| Depreciation and amortization | 9,097 | 7,911 |
| Deferred income taxes | (3,795) | (2,505) |
| Provision for losses on accounts receivable | 819 | 754 |
| Provision for losses on inventory | 749 | 312 |
| Loss on disposition of property, plant and equipment | 11 | 1,075 |
| Stock-based compensation | 2,477 | 2,253 |
| Excess tax expense / (benefit) from stock-based compensation | 102 | (1,528) |
| Minority interests | 112 | 239 |
| Changes in assets and liabilities: | | |
| Trade receivables | (1,925) | 12,151 |
| Inventories | (30,973) | (18,100) |
| Other current assets | (442) | (1,290) |
| Accounts payable | (17,671) | (2,705) |
| Accrued liabilities | 444 | (7,001) |
| Current income taxes payable | (2,315) | 1,237 |
| Other non-current assets | (63) | (1,804) |
| Other non-current liabilities | 101 | 1,291 |
| Net cash (used in) / provided by operating activities | (33,887) | 6,954 |
| | | |
| Cash flows from investing activities: | | |
| Capital expenditures | (11,293) | (12,612) |
| Trademarks | (436) | (132) |
| Net cash used in investing activities | (11,729) | (12,744) |
| | | |
| Cash flows from financing activities: | | |
| Proceeds from bank borrowings | 20,000 | - |
| Repayments of bank borrowings | (22,325) | (13,979) |
| Stock options exercised and other changes | 425 | 2,804 |
| Purchase of treasury stock | (38,295) | (3,612) |
| Excess tax (expense) / benefit from stock-based compensation | (102) | 1,528 |
| Investment from JV interest | - | 787 |
| Dividends paid | (3,958) | (4,155) |
| Net cash used in financing activities | (44,255) | (16,627) |
| | | |
| Effect of exchange rate changes on cash and cash equivalents | 4,823 | 1,862 |
| | | |
| Net decrease in cash and cash equivalents | (85,048) | (20,555) |
| | | |
| Cash and cash equivalents at beginning of period | 169,551 | 133,011 |
| | | |
| Cash and cash equivalents at end of period | $ 84,503 | $ 112,456 |

**See Notes to Consolidated Financial Statements**

**BASIS OF PRESENTATION**

The accompanying unaudited consolidated financial statements have been prepared by Movado Group, Inc. (the "Company") in a manner consistent with that used in the preparation of the consolidated financial statements included in the Company's fiscal 2008 Annual Report filed on Form 10-K. In the opinion of management, the accompanying consolidated financial statements reflect all adjustments, consisting of only normal and recurring adjustments, necessary for a fair statement of the financial position and results of operations for the periods presented. These consolidated financial statements should be read in conjunction with the aforementioned Annual Report. Operating results for the interim periods presented are not necessarily indicative of the results that may be expected for the full year.

**NOTE 1 – RECLASSIFICATIONS**

Certain reclassifications were made to prior year's financial statement amounts and related note disclosures to conform to the fiscal 2009 presentation.

**NOTE 2 – FAIR VALUE MEASUREMENTS**

As of February 1, 2008, the Company adopted SFAS No. 157, "Fair Value Measurements", for financial assets and liabilities. FSP No. FAS 157-2 , "Effective Date of FASB Statement No. 157", delays, for one year, the effective date of SFAS No. 157 for nonfinancial assets and liabilities, except those that are recognized or disclosed in the financial statements on at least an annual basis. SFAS No. 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. SFAS No. 157 establishes a fair value hierarchy which prioritizes the inputs used in measuring fair value into three broad levels as follows:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly.
- Level 3 - Unobservable inputs based on the Company's assumptions.

SFAS No. 157 requires the use of observable market data if such data is available without undue cost and effort. The Company's adoption of SFAS No. 157 did not result in significant changes to the accounting for its financial assets and liabilities. Therefore, the primary impact to the Company upon its adoption of SFAS No. 157 was to expand its fair value measurement disclosures.

The following table presents the fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of July 31, 2008 (in thousands):

| | Fair Value at July 31, 2008 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| **Assets:** | | | | |
| Available-for-sale securities | $ 530 | $ - | $ - | $ 530 |
| Hedge derivatives | - | 1,985 | - | 1,985 |
| SERP assets - employer | 1,184 | - | - | 1,184 |
| SERP assets - employee | 16,637 | - | - | 16,637 |
| Total | $ 18,351 | $ 1,985 | $ - | $ 20,336 |
| | | | | |
| **Liabilities:** | | | | |
| SERP liabilities - employee | $ 16,637 | $ - | $ - | $ 16,637 |
| Total | $ 16,637 | $ - | $ - | $ 16,637 |

The fair values of the Company's available-for-sale securities are based on quoted prices. The hedge derivatives are entered into by the Company principally to reduce its exposure to the Swiss franc exchange rate risk. Fair values of the Company's hedge derivatives are calculated based on quoted foreign exchange rates, quoted interest rates and market volatility factors. The assets related to the Company's defined contribution supplemental executive retirement plan ("SERP") consist of both employer (employee unvested) and employee assets which are invested in investment funds with fair values calculated based on quoted prices. The SERP liability represents the Company's liability to the employees in the plan for their vested balances.

**NOTE 3 – COMPREHENSIVE INCOME**

The components of comprehensive income for the three months and six months ended July 31, 2008 and 2007 are as follows (in thousands):

| | Three Months Ended July 31, | | Six Months Ended July 31, | |
|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 |
| Net income | $ 8,136 | $ 12,264 | $ 9,385 | $ 14,664 |
| Net unrealized (loss) / gain on investments, net of tax | (22) | (118) | 50 | (100) |
| Effective portion of unrealized (loss) / gain on hedging contracts, net of tax | (850) | 211 | 19 | 1,017 |
| Foreign currency translation adjustments (1) | (3,866) | 1,469 | 6,788 | 7,313 |
| Total comprehensive income | $ 3,398 | $ 13,826 | $ 16,242 | $ 22,894 |

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

**NOTE 4 – SEGMENT INFORMATION**

The Company follows SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." This statement requires disclosure of segment data based on how management makes decisions about allocating resources to segments and measuring their performance.

The Company conducts its business primarily in two operating segments: Wholesale and Retail. The Company's Wholesale segment includes the designing, manufacturing and distribution of quality watches, in addition to revenue generated from after sales service activities and shipping. The Retail segment includes the Movado Boutiques and outlet stores.

The Company divides its business into two major geographic segments: United States operations, and International, which includes the results of all other Company operations. The allocation of geographic revenue is based upon the location of the customer. The Company's international operations are principally conducted in Europe, Asia, Canada, the Middle East, South America and the Caribbean. The Company's international assets are substantially located in Switzerland.

**Operating Segment Data for the Three Months Ended July 31, 2008 and 2007 (in thousands):**

| | Net Sales | | Operating Income | |
|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 |
| Wholesale | $ 107,026 | $ 116,746 | $ 10,899 | $ 16,251 |
| Retail | 22,663 | 22,721 | 241 | 86 |
| Consolidated total | $ 129,689 | $ 139,467 | $ 11,140 | $ 16,337 |

**Operating Segment Data for the Six Months Ended July 31, 2008 and 2007 (in thousands):**

| | Net Sales | | Operating Income (Loss) | |
|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 |
| Wholesale | $ 192,277 | $ 200,482 | $ 15,474 | $ 21,031 |
| Retail | 38,765 | 40,348 | (2,721) | (1,922) |
| Consolidated total | $ 231,042 | $ 240,830 | $ 12,753 | $ 19,109 |

| | Total Assets | | |
|---|---|---|---|
| | July 31, 2008 | January 31, 2008 | July 31, 2007 |
| Wholesale | $ 539,888 | $ 580,665 | $ 525,916 |
| Retail | 58,174 | 65,551 | 66,471 |
| Consolidated total | $ 598,062 | $ 646,216 | $ 592,387 |

**Geographic Segment Data for the Three Months Ended July 31, 2008 and 2007 (in thousands):**

| | Net Sales | | Operating (Loss) Income | |
|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 |
| United States | $ 70,673 | $ 81,228 | $ (3,264) | $ 2,003 |
| International | 59,016 | 58,239 | 14,404 | 14,334 |
| Consolidated total | $ 129,689 | $ 139,467 | $ 11,140 | $ 16,337 |

United States and International net sales are net of intercompany sales of $68.4 million and $68.5 million for the three months ended July 31, 2008 and 2007, respectively.

**Geographic Segment Data for the Six Months Ended July 31, 2008 and 2007 (in thousands):**

| | Net Sales | | Operating (Loss) Income | |
|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 |
| United States | $ 123,954 | $ 142,103 | $ (12,771) | $ (6,350) |
| International | 107,088 | 98,727 | 25,524 | 25,459 |
| Consolidated total | $ 231,042 | $ 240,830 | $ 12,753 | $ 19,109 |

United States and International net sales are net of intercompany sales of $141.5 million and $129.9 million for the six months ended July 31, 2008 and 2007, respectively.

| | Total Assets | | |
|---|---|---|---|
| | July 31, 2008 | January 31, 2008 | July 31, 2007 |
| United States | $ 292,855 | $ 304,370 | $ 343,322 |
| International | 305,207 | 341,846 | 249,065 |
| Consolidated total | $ 598,062 | $ 646,216 | $ 592,387 |

| | Long-Lived Assets | | |
|---|---|---|---|
| | July 31, 2008 | January 31, 2008 | July 31, 2007 |
| United States | $ 53,024 | $ 51,544 | $ 45,293 |
| International | 18,448 | 16,969 | 15,747 |
| Consolidated total | $ 71,472 | $ 68,513 | $ 61,040 |

**NOTE 5 – INVENTORIES, NET**

Inventories consist of the following (in thousands):

| | July 31, 2008 | January 31, 2008 | July 31, 2007 |
|---|---|---|---|
| Finished goods | $ 144,138 | $ 117,027 | $ 138,777 |
| Component parts | 83,192 | 76,222 | 66,345 |
| Work-in-process | 11,406 | 11,880 | 10,435 |
| | $ 238,736 | $ 205,129 | $ 215,557 |

**NOTE 6 – EARNINGS PER SHARE**

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

The weighted-average number of shares outstanding for basic earnings per share were 24,581,000 and 26,016,000 for the three months ended July 31, 2008 and 2007, respectively. For diluted earnings per share, these amounts were increased by 803,000 and 1,256,000 for the three months ended July 31, 2008 and 2007,

respectively, due to potentially dilutive common stock equivalents issuable under the Company's stock compensation plans.

The weighted-average number of shares outstanding for basic earnings per share were 25,146,000 and 25,967,000 for the six months ended July 31, 2008 and 2007, respectively. For diluted earnings per share, these amounts were increased by 887,000 and 1,292,000 for the six months ended July 31, 2008 and 2007, respectively, due to potentially dilutive common stock equivalents issuable under the Company's stock compensation plans.

For the three months and six months ended July 31, 2008, approximately 73,000 and 56,000 of potentially dilutive common stock equivalents, respectively, were excluded from the computation of dilutive earnings per share because their effect would have been antidilutive. There were no antidilutive shares for the three months and six months ended July 31, 2007.

**NOTE 7 – COMMITMENTS AND CONTINGENCIES**

At July 31, 2008, the Company had outstanding letters of credit totaling $1.2 million with expiration dates through August 31, 2009. One bank in the domestic bank group has issued 11 irrevocable standby letters of credit for retail and operating facility leases to various landlords, for the administration of the Movado Boutique private-label credit card and Canadian payroll to the Royal Bank of Canada.

As of July 31, 2008, two European banks have guaranteed obligations to third parties on behalf of two of the Company's foreign subsidiaries in the amount of $1.4 million in various foreign currencies.

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

**NOTE 8 – TREASURY STOCK**

On December 4, 2007, the Board of Directors authorized a program to repurchase up to one million shares of the Company's Common Stock. Shares of Common Stock were repurchased from time to time as market conditions warranted either through open market transactions, block purchases, private transactions or other means. The objective of the program was to reduce or eliminate earnings per share dilution caused by the shares of Common Stock issued upon the exercise of stock options and in connection with other equity based compensation plans. As of April 14, 2008, the Company had completed the one million share repurchase during the fourth quarter of fiscal 2008 and the first quarter of fiscal 2009, at a total cost of approximately $19.4 million, or $19.38 per share.

On April 15, 2008, the Board of Directors announced a new authorization to repurchase up to an additional one million shares of the Company's Common Stock. Under this authorization, the Company has the option to repurchase shares over time, with the amount and timing of repurchases depending on market conditions and corporate needs. The Company entered into a Rule 10b5-1 plan to facilitate repurchases of its shares under this authorization. A Rule 10b5-1 plan permits a company to repurchase shares at times when it might otherwise be prevented from doing so, provided the plan is adopted when the company is not aware of material non-public information. The Company may suspend or discontinue the repurchase of stock at any time. Under this share repurchase program, as of July 31, 2008, the Company had repurchased a total of 937,360 shares of Common Stock in the open market during the first and second quarters of fiscal year 2009 at a total cost of approximately $19.5 million or $20.76 per share.

In addition to the shares repurchased pursuant to the Company's share repurchase programs, an aggregate of 21,843 shares have been repurchased during the six months ended July 31, 2008 as a result of the surrender of shares in connection with the vesting of certain restricted stock awards and the exercise of certain stock options. At the election of an employee, shares having an aggregate value on the vesting date equal to the employee's withholding tax obligation may be surrendered to the Company.

**NOTE 9 - INCOME TAXES**

The Company recorded tax expense of $2.7 million and $4.1 million for the three months ended July 31, 2008 and 2007, respectively. Taxes for the three month period ended July 31, 2008 and July 31, 2007 reflected a 24.6% and 24.9% effective tax rate, respectively.

The Company recorded tax expense of $3.2 million and $4.8 million for the six months ended July 31, 2008 and 2007, respectively. Taxes for the six month period ended July 31, 2008 and July 31, 2007 reflected a 25.4% and 24.2% effective tax rate, respectively.

**NOTE 10 – RECENTLY ISSUED ACCOUNTING STANDARDS**

In December 2007, the FASB issued SFAS No. 141 (revised 2007) "Business Combinations" ("SFAS No. 141(R)"). SFAS No. 141(R) states that all business combinations (whether full, partial or step acquisitions) will result in all assets and liabilities of an acquired business being recorded at their acquisition date fair values. Earn-outs and other forms of contingent consideration and certain acquired contingencies will also be recorded at fair value at the acquisition date. SFAS No. 141(R) also states acquisition costs will generally be expensed as incurred; in-process research and development will be recorded at fair value as an indefinite-lived intangible asset at the acquisition date; changes in deferred tax asset valuation allowances and income tax uncertainties after the acquisition date generally will affect income tax expense; and restructuring costs will be expensed in periods after the acquisition date. This statement is effective for financial statements issued for fiscal years beginning after December 15, 2008. The Company will apply the provisions of this standard to any acquisitions that it completes on or after December 15, 2008.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51". This statement amends ARB No. 51 to establish accounting and reporting standards for the noncontrolling interest (minority interest) in a subsidiary and for the deconsolidation of a subsidiary. Upon its adoption, noncontrolling interests will be classified as equity in the consolidated balance sheets. This statement also provides guidance on a subsidiary deconsolidation as well as stating that entities need to provide sufficient disclosures that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners. This statement is effective for financial statements issued for fiscal years beginning after December 15, 2008. The Company is currently evaluating the impact of SFAS No. 160 on the Company's consolidated financial statements.

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133". This statement requires enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under SFAS No. 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. SFAS No. 161 also requires that objectives for using derivative instruments be disclosed in terms of underlying risk and accounting designation and requires cross-referencing within the footnotes. This statement also suggests disclosing the fair values of derivative instruments and their gains and losses in a tabular format. This statement is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. The Company is currently evaluating the impact of SFAS No. 161 on the Company's consolidated financial statements.

**NOTE 11 – SUBSEQUENT EVENT**

On August 7, 2008, the Company announced initiatives designed to streamline operations, reduce expenses, and improve efficiencies and effectiveness across the Company's global organization. Following an extensive review of its current cost structure, the Company implemented an expense reduction plan during the three months ended July 31, 2008. As part of the plan, the Company expects to reduce its payroll expense by approximately 10%, which represents approximately 90 filled positions and 6% of the Company's full-time workforce. The payroll reductions are spread primarily across its corporate and shared service departments, predominantly in the Company's North American and European operations. The Company expects its expense reduction plan to result in annualized pre-tax cost savings of approximately $25.0 million. The Company expects to realize approximately $6.0 million of these savings in fiscal 2009. Throughout fiscal 2009, the Company expects to record a total pre-tax charge of approximately $9.0 million related to the completion of this program. For the six months ended July 31, 2008, the Company has recorded severance related expenses of $2.2 million associated with the plan. The remaining expenses associated with the plan are expected to be recorded in the third and fourth quarters of fiscal year 2009.

**FORWARD-LOOKING STATEMENTS**

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

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

**Critical Accounting Policies and Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of

assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. These estimates and assumptions also affect the reported amounts of revenues and expenses. Estimates by their nature are based on judgments and available information. Therefore, actual results could materially differ from those estimates under different assumptions and conditions.

Critical accounting policies are those that are most important to the portrayal of the Company's financial condition and the results of operations and require management's most difficult, subjective and complex judgments as a result of the need to make estimates about the effect of matters that are inherently uncertain. The Company's most critical accounting policies have been discussed in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2008. In applying such policies, management must use significant estimates that are based on its informed judgment. Because of the uncertainty inherent in these estimates, actual results could differ from estimates used in applying the critical accounting policies. Changes in such estimates, based on more accurate future information, may affect amounts reported in future periods.

As of July 31, 2008, except as noted below, there have been no material changes to any of the critical accounting policies as disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2008.

Effective February 1, 2008, the Company adopted SFAS No. 157, "Fair Value Measurements" for the Company's financial assets and liabilities that are accounted for at fair value. SFAS No. 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The Company's adoption of SFAS No. 157 did not result in significant changes to the accounting for its financial assets and liabilities. Therefore, the primary impact to the Company upon its adoption of SFAS No. 157 was to expand its fair value measurement disclosures.

Effective February 1, 2008, the Company adopted SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities – Including an Amendment of FAS 115". SFAS No. 159 permits entities to choose to measure many financial instruments and certain other items at fair value. Unrealized gains and losses on items for which the fair value option has been elected will be recognized in earnings at each subsequent reporting date. The Company has not elected the option for fair value measurement for any additional financial assets or financial liabilities under SFAS No. 159.

**Recent Developments**

On August 7, 2008, the Company announced initiatives designed to streamline operations, reduce expenses, and improve efficiencies and effectiveness across the Company's global organization. Following an extensive review of its current cost structure, the Company implemented an expense reduction plan during the three months ended July 31, 2008. As part of the plan, the Company expects to reduce its payroll expense by approximately 10%, which represents approximately 90 filled positions and 6% of the Company's full-time workforce. The payroll reductions are spread primarily across its corporate and shared service departments, predominantly in the Company's North American and European operations. The Company expects its expense reduction plan to result in annualized pre-tax cost savings of approximately $25.0 million. The Company expects to realize approximately $6.0 million of these savings in fiscal 2009. Throughout fiscal 2009, the Company expects to record a total pre-tax charge of approximately $9.0 million related to the completion of this program. For the six months ended July 31, 2008, the Company has recorded severance related expenses of $2.2 million associated with the plan. The remaining expenses associated with the plan are expected to be recorded in the third and fourth quarters of fiscal year 2009.

**Overview**

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

The Company divides its watch business into distinct categories. The luxury category consists of the Ebel® and Concord® brands. The accessible luxury category consists of the Movado® and ESQ® brands. The licensed brands category represents brands distributed under license agreements and includes Coach®, HUGO BOSS®, Juicy Couture®, Lacoste® and Tommy Hilfiger®.

**Results of operations for the three months ended July 31, 2008 as compared to the three months ended July 31, 2007**

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

| | Three Months Ended July 31, | |
|---|---|---|
| | **2008** | **2007** |
| Wholesale: | | |
| United States | $ 48,010 | $ 58,507 |
| International | 59,016 | 58,239 |
| Total Wholesale | 107,026 | 116,746 |
| Retail | 22,663 | 22,721 |
| Net Sales | $ 129,689 | $ 139,467 |

Net sales for the three months ended July 31, 2008 were $129.7 million. Net sales for the three months ended July 31, 2007 were $139.5 million and included $8.3 million of sales of excess discontinued inventory. Net sales for the three months ended July 31, 2008 were favorably impacted by the growth in the international segment and the effect of foreign currency. As a result of the weak U.S. dollar and the translation from the international subsidiaries' financial results, the effect of foreign currency increased net sales by $6.6 million.

Net sales in the wholesale segment decreased by $9.7 million or 8.3% to $107.0 million. The decrease was the net result of lower sales in the luxury and accessible luxury categories, partially offset by higher sales in the licensed brand category. The luxury category was below prior year by $8.8 million or 29.4%. The decrease was primarily the result of sales of excess discontinued inventory of $8.1 million recorded in the prior year period. Excluding the sales of excess discontinued inventory in the prior year, the luxury category decreased by 3.3%. The luxury category was also negatively affected by the challenging U.S. economy. The accessible luxury category was below prior year by $9.5 million or 18.5%. The decrease was primarily recorded in the United States where the retail environment has been challenging. The decrease is attributable to retailers waiting until later in the season to place their orders, as well as higher sell-in of new products in the prior year. The licensed brand category was above prior year by $8.6 million or 28.5%. Sales for all licensed brands were above prior year with growth in both the U.S. and international markets.

Net sales in the U.S. wholesale segment were $48.0 million, below prior year by $10.5 million or 17.9%. The decrease was primarily the result of lower sales in the luxury and accessible luxury categories, partially offset by higher sales in the licensed brand category. The luxury category was below prior year by $4.8 million or

62.9%. The lower sales are primarily attributed to sales of excess discontinued inventory of $2.7 million recorded in the prior year period. Excluding the sales of excess discontinued inventory in the prior year, the luxury category decreased by 43.0%. The luxury category was also negatively affected by the unfavorable impact of the challenging U.S. economy and retailers waiting until later in the season to place their orders. The accessible luxury category sales were below prior year by $8.2 million or 20.2%. The decrease is attributed to retailers waiting until later in the season to place their orders, as well as higher sell-in of new products in the prior year. The licensed brand category sales were above prior year by $2.8 million or 37.0%. Sales for all licensed brands were above prior year.

Net sales in the international wholesale segment were $59.0 million, above prior year by $0.8 million or 1.3%. Excluding the sales of excess discontinued inventory recorded in the prior year, sales in the international wholesale segment were above prior year by $6.2 million or 11.8%. The increase in sales was primarily the result of growth and market expansion in the licensed brand category of $5.9 million.

Net sales in the retail segment were $22.7 million, or flat to the prior year. Net sales in the Company's outlet stores were above prior year by $1.2 million or 8.8% while net sales in the Movado Boutiques were below prior year by $1.2 million or 12.8%.

*Gross Profit.* Gross profit for the three months ended July 31, 2008 was $83.9 million or 64.7% of net sales as compared to $83.3 million or 59.8% of net sales for the three months ended July 31, 2007. Excluding the sales of excess discontinued inventory recorded in the prior year, the gross margin percentage for the three months ended July 31, 2007 was 63.6%. The higher gross profit dollars of $0.6 million benefited from the favorable impact of foreign exchange on the Company's international business which contributed in part to the increase in the gross margin percentage year-over-year. The increase in gross margin percentage is also the result of higher margins in the accessible luxury and licensed brand categories.

*Selling, General and Administrative ("SG&A").* SG&A expenses for the three months ended July 31, 2008 were $72.8 million as compared to $67.0 million for the three months ended July 31, 2007. The increase of $5.8 million or 8.6% included $2.2 million of severance related costs associated with the Company's previously announced initiatives to streamline operations and reduce expenses, the negative foreign exchange impact from translating the European subsidiaries' financial results of $2.1 million and higher accounts receivable related expenses of $0.8 million resulting from favorable settlements in the prior year period. Additionally, spending increased by $0.5 million to support the Company's growing joint venture activities.

*Wholesale Operating Income.* Operating income of $10.9 million and $16.3 million was recorded in the wholesale segment for the three months ended July 31, 2008 and 2007, respectively. The $5.4 million decrease was the net result of higher gross profit of $0.7 million offset by an increase in SG&A expenses of $6.1 million. The higher gross profit of $0.7 million benefited from the favorable impact of foreign exchange on the Company's international business and the increased gross margin percentage year-over-year. The increase in SG&A expenses of $6.1 million related principally to the $2.2 million of severance related costs associated with the Company's initiatives to streamline operations and reduce expenses, the negative impact of $2.1 million due to the translation impact from the European subsidiaries' financial results, higher accounts receivable related costs of $0.8 million and increased spending to support the Company's joint venture activities of $0.5 million.

*Retail Operating Income.* Operating income of $0.2 million and $0.1 million were recorded in the retail segment for the three months ended July 31, 2008 and 2007, respectively. The $0.1 million increase was the result of lower gross profit of $0.2 million and lower SG&A expenses of $0.3 million. The decreased gross profit was the result of lower gross profit percentages year-over-year. The decrease in SG&A expenses was primarily the result of reduced selling and occupancy expenses related to the operation of two less stores when compared to the prior year.

*Interest Expense*. Interest expense for the three months ended July 31, 2008 and 2007 was $0.8 million and $0.9 million, respectively. Interest expense declined due to lower borrowings. Average borrowings were $62.8 million at an average borrowing rate of 4.6% for the three months ended July 31, 2008 compared to average borrowings of $75.1 million at an average borrowing rate of 4.5% for the three months ended July 31, 2007.

*Interest Income*. Interest income was $0.5 million for the three months ended July 31, 2008 as compared to $1.1 million for the three months ended July 31, 2007. The lower interest income is attributed to less cash invested in the U.S. as the Company used the cash for the share repurchase programs, as well as lower average interest rate earned year-over-year.

*Income Taxes.* The Company recorded tax expense of $2.7 million and $4.1 million for the three months ended July 31, 2008 and 2007, respectively. Taxes for the three month period ended July 31, 2008 and July 31, 2007 reflected a 24.6% and 24.9% effective tax rate, respectively.

*Net Income.* For the three months ended July 31, 2008, the Company recorded net income of $8.1 million as compared to $12.3 million for the three months ended July 31, 2007.

**Results of operations for the six months ended July 31, 2008 as compared to the six months ended July 31, 2007**

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

| | Six Months Ended July 31, | |
|---|---|---|
| | **2008** | **2007** |
| Wholesale: | | |
| United States | $ 85,189 | $ 101,755 |
| International | 107,088 | 98,727 |
| Total Wholesale | 192,277 | 200,482 |
| Retail | 38,765 | 40,348 |
| Net Sales | $ 231,042 | $ 240,830 |

Net sales for the six months ended July 31, 2008 were $231.0 million. Net sales for the six months ended July 31, 2007 were $240.8 million and included $11.0 million of sales of excess discontinued inventory. Net sales for the six months ended July 31, 2008 were favorably impacted by the growth in the international segment and the effect of foreign currency. As a result of the weak U.S. dollar and the translation from the international subsidiaries' financial results, the effect of foreign currency increased net sales by $11.9 million.

Net sales in the wholesale segment decreased by $8.2 million or 4.1% to $192.3 million. The decrease was the net result of lower sales in the luxury and accessible luxury brand categories, partially offset by higher sales in the licensed brand category. The luxury category was below prior year by $11.2 million or 23.0%. The decrease was primarily the result of the sales of excess discontinued inventory of $9.6 million recorded in the prior year period. Excluding the sales of excess discontinued inventory in the prior year, the luxury category decreased by 4.2%. The luxury category was also negatively affected by the challenging U.S. economy. The accessible luxury category was below prior year by $16.0 million or 17.7%. The decrease was primarily recorded in the United States where the retail environment has been challenging. The decrease is attributable to retailers waiting until later in the season to place their orders, as well as higher sell-in of new products in the

prior year. The results of the U.S. accessible luxury category in the prior year period also included sales of excess discontinued inventory of $1.5 million. The licensed brand category was above prior year by $18.3 million or 35.1%. All licensed brands were above prior year with growth in both the U.S and international markets.

Net sales in the U.S. wholesale segment were $85.2 million, below prior year by $16.6 million or 16.3%. The decrease was the net result of lower sales in the luxury and accessible luxury brand categories, partially offset by higher sales in the licensed brand category. The luxury category was below prior year by $4.6 million or 40.2%. The lower sales are primarily attributed to sales of excess discontinued inventory of $3.0 million recorded in the prior year period. Excluding the sales of excess discontinued inventory in the prior year, the luxury category decreased by 18.4%. The luxury category was also negatively affected by the unfavorable impact of the challenging U.S. economy and retailers waiting until later in the season to place their orders. The accessible luxury category sales were below prior year by $16.6 million or 23.3%. The decrease in sales was primarily due to sales of excess discontinued inventory of $1.5 million recorded in the prior year period, the unfavorable impact of the challenging U.S. economy, retailers waiting until later in the season to place their orders, as well as higher sell-in of new products in the prior year. The licensed brand category was above prior year by $4.8 million or 36.2%. Sales for all licensed brands were above the prior year.

Net sales in the international wholesale segment were $107.1 million, above prior year by $8.4 million or 8.5%. Excluding the sales of excess discontinued inventory recorded in the prior year, sales in the international wholesale segment were above prior year by $14.9 million or 16.1%. The increase in sales was primarily the result of growth and market expansion in the licensed brand category of $13.5 million.

Net sales in the retail segment were $38.8 million, below prior year sales by $1.6 million or 3.9%. Net sales in the Company's outlet stores were above prior year by $1.0 million or 4.4% while net sales in the Movado Boutiques were below prior year by $2.6 million or 14.2%.

*Gross Profit.* Gross profit for the six months ended July 31, 2008 was $148.9 million or 64.5% of net sales as compared to $145.0 million or 60.2% of net sales for the six months ended July 31, 2007. Excluding the sales of excess discontinued inventory recorded in the prior year, the gross margin percentage for the six months ended July 31, 2007 was 63.3%. The higher gross profit dollars of $3.9 million benefited from the favorable impact of foreign exchange on the Company's international business which contributed in part to the increase in the gross margin percentage year-over-year. The increase in gross margin percentage is also the result of higher margins in the accessible luxury and licensed brand categories.

*Selling, General and Administrative.* SG&A expenses for the six months ended July 31, 2008 were $136.2 million as compared to $125.9 million for the six months ended July 31, 2007. The increase of $10.3 million or 8.2% included the negative foreign exchange impact of $4.3 million from translating the European subsidiaries' financial results, $2.2 million of severance related costs associated with the Company's initiatives to streamline operations and reduce expenses, and higher payroll and related expenses of $1.8 million reflecting compensation and benefit cost increases primarily to support international and licensed brand growth. Additionally, spending increased by $1.0 million to support the Company's growing joint venture activities.

*Wholesale Operating Income.* Operating income of $15.5 million and $21.0 million was recorded in the wholesale segment for the six months ended July 31, 2008 and 2007, respectively. The $5.5 million decrease was the net result of higher gross profit of $4.7 million offset by an increase in SG&A expenses of $10.2 million. The higher gross profit of $4.7 million benefited from the favorable impact of foreign exchange on the Company's international business and the increased gross margin percentage year-over-year. The increase in SG&A expenses of $10.2 million related principally to the negative impact of $4.3 million due to the translation impact from European subsidiaries' financial results, $2.2 million of severance related costs associated with the

Company's initiatives to streamline operations and reduce expenses, higher payroll and related costs of $1.8 million and increased spending to support the Company's joint venture activities of $1.0 million.

*Retail Operating Loss.* Operating losses of $2.7 million and $1.9 million were recorded in the retail segment for the six months ended July 31, 2008 and 2007, respectively. The $0.8 million increase in the loss was the result of lower gross profit of $0.7 million and higher SG&A expenses of $0.1 million. The decreased gross profit was the result of lower sales volume. The increase in SG&A expenses was primarily the result of increased selling and occupancy expenses due to a full six months of expenses for stores opened during or after the first half of fiscal year 2008, partially offset by reduced expenses from stores that have been closed.

*Interest Expense*. Interest expense for the six months ended July 31, 2008 and 2007 was $1.5 million and $1.8 million, respectively. Interest expense declined due to lower borrowings somewhat offset by higher average interest rates. Average borrowings were $60.7 million at an average borrowing rate of 4.6% for the six months ended July 31, 2008 compared to average borrowings of $77.8 million at an average rate of 4.4% for the six months ended July 31, 2007.

*Interest Income*. Interest income was $1.5 million for the six months ended July 31, 2008 as compared to $2.3 million for the six months ended July 31, 2007. The lower interest income is attributed to less cash invested in the United States as the Company used the cash for the share repurchase program, as well as lower average interest rate earned year-over-year.

*Income Taxes.* The Company recorded tax expense of $3.2 million and $4.8 million for the six months ended July 31, 2008 and 2007, respectively. Taxes for the six month period ended July 31, 2008 and July 31, 2007 reflected a 25.4% and 24.2% effective tax rate, respectively.

*Net Income.* For the six months ended July 31, 2008, the Company recorded net income of $9.4 million as compared to $14.7 million for the three months ended July 31, 2007.

**LIQUIDITY AND CAPITAL RESOURCES**

Cash used in operating activities was $33.9 million for the six months ended July 31, 2008 as compared to cash provided of $7.0 million for the six months ended July 31, 2007. The cash used in operating activities for the six months ended July 31, 2008 was primarily the result of an inventory build of $31.0 million, as well as increases in other components of working capital. This reflects the seasonal nature of the business with the Company building inventory for the upcoming holiday season, as well as higher inventory resulting from the lower sales volume year-over-year. The cash provided by operating activities for the six months ended July 31, 2007 was primarily attributed to improvements in accounts receivable and sales of excess discontinued inventory.

Cash used in investing activities amounted to $11.7 million and $12.7 million for the six months ended July 31, 2008 and 2007, respectively. The cash used during both periods consisted of the capital expenditures primarily related to the expansion and renovation of retail stores, the acquisition of computer hardware and software and construction of booths used at the Baselworld watch and jewelry show. The acquisition of computer hardware and software in both periods is primarily related to the development and implementation of the new SAP enterprise resource planning system.

Cash used in financing activities amounted to $44.3 million for the six months ended July 31, 2008 compared to cash used of $16.6 million for the six months ended July 31, 2007. Cash used in financing activities for the current period was primarily to repurchase stock and to pay out dividends. Cash used in financing activities for the prior period was primarily to pay down long-term debt and to pay out dividends.

During the first quarter fiscal 2009, the Company made a cash payment in the amount of $3.3 million (exclusive of interest) for a tax assessment pursuant to the Internal Revenue Service audit settlement agreement for fiscal years 2004 through 2006, concluded during the fourth quarter of fiscal 2008. As a result, the Company's gross unrecognized tax benefits of $10.1 million as of January 31, 2008 were reduced by $4.8 million, leaving a balance of $5.3 million as of July 31, 2008.

During fiscal 1999, the Company issued $25.0 million of Series A Senior Notes under a Note Purchase and Private Shelf Agreement, dated November 30, 1998 (the "1998 Note Purchase Agreement"), between the Company and The Prudential Insurance Company of America ("Prudential"). These notes bear interest of 6.90% per annum, mature on October 30, 2010 and are subject to annual repayments of $5.0 million commencing October 31, 2006. These notes contained certain financial covenants including an interest coverage ratio and maintenance of consolidated net worth and certain non-financial covenants that restricted the Company's activities regarding investments and acquisitions, mergers, certain transactions with affiliates, creation of liens, asset transfers, payment of dividends and limitation of the amount of debt outstanding. On June 5, 2008, the Company amended its Series A Senior Notes under an amendment to the 1998 Note Purchase Agreement (as amended, the "First Amended 1998 Note Purchase Agreement") with Prudential and an affiliate of Prudential. No additional senior promissory notes are issuable by the Company pursuant to the First Amended 1998 Note Purchase Agreement. Certain provisions and covenants were modified including the interest coverage ratio, elimination of the maintenance of consolidated net worth and the addition of a debt coverage ratio. At July 31, 2008, $15.0 million of these notes were issued and outstanding and the Company was in compliance with all financial and non-financial covenants.

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

On June 5, 2008, the Company amended the First Amended 2001 Note Purchase Agreement (as amended, the "Second Amended 2001 Note Purchase Agreement"), with Prudential and the Purchasers. The Second Amended 2001 Note Purchase Agreement permits the Company to issue senior promissory notes for purchase by Prudential and the Purchasers, in an aggregate principal amount of up to $70.0 million inclusive of the Senior Series A-2004 Notes described above, until June 5, 2011, with maturities up to 12 years from their original date of issuance. The remaining aggregate principal amount of senior promissory notes issuable by the Company that may be purchased by Prudential and the Purchasers pursuant to the Second Amended 2001 Note Purchase Agreement is $50.0 million. Certain provisions and covenants were modified including the interest coverage ratio, elimination of the maintenance of consolidated net worth and addition of a debt coverage ratio. As of July 31, 2008, $20.0 million of these notes were issued and outstanding and the Company was in compliance with all financial and non-financial covenants.

On December 15, 2005, the Company as parent guarantor, and its Swiss subsidiaries, MGI Luxury Group S.A. and Movado Watch Company SA as borrowers, entered into a credit agreement with JPMorgan Chase Bank,

N.A., JPMorgan Securities, Inc., Bank of America, N.A., PNC Bank and Citibank, N.A. (the "Swiss Credit Agreement") which provides for a revolving credit facility of 90.0 million Swiss francs and matures on December 15, 2010. The obligations of the Company's two Swiss subsidiaries under this credit agreement are guaranteed by the Company under a Parent Guarantee, dated as of December 15, 2005, in favor of the lenders. The Swiss Credit Agreement contains financial covenants, including an interest coverage ratio, average debt coverage ratio and limitations on capital expenditures and certain non-financial covenants that restrict the Company's activities regarding investments and acquisitions, mergers, certain transactions with affiliates, creation of liens, asset transfers, payment of dividends and limitation of the amount of debt outstanding. Borrowings under the Swiss Credit Agreement bear interest at a rate equal to LIBOR (as defined in the Swiss Credit Agreement) plus a margin ranging from .50% per annum to .875% per annum (depending upon a leverage ratio). As of July 31, 2008, 5.0 million Swiss francs, with a dollar equivalent of $4.8 million, was outstanding under this revolving credit facility and the Company was in compliance with all financial and non-financial covenants.

On December 15, 2005, the Company and its Swiss subsidiaries, MGI Luxury Group S.A. and Movado Watch Company SA, entered into a credit agreement with JPMorgan Chase Bank, N.A., JPMorgan Securities, Inc., Bank of America, N.A., PNC Bank and Citibank, N.A. (the "US Credit Agreement") which provides for a revolving credit facility of $50.0 million (including a sublimit for borrowings in Swiss francs of up to an equivalent of $25.0 million) with a provision to allow for an increase of an additional $50.0 million subject to certain terms and conditions. The US Credit Agreement will mature on December 15, 2010. The obligations of MGI Luxury Group S.A. and Movado Watch Company SA are guaranteed by the Company under a Parent Guarantee, dated as of December 15, 2005, in favor of the lenders. The obligations of the Company are guaranteed by certain domestic subsidiaries of the Company under subsidiary guarantees, in favor of the lenders. The US Credit Agreement contains financial covenants, including an interest coverage ratio, average debt coverage ratio and limitations on capital expenditures and certain non-financial covenants that restrict the Company's activities regarding investments and acquisitions, mergers, certain transactions with affiliates, creation of liens, asset transfers, payment of dividends and limitation of the amount of debt outstanding. Borrowings under the US Credit Agreement bear interest, at the Company's option, at a rate equal to the adjusted LIBOR (as defined in the US Credit Agreement) plus a margin ranging from .50% per annum to .875% per annum (depending upon a leverage ratio), or the Alternate Base Rate (as defined in the US Credit Agreement). As of July 31, 2008, $20.0 million was outstanding under this revolving credit facility and the Company was in compliance with all financial and non-financial covenants.

On June 16, 2008, the Company renewed a line of credit letter agreement with Bank of America and an amended and restated promissory note in the principal amount of up to $20.0 million payable to Bank of America, originally dated December 12, 2005. Pursuant to the line of credit letter agreement, Bank of America will consider requests for short-term loans and documentary letters of credit for the importation of merchandise inventory, the aggregate amount of which at any time outstanding shall not exceed $20.0 million. The Company's obligations under the agreement are guaranteed by its subsidiaries, Movado Retail Group, Inc. and Movado LLC. Pursuant to the amended and restated promissory note, the Company promised to pay Bank of America $20.0 million, or such lesser amount as may then be the unpaid balance of all loans made by Bank of America to the Company thereunder, in immediately available funds upon the maturity date of June 16, 2009. The Company has the right to prepay all or part of any outstanding amounts under the amended and restated promissory note without penalty at any time prior to the maturity date. The amended and restated promissory note bears interest at an annual rate equal to either (i) a floating rate equal to the prime rate or (ii) such fixed rate as may be agreed upon by the Company and Bank of America for an interest period which is also then agreed upon. The amended and restated promissory note contains various representations and warranties and events of default that are customary for instruments of that type. As of July 31, 2008, there were no outstanding borrowings against this line.

On July 31, 2008, the Company renewed a promissory note, originally dated December 13, 2005, in the principal amount of up to $37.0 million, at a revised amount of up to $7.0 million, payable to JPMorgan Chase Bank, N.A. ("Chase"). Pursuant to the promissory note, the Company promised to pay Chase $7.0 million, or such lesser amount as may then be the unpaid balance of each loan made or letter of credit issued by Chase to the Company thereunder, upon the maturity date of July 31, 2009. The Company has the right to prepay all or part of any outstanding amounts under the promissory note without penalty at any time prior to the maturity date. The promissory note bears interest at an annual rate equal to (i) a floating rate equal to the prime rate, (ii) a fixed rate equal to an adjusted LIBOR plus 0.625% or (iii) a fixed rate equal to a rate of interest offered by Chase from time to time on any single commercial borrowing. The promissory note contains various events of default that are customary for instruments of that type. In addition, it is an event of default for any security interest or other encumbrance to be created or imposed on the Company's property, other than as permitted in the lien covenant of the US Credit Agreement. Chase issued 11 irrevocable standby letters of credit for retail and operating facility leases to various landlords, for the administration of the Movado Boutique private-label credit card and Canadian payroll to the Royal Bank of Canada totaling $1.2 million with expiration dates through August 31, 2009. As of July 31, 2008, there were no outstanding borrowings against this promissory note.

A Swiss subsidiary of the Company maintains unsecured lines of credit with an unspecified length of time with a Swiss bank. Available credit under these lines totaled 8.0 million Swiss francs, with dollar equivalents of $7.6 million and $6.7 million at July 31, 2008 and 2007, respectively. As of July 31, 2008, two European banks have guaranteed obligations to third parties on behalf of two of the Company’s foreign subsidiaries in the amount of $1.4 million in various foreign currencies. As of July 31, 2008, there were no outstanding borrowings against these lines.

On December 4, 2007, the Board of Directors authorized a program to repurchase up to one million shares of the Company’s Common Stock. Shares of Common Stock were repurchased from time to time as market conditions warranted either through open market transactions, block purchases, private transactions or other means. The objective of the program was to reduce or eliminate earnings per share dilution caused by the shares of Common Stock issued upon the exercise of stock options and in connection with other equity based compensation plans. As of April 14, 2008, the Company had completed the one million share repurchase during the fourth quarter of fiscal 2008 and the first quarter of fiscal 2009, at a total cost of approximately $19.4 million, or $19.38 per share.

On April 15, 2008, the Board of Directors announced a new authorization to repurchase up to an additional one million shares of the Company’s Common Stock. Under this authorization, the Company has the option to repurchase shares over time, with the amount and timing of repurchases depending on market conditions and corporate needs. The Company entered into a Rule 10b5-1 plan to facilitate repurchases of its shares under this authorization. A Rule 10b5-1 plan permits a company to repurchase shares at times when it might otherwise be prevented from doing so, provided the plan is adopted when the company is not aware of material non-public information. The Company may suspend or discontinue the repurchase of stock at any time. Under this share repurchase program, as of July 31, 2008, the Company had repurchased a total of 937,360 shares of Common Stock in the open market during the first and second quarters of fiscal year 2009 at a total cost of approximately $19.5 million or $20.76 per share.

The Company paid dividends of $0.16 per share or approximately $4.0 million, for the six months ended July 31, 2008 and $0.16 per share or approximately $4.2 million for the six months ended July 31, 2007.

Cash at July 31, 2008 amounted to $84.5 million compared to $112.5 million at July 31, 2007. The decrease in cash is primarily the result of cash used for the share repurchase programs.

Management believes that the cash on hand in addition to the expected cash flow from operations and the Company's short-term borrowing capacity will be sufficient to meet its working capital needs for at least the next 12 months.

**Off-Balance Sheet Arrangements**

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

**RECENTLY ISSUED ACCOUNTING STANDARDS**

In December 2007, the FASB issued SFAS No. 141 (revised 2007) "Business Combinations" ("SFAS No. 141(R)"). SFAS No. 141(R) states that all business combinations (whether full, partial or step acquisitions) will result in all assets and liabilities of an acquired business being recorded at their acquisition date fair values. Earn-outs and other forms of contingent consideration and certain acquired contingencies will also be recorded at fair value at the acquisition date. SFAS No. 141(R) also states acquisition costs will generally be expensed as incurred; in-process research and development will be recorded at fair value as an indefinite-lived intangible asset at the acquisition date; changes in deferred tax asset valuation allowances and income tax uncertainties after the acquisition date generally will affect income tax expense; and restructuring costs will be expensed in periods after the acquisition date. This statement is effective for financial statements issued for fiscal years beginning after December 15, 2008. The Company will apply the provisions of this standard to any acquisitions that it completes on or after December 15, 2008.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51". This statement amends ARB No. 51 to establish accounting and reporting standards for the noncontrolling interest (minority interest) in a subsidiary and for the deconsolidation of a subsidiary. Upon its adoption, noncontrolling interests will be classified as equity in the consolidated balance sheets. This statement also provides guidance on a subsidiary deconsolidation as well as stating that entities need to provide sufficient disclosures that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners. This statement is effective for financial statements issued for fiscal years beginning after December 15, 2008. The Company is currently evaluating the impact of SFAS No. 160 on the Company's consolidated financial statements.

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133". This statement requires enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under SFAS No. 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. SFAS No. 161 also requires that objectives for using derivative instruments be disclosed in terms of underlying risk and accounting designation and requires cross-referencing within the footnotes. This statement also suggests disclosing the fair values of derivative instruments and their gains and losses in a tabular format. This statement is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. The Company is currently evaluating the impact of SFAS No. 161 on the Company's consolidated financial statements.

*Item 3. Quantitative and Qualitative Disclosures About Market Risk*

**Foreign Currency and Commodity Price Risk**

A significant portion of the Company's purchases are denominated in Swiss francs. The Company reduces its exposure to the Swiss franc exchange rate risk through a hedging program. Under the hedging program, the Company manages most of its foreign currency exposures on a consolidated basis, which allows it to net certain exposures and take advantage of natural offsets. The Company uses various derivative financial instruments to further reduce the net exposures to currency fluctuations, predominately forward and option contracts. These derivatives either (a) are used to hedge the Company's Swiss franc liabilities and are recorded at fair value with the changes in fair value reflected in earnings or (b) are documented as cash flow hedges with the gains and losses on this latter hedging activity first reflected in other comprehensive income, and then later classified into earnings in accordance with SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities", as amended by SFAS No. 137, SFAS No. 138 and SFAS No. 149. In both cases, the earnings impact is partially offset by the effects of currency movements on the underlying hedged transactions. If the Company did not engage in a hedging program, any change in the Swiss franc to local currency would have an equal effect on the Company's cost of sales. In addition, the Company hedges its Swiss franc payable exposure with forward contracts. As of July 31, 2008, the Company's entire net forward contracts hedging portfolio consisted of 97.0 million Swiss francs equivalent for various expiry dates ranging through January 29, 2009. If the Company were to settle its Swiss franc forward contracts at July 31, 2008, the net result would have been a gain of $1.2 million, net of tax of $0.8 million. As of July 31, 2008, the Company had no Swiss franc option contracts related to cash flow hedges.

The Company's Board of Directors authorized the hedging of the Company's Swiss franc denominated investment in its wholly-owned Swiss subsidiaries using purchase options under certain limitations. These hedges are treated as net investment hedges under SFAS No. 133. As of July 31, 2008, the Company did not hold a purchased option hedge portfolio related to net investment hedging.

**Commodity Risk**

Additionally, the Company has the ability under the hedging program to reduce its exposure to fluctuations in commodity prices, primarily related to gold used in the manufacturing of the Company's watches. Under this hedging program, the Company can purchase various commodity derivative instruments, primarily future contracts. These derivatives are documented as SFAS No. 133 cash flow hedges, and gains and losses on these derivative instruments are first reflected in other comprehensive income, and later reclassified into earnings, partially offset by the effects of gold market price changes on the underlying actual gold purchases. The Company did not hold any futures contracts in its gold hedge portfolio related to cash flow hedges as of July 31, 2008, thus any changes in the gold price will be reflected fully in the Company's cost of sales.

**Debt and Interest Rate Risk**

In addition, the Company has certain debt obligations with variable interest rates, which are based on Swiss LIBOR plus a fixed additional interest rate. The Company does not hedge these interest rate risks. The Company also has certain debt obligations with fixed interest rates. The differences between the market based interest rates at July 31, 2008, and the fixed rates were unfavorable. The Company believes that a 1% change in interest rates would affect the Company's net income by approximately $0.2 million.

*Item 4. Controls and Procedures*

Evaluation of Disclosure Controls and Procedures

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

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

Changes in Internal Control Over Financial Reporting

There has been no change in the Company's internal control over financial reporting during the six months ended July 31, 2008, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

**PART II - OTHER INFORMATION**

*Item 1. Legal Proceedings*

The Company is involved in pending legal proceedings and claims in the ordinary course of business. Although the outcome of such matters cannot be determined with certainty, the Company's general counsel and management believe that the final outcome would not have a material effect on the Company's consolidated financial position, results of operations or cash flows.

*Item 1A. Risk Factors*

As of July 31, 2008, except as noted below, there have been no material changes to any of the risk factors previously reported in the Annual Report on Form 10-K for the fiscal year ended January 31, 2008.

**If the Company is unable to successfully implement its expense reduction plan, its future operating results could suffer.**

On August 7, 2008, the Company announced the implementation of an expense reduction plan designed to streamline operations, reduce expenses, and improve efficiencies and effectiveness across the Company's global organization. As part of the plan, the Company expects to reduce its payroll expense by approximately 10%, which represents approximately 90 filled positions and 6% of the Company's full-time workforce. The Company expects its expense reduction plan to result in annualized pre-tax cost savings of approximately $25.0 million. The Company expects to realize approximately $6.0 million of these savings in fiscal 2009. Throughout fiscal 2009, the Company expects to record a total pre-tax charge of approximately $9.0 million related to the completion of this program. There is risk that the Company may not be able to fully realize its expense reductions and sustain them in subsequent periods. In addition, the Company could incur additional unforeseen expenses that may fully or partially offset these expected expense savings. Furthermore, there is risk that the Company's human resources could be strained as a result of the streamlining of operations and the reduction of workforce. The inability to successfully implement its expense reduction plan could adversely affect the Company's future financial condition and results of operations.

*Item 2. Unregistered Sales of Equity Securities and Use of Proceeds*

On December 4, 2007, the Board of Directors authorized a program to repurchase up to one million shares of the Company's Common Stock. Shares of Common Stock were repurchased from time to time as market conditions warranted either through open market transactions, block purchases, private transactions or other means. The objective of the program was to reduce or eliminate earnings per share dilution caused by the shares of Common Stock issued upon the exercise of stock options and in connection with other equity based compensation plans. As of April 14, 2008, the Company had completed the one million share repurchase during the fourth quarter of fiscal 2008 and the first quarter of fiscal 2009, at a total cost of approximately $19.4 million, or $19.38 per share.

On April 15, 2008, the Board of Directors announced a new authorization to repurchase up to an additional one million shares of the Company's Common Stock. Under this authorization, the Company has the option to repurchase shares over time, with the amount and timing of repurchases depending on market conditions and corporate needs. The Company entered into a Rule 10b5-1 plan to facilitate repurchases of its shares under this authorization. A Rule 10b5-1 plan permits a company to repurchase shares at times when it might otherwise be prevented from doing so, provided the plan is adopted when the company is not aware of material non-public information. The Company may suspend or discontinue the repurchase of stock at any time. Under this share

repurchase program, as of July 31, 2008, the Company had repurchased a total of 937,360 shares of Common Stock in the open market during the first and second quarters of fiscal year 2009 at a total cost of approximately $19.5 million or $20.76 per share.

The following table summarizes information about the Company's purchases for the period ended July 31, 2008 of equity securities that are registered by the Company pursuant to Section 12 of the Securities Exchange Act of 1934:

**Issuer Repurchase of Equity Securities**

| Period | Total Number of Shares Purchased | Average Price Paid Per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs |
|---|---|---|---|---|
| February 1, 2008 - February 29, 2008 | 148,500 | $ 20.11 | 148,500 | 807,543 |
| March 1, 2008 - March 31, 2008 | 406,750 | $ 18.57 | 406,750 | 400,793 |
| April 1, 2008 – April 14, 2008 | 422,066 | $ 19.48 | 400,793 | - |
| April 15, 2008 – April 30, 2008 | 238,491 | $ 20.27 | 238,115 | 761,885 |
| May 1, 2008 – May 31, 2008 | 286,733 | $ 21.56 | 286,539 | 475,346 |
| June 1, 2008 – June 30, 2008 | 396,006 | $ 20.52 | 396,006 | 79,340 |
| July 1, 2008 – July 31, 2008 | 16,700 | $ 20.05 | 16,700 | 62,640 |
| Total | 1,915,246 | $ 19.97 | 1,893,403 | 62,640 |

In addition to the shares repurchased pursuant to the Company's share repurchase programs, an aggregate of 21,843 shares have been repurchased during the six months ended July 31, 2008 as a result of the surrender of shares in connection with the vesting of certain restricted stock awards and the exercise of certain stock options. At the election of an employee, shares having an aggregate value on the vesting date equal to the employee's withholding tax obligation may be surrendered to the Company.

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

On June 19, 2008, the Company held its annual meeting of shareholders at its New York office and showrooms in New York, New York.

The following matters were voted upon at the meeting:

(i) Margaret Hayes Adame, Richard Coté, Efraim Grinberg, Gedalio Grinberg, Alan H. Howard, Richard Isserman, Nathan Leventhal, Donald Oresman and Leonard L. Silverstein were elected directors of the Company. The results of the vote were as follows:

| Nominee | For | Withheld/ Against |
|---|---|---|
| Margaret Hayes Adame | 82,740,056 | 327,044 |
| Richard Coté | 82,583,404 | 483,695 |
| Efraim Grinberg | 82,728,407 | 338,693 |
| Gedalio Grinberg | 82,580,713 | 486,387 |
| Alan H. Howard | 82,738,785 | 328,315 |
| Richard Isserman | 82,928,359 | 138,741 |
| Nathan Leventhal | 82,928,060 | 139,040 |
| Donald Oresman | 82,732,315 | 334,785 |
| Leonard L. Silverstein | 76,624,344 | 6,442,756 |

(ii) A proposal to ratify the selection of PricewaterhouseCoopers LLP as the Company's independent public accountants for the fiscal year ending January 31, 2009 was approved. The results of the vote were as follows:

| For | Withheld/Against | Exception/Abstain |
|---|---|---|
| 82,808,235 | 200,044 | 58,821 |

*Item 6.* *Exhibits*

10.1 Line of Credit Letter Agreement dated as of June 16, 2008 between the Registrant and Bank of America, N.A. and Amended and Restated Promissory Note dated as of June 16, 2008 to Bank of America, N.A.

10.2 Promissory Note dated as of July 31, 2008 to JPMorgan Chase Bank, N.A.

10.3 Omnibus Amendment to Note Purchase and Private Shelf Agreements between the Registrant, Prudential Insurance Company of America and the Purchasers as defined therein, entered into as of June 5, 2008.

10.4 Amendment Number 1 to the April 8, 2004 Amendment and Restatement of the Movado Group, Inc. 1996 Stock Incentive Plan.*

10.5 Movado Group, Inc. Amended and Restated Deferred Compensation Plan for Executives, effective January 1, 2008.*

31.1 Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2 Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Constitutes a compensatory plan or arrangement.

**SIGNATURE**

Pursuant to the requirements 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: September 5, 2008

By: /s/ Sallie DeMarsilis
Sallie DeMarsilis
Senior Vice President,
Chief Financial Officer and
Principal Accounting Officer

**EXHIBIT 10.1**

as of June 16, 2008

Movado Group, Inc.
650 From Road,
Paramus, NJ 07652

Dear Sir or Madam:

We are pleased to advise you that Bank of America, N. A., successor by merger to Fleet National Bank (the "Bank") hereby agrees to consider requests from Movado Group, Inc. (the "Company") from time to time, for short-term loans ("Loans") and documentary letters of credit for the importation of merchandise inventory ("Letters of Credit"). Any extension of credit hereunder (whether a Loan or a Letter of Credit) shall be made available at the sole discretion of the Bank but in any event subject to the following: (a) the Bank shall have determined that money market conditions are favorable for it to acquire loan assets, (b) the Bank shall continue to be satisfied with the Borrower's business, financial condition and prospects and the condition and prospects of the industry in which the Borrower is engaged, (c) the Bank shall have received Company's most current quarterly and annual financial statements and any other financial information regarding the Company which the Bank shall reasonably request from time to time, and (d) the Company shall have maintained and be maintaining a satisfactory relationship with the Bank and:

Loan and Letters of Credit Requests: Each request for a Loan and/or Letter of Credit will be, at the Bank's option, reviewed by the Bank and an independent credit analysis and assessment will be made each time a request is received. In the event that the Bank agrees to lend pursuant to any such request by the Company, any such Loan shall be evidenced by the promissory note enclosed with this letter (the "Note") and be subject to the conditions therein contained and in any other documentation in form and substance satisfactory to the Bank. The Bank may respond to any request for a Loan or Letter of Credit for a stated amount with a Loan or Letter of Credit for a different amount, date or maturity, or may decline to respond entirely.

Maximum Amount of Loans and Letters of Credit: The aggregate amount of Loans and Letters of Credit at any time outstanding shall not exceed $20,000,000 and the maximum amount of Letters of Credit at any time outstanding shall not exceed $2,000,000.

Expiration and Maturity Date: Requests for extensions of credit must be made on or before June 16, 2009. All Loans will be payable in full on **June 16, 2009**. All Letters of Credit shall expire no later than 180 days from issuance.

Interest Rate: Loans shall bear interest, at the Company's election, at a rate per annum equal to either (i) a fluctuating rate equal to the Prime Rate, or (ii) such other fixed rate as may be agreed upon between the Company and the Bank for an interest period which is also then agreed upon (a Loan bearing interest at this rate is sometimes called an "Agreed Rate Loan"). The term "Prime Rate" shall be as defined in the Note. Interest shall be payable monthly in arrears based on a 360-day year and, for Agreed Rate Loans, on the last day of the applicable Interest Period.

Letter of Credit Fees: Letters of Credit shall be issued at the Bank's standard fees and charges in effect from time to time therefor.

Additional provisions:

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

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

- The consolidated and consolidating balance sheet for the Company and its subsidiaries, consolidated and consolidating statement of income and consolidated statement of cash flow: (i) audited and certified without qualification by accountants satisfactory to the Bank, within 120 days of fiscal year end and (ii) certified by the Company's chief financial officer, within 75 days of the last day of each fiscal quarter.

- Notices of defaults under any credit facilities or financial obligations of Borrower in excess of $5,000,000.

- Such other statements and reports as shall be reasonably requested by the Bank.

This letter agreement replaces, supersedes, amends and restates in its entirety the letter agreement from the Bank to the Company dated June 15, 2007 and all previous letters on this subject matter.

If the terms of this letter are acceptable to you, please indicate your acceptance by signing and returning the enclosed copy of this letter and documentation to the Bank on or before June 16, 2008. This letter shall be unenforceable against the Bank unless so signed and returned on or before such date.

Please contact us if you have any questions. We look forward to continuing our relationship.

Very truly yours,

**BANK OF AMERICA, N. A.**
successor by merger to Fleet National Bank

By: /s/ Rich Williams

Name: Rich Williams
Title: Credit Products Officer

ACCEPTED AND AGREED
ON JUNE 16, 2008

**MOVADO GROUP, INC.**

By: /s/ John C. Burns
Name: John C. Burns
Title: VP, Treasurer

***Guarantor signatures on next page***

Each of the guarantors indicated below hereby consents to this letter agreement and reaffirms its continuing liability to the Bank under its respective guarantees dated as of June 26, 2003, in respect of the above letter agreement and all the documents, instruments and agreements executed pursuant thereto or in connection therewith, without offset, defense or counterclaim (any such offset, defense or counterclaim as may exist being hereby irrevocably waived by each such guarantor).

**MOVADO RETAIL GROUP, INC.**,
a New Jersey Corporation

By: /s/ Timothy F. Michno
Name: Timothy F. Michno
Title: General Counsel

**MOVADO LLC**,
a Delaware Limited Liability Company

By: /s/ Timothy F. Michno
Name: Timothy F. Michno
Title: General Counsel

**BANK OF AMERICA, N.A.**
**AMENDED AND RESTATED**
**PROMISSORY NOTE**

$20,000,000.00 As of June 16, 2008

No later than **June 16, 2009** (the "Maturity Date"), for value received, **MOVADO GROUP, INC**., having its principal office at 650 From Road, Paramus, New Jersey 07652 (the "Borrower"), promises to pay to the order of **BANK OF AMERICA, N.A., successor by merger to Fleet National Bank**, having an office at 1185 Avenue of the Americas, New York, New York, 10036 (the "Bank"), at such office of the Bank or at such other place as the holder hereof may from time to time appoint in writing, in lawful money of the United States of America in immediately available funds, the principal sum of **TWENTY MILLION** and **00/100 Dollars ($20,000,000.00)** Dollars or such lesser amount as may then be the aggregate unpaid principal balance of all loans made by the Bank to the Borrower hereunder (each a "Loan" and collectively the "Loans") as shown on the books and records of the Bank. The Borrower also promises to pay interest (computed on the basis of a 360 day year for actual days elapsed) at said office in like money on the unpaid principal amount of each Loan from time to time outstanding at a rate per annum, to be elected by the Borrower at the time each Loan is made, equal to either (i) a fluctuating rate equal to the Prime Rate, which rate will change when and as the Prime Rate changes and which such changes in the rate of interest resulting from changes in the Prime Rate shall take effect immediately without notice or demand of any kind (a Loan bearing interest at this rate is sometimes hereinafter called a "Prime Loan"), or (ii) a fixed rate as may be agreed upon between the Borrower and the Bank (an "Agreed Rate") for an Interest Period which is also then agreed upon (a Loan bearing interest at this rate is sometimes hereinafter called an "Agreed Rate Loan"); provided, however, that (a) no Interest Period with respect to an Agreed Rate Loan shall extend beyond the Maturity Date, (b) if any Interest Period would otherwise end on a day which is not a Business Day, that Interest Period shall be extended to the next succeeding Business Day and (c) if prior to the end of any such Interest Period of an Agreed Rate Loan the Borrower and the Bank fail to agree upon a new Interest Period therefor so as to maintain such Loan as an Agreed Rate Loan within the pertinent time set forth in Section 1 hereof, such Agreed Rate Loan shall automatically be converted into a Prime Loan at the end of such Interest Period and shall be maintained as such until a new Interest Period therefor is agreed upon. Interest on each Loan shall be payable monthly on the first day of each month commencing the first such day to occur after a Loan is made hereunder and, together with unpaid principal, on the Maturity Date. Interest on Agreed Rate Loans shall also be payable on the last day of each Interest Period applicable thereto. The Borrower further agrees that upon and during the continuance of an Event of Default and/or after any stated or any accelerated maturity of Loans hereunder, all Loans shall bear interest (computed daily) at, (i) with respect to Agreed Rate Loans, a rate equal to the greater of 2% per annum in excess of the rate then applicable to Agreed Rate Loans and 2% per annum in excess of the rate then applicable to Prime Loans, payable no later than the Maturity Date, and (ii) with respect to Prime Loans, a rate equal to 2% per annum in excess of the rate then applicable to Prime Loans, payable no later than the Maturity Date. Furthermore, if the entire amount of any principal and/or interest required to be paid pursuant to this Note is not paid in full within ten (10) days after the same is due, the Borrower shall further pay to the Bank a late fee equal to five percent (5%) of the required payment. In no event shall interest payable hereunder be in excess of the maximum rate of interest permitted under applicable law. If any payment to be so made hereunder becomes due and payable on a day other than a Business Day, such payment shall be extended to the next succeeding Business Day and, to the extent permitted by applicable law, interest thereon shall be payable at the then applicable rate during such extension.

All payments made in connection with this Note shall be in lawful money of the United States in immediately available funds without counterclaim or setoff and free and clear of and without any deduction or withholding for, any taxes or other payments. All such payments shall be applied first to the payment of all fees, expenses and other amounts due to the Bank (excluding principal and interest), then to accrued interest, and the balance on account of outstanding principal; provided, however, that after the occurrence of and during the continuance of an Event of Default, payments will be applied to the obligations of the Borrower to the Bank as the Bank determines in its sole discretion. The Borrower hereby expressly authorizes the Bank to record on the attached schedule the amount and date of each Loan, the rate of interest thereon, Interest Period thereof and the date and amount of each payment of principal. All such notations shall be presumptive as to the correctness thereof; provided, however, the failure of the Bank to make any such notation shall not limit or otherwise affect the obligations of the Borrower under this Note.

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

1. Loan Requests. Requests for Prime Loans and Agreed Rate Loans may be made up until 1 p.m. on the date the Loan is to be made. Any request for a Loan must be written. The Bank shall have no obligation to make any Loan hereunder.

2. Prepayment. The Borrower may prepay any Prime Loan at any time in whole or in part without premium or penalty. Each such prepayment shall be made together with interest accrued thereon to and including the date of prepayment. The Borrower may prepay an Agreed Rate Loan only upon at least three (3) Business Days prior written notice to the Bank (which notice shall be irrevocable) and any such prepayment shall occur only on the last day of the Interest Period for such Agreed Rate Loan.

3. Indemnity; Yield Protection. The Borrower shall pay to the Bank, upon request of the Bank, such amount or amounts as shall be sufficient (in the reasonable opinion of the Bank) to compensate it for any loss, cost, or reasonable expense incurred as a result of: (i) any payment of an Agreed Rate Loan on a date other than the last day of the Interest Period for such Loan; (ii) any failure by Borrower to borrow an Agreed Rate Loan on the date specified by Borrower's written notice; (iii) any failure of Borrower to pay an Agreed Rate Loan on the date for payment specified in Borrower's written notice. Without limiting the foregoing, Borrower shall pay to Bank a "yield maintenance fee" in an amount computed as follows: The current rate for United States Treasury securities (bills on a discounted basis shall be converted to a bond equivalent) with a maturity date closest to the term chosen pursuant to the Fixed Rate Election as to which the prepayment is made, shall be subtracted from Cost of Funds in effect at the time of prepayment. If the result is zero or a negative number, there shall be no yield maintenance fee. If the result is a positive number, then the resulting percentage shall be multiplied by the amount of the principal balance being prepaid. The resulting amount shall be divided by 360 and multiplied by the number of days remaining in the term chosen pursuant to the Fixed Rate Election as to which the prepayment is made. Said amount shall be reduced to present value calculated by using the above referenced United States Treasury securities rate and the number of days remaining in the term chosen pursuant to the Fixed Rate Election as to which prepayment is made. The resulting amount shall be the yield maintenance fee due to Bank upon the payment of an Agreed Rate Loan. Each reference in this paragraph to "Fixed Rate Election" shall mean the election by Borrower of Loan to bear interest based on an Agreed Rate. If by reason of an Event of Default, the Bank elects to declare the Loans and/or the Note to be immediately due and payable, then any yield maintenance fee with respect to an Agreed Rate Loan shall become due and payable in the same manner as though the Borrower has exercised such right of prepayment.

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

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

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

6. Events of Default. Upon the occurrence of any of the following specified events of default (each an "Event of Default"): a) default in making any payment of principal, interest, or any other sum payable under this Note when due; or b) default by the Borrower or any Guarantor (i) of any other obligation hereunder or (ii) in the due payment of any other obligation owing to the Bank under this Note or c) default by Borrower or any Guarantor in the due payment of any other indebtedness for borrowed money or default in the observance or performance of any covenant or condition contained in any agreement or instrument evidencing, securing, or relating to any such indebtedness, which causes or permits the acceleration of the maturity thereof, provided that the aggregate amount of such indebtedness shall be $5,000,000 or more; or d) any representation or warranty made by the Borrower herein or in any certificate furnished by the Borrower in connection with the Loans evidenced hereby or pursuant to the provisions hereof, proves untrue in any material respect; or e) the Borrower or any Guarantor becomes insolvent or bankrupt, is generally not paying its debts as they become due, or makes an assignment for the benefit of creditors, or a trustee or receiver is appointed for the Borrower or any Guarantor or for the greater part of the properties of the Borrower or any Guarantor with the consent of the Borrower or any such Guarantor, or if appointed without the consent of the Borrower or any such Guarantor, such trustee or receiver is not discharged within 30 days, or bankruptcy, reorganization, liquidation or similar proceedings are instituted by or against the Borrower or any Guarantor under the laws of any jurisdiction, and if instituted against the Borrower or any such Guarantor are consented to by it or remain undismissed for 30 days, or a writ or warrant of attachment or similar process shall be issued against a substantial part of the property of the Borrower or any Guarantor not in the possession of the Bank and same shall not be released or bonded within 30 days after levy; or f) any garnishment, levy, writ or warrant of attachment or similar process shall be issued and served against the Bank, which garnishment, levy, writ or warrant of attachment or similar process relates to property of the Borrower or any Guarantor in the possession of the Bank; or h) the Bank shall have determined, in its reasonable discretion, that one or more conditions exist or events have occurred which have resulted or may result in a material adverse change in the business, properties or financial condition of the Borrower or any Guarantor as determined in the reasonable discretion of the Bank or one or more other conditions exist or events have occurred with respect to the Borrower or any Guarantor which the Bank deems materially adverse; then, in any such event, and at any time thereafter, if any Event of Default shall then be continuing, the Bank may declare the principal and the accrued interest in respect of all Loans under this Note to be, whereupon the Note shall become, immediately due and payable without presentment, protest or other notice of any kind, all of which are expressly waived by the Borrower.

7. Set off. At any time, without demand or notice (any such notice being expressly waived by the Borrower), the Bank may setoff any and all deposits, credits, collateral and property, now or hereafter in the possession, custody, safekeeping or control of the Bank or any entity under the control of Bank of America Corporation and its successors or assigns, or in transit to any of them, or any part thereof and apply same to any of the Liabilities or obligations of the Borrower or any Guarantor even though unmatured and regardless of the adequacy of any other collateral securing the Liabilities. ANY AND ALL RIGHTS TO REQUIRE THE BANK TO EXERCISE ITS RIGHTS OR REMEDIES WITH RESPECT TO ANY OTHER COLLATERAL WHICH SECURES THE LIABILITIES, PRIOR TO EXERCISING ITS RIGHT OF SETOFF WITH RESPECT TO SUCH DEPOSITS, CREDITS OR OTHER PROPERTY OF THE BORROWER OR ANY GUARANTOR ARE HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVED. The term "Liabilities" shall include this Note and obligations and liabilities of the Borrower to the Bank under this Note, now or hereafter existing, arising directly between the Borrower and the Bank or acquired by assignment, conditionally or as collateral security by the Bank, absolute or contingent, joint and/or several, secure or unsecured, due or not due, contractual or tortious, liquidated or unliquidated, arising by operation of law or otherwise, direct or indirect, including, but without limiting the generality of the foregoing, indebtedness, obligations or liabilities to the Bank of the Borrower as a member of any partnership, syndicate, association or other group, and whether incurred by the Borrower as principal, surety, endorser, guarantor, accommodation party or otherwise.

8. Definitions. As used herein:

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

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

(c) "Guarantors" shall mean all active domestic subsidiaries of the Borrower.

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

(e) "Loan Documents" means this Note, and each document, instrument or agreement executed pursuant hereto or thereto or in connection herewith or therewith.

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

9. Miscellaneous.

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

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

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

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

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

(f) All agreements between the Borrower (and each Guarantor and each other party obligated for payment on this Note) and the Bank are hereby expressly limited so that in no contingency or event whatsoever, whether by reason of acceleration of maturity of the indebtedness evidenced hereby or otherwise, shall the amount paid or agreed to be paid to the Bank for the use or the forbearance of the indebtedness evidenced hereby exceed the maximum permissible under applicable law. As used herein, the term "applicable law" shall mean the law in effect as of the date hereof provided, however, that in the event there is a change in the law which results in a higher permissible rate of interest, then this Note shall be governed by such new law as of its effective date. In this regard, it is expressly agreed that it is the intent of the Borrower and the Bank in the execution, delivery and acceptance of this Note to contract in strict compliance with the laws of the State of New York from time to time in effect. If, under or from any circumstances whatsoever, fulfillment of any provision hereof or of any of the Loan Documents at the time of performance of such provision shall be due, shall involve transcending the limit of such validity prescribed by applicable law, then the obligation to be fulfilled shall automatically be reduced to the limits of such validity, and if under or from circumstances whatsoever the Bank should ever receive as interest an amount which would exceed the highest lawful rate, such amount which would be excessive interest shall be applied to the reduction of the principal balance evidenced hereby and not to the payment of interest. This provision shall control every other provision of the Loan Documents between the Borrower, each Guarantor, each other party obligated on this Note and the Bank.

(g) ARBITRATION AND WAIVER OF JURY TRIAL

(i) THIS PARAGRAPH CONCERNS THE RESOLUTION OF ANY CONTROVERSIES OR CLAIMS BETWEEN THE PARTIES, WHETHER ARISING IN CONTRACT, TORT OR BY STATUTE, INCLUDING BUT NOT LIMITED TO CONTROVERSIES OR CLAIMS THAT ARISE OUT OF OR RELATE TO: (i) THE LOAN DOCUMENTS (INCLUDING ANY RENEWALS, EXTENSIONS OR MODIFICATIONS); OR (ii) ANY DOCUMENT RELATED TO THE NOTE ("COLLECTIVELY A "CLAIM"). FOR THE PURPOSES OF THIS ARBITRATION PROVISION ONLY, THE TERM "PARTIES" SHALL INCLUDE ANY PARENT CORPORATION, SUBSIDIARY OR AFFILIATE OF THE BANK INVOLVED IN THE SERVICING, MANAGEMENT OR ADMINISTRATION OF ANY OBLIGATION DESCRIBED OR EVIDENCED BY THE LOAN DOCUMENTS.

(ii) AT THE REQUEST OF ANY PARTY TO THE LOAN DOCUMENTS, ANY CLAIM SHALL BE RESOLVED BY BINDING ARBITRATION IN ACCORDANCE WITH THE FEDERAL ARBITRATION ACT (TITLE 9, U.S. CODE) (THE "ACT"). THE ACT WILL APPLY EVEN THOUGH THE LOAN DOCUMENTS PROVIDE THAT THEY ARE GOVERNED BY THE LAW OF A SPECIFIED STATE. THE ARBITRATION WILL TAKE PLACE ON AN INDIVIDUAL BASIS WITHOUT RESORT TO ANY FORM OF CLASS ACTION.

(iii) ARBITRATION PROCEEDINGS WILL BE DETERMINED IN ACCORDANCE WITH THE ACT, THE THEN-CURRENT RULES AND PROCEDURES FOR THE ARBITRATION OF FINANCIAL SERVICES DISPUTES OF THE AMERICAN ARBITRATION ASSOCIATION OR ANY SUCCESSOR THEREOF ("AAA"), AND THE TERMS OF THIS PARAGRAPH. IN THE EVENT OF ANY INCONSISTENCY, THE TERMS OF THIS PARAGRAPH SHALL CONTROL. IF AAA IS UNWILLING OR UNABLE TO (i) SERVE AS THE PROVIDER OF ARBITRATION OR (ii) ENFORCE ANY PROVISION OF THIS ARBITRATION CLAUSE, ANY PARTY TO THE LOAN DOCUMENTS MAY SUBSTITUTE ANOTHER ARBITRATION ORGANIZATION WITH SIMILAR PROCEDURES TO SERVE AS THE PROVIDER OF ARBITRATION.

(iv) THE ARBITRATION SHALL BE ADMINISTERED BY AAA AND CONDUCTED, UNLESS OTHERWISE REQUIRED BY LAW, IN THE STATE SPECIFIED IN THE GOVERNING LAW SECTION OF THE LOAN DOCUMENTS. ALL CLAIMS SHALL BE DETERMINED BY ONE ARBITRATOR; HOWEVER, IF CLAIMS EXCEED FIVE MILLION DOLLARS ($5,000,000), UPON THE REQUEST OF ANY PARTY, THE CLAIMS SHALL BE DECIDED BY THREE ARBITRATORS. All ARBITRATION HEARINGS SHALL COMMENCE WITHIN NINETY (90) DAYS OF THE DEMAND FOR ARBITRATION AND CLOSE WITHIN NINETY (90) DAYS OF COMMENCEMENT AND THE AWARD OF THE ARBITRATOR(S) SHALL BE ISSUED WITHIN THIRTY (30) DAYS OF THE CLOSE OF THE HEARING. HOWEVER, THE ARBITRATOR(S), UPON A SHOWING OF GOOD CAUSE, MAY EXTEND THE COMMENCEMENT OF THE HEARING FOR UP TO AN ADDITIONAL SIXTY (60) DAYS. THE ARBITRATOR(S) SHALL PROVIDE A CONCISE WRITTEN STATEMENT OF REASONS FOR THE AWARD. THE ARBITRATION AWARD MAY BE SUBMITTED TO ANY COURT HAVING JURISDICTION TO BE CONFIRMED, JUDGMENT ENTERED AND ENFORCED.

(v) THE ARBITRATOR(S) WILL GIVE EFFECT TO STATUTES OF LIMITATION IN DETERMINING ANY CLAIM AND MAY DISMISS THE ARBITRATION ON THE BASIS THAT THE CLAIM IS BARRED. FOR PURPOSES OF THE APPLICATION OF THE STATUTE OF LIMITATIONS, THE SERVICE ON AAA UNDER APPLICABLE AAA RULES OF A NOTICE OF CLAIM IS THE EQUIVALENT OF THE FILING OF A LAWSUIT. ANY DISPUTE CONCERNING THIS ARBITRATION PROVISION OR WHETHER A CLAIM IS ARBITRABLE SHALL BE DETERMINED BY THE ARBITRATOR(S). THE ARBITRATOR(S) SHALL HAVE THE POWER TO AWARD LEGAL FEES PURSUANT TO THE TERMS OF THE LOAN DOCUMENTS.

(vi) THIS PARAGRAPH DOES NOT LIMIT THE RIGHT OF ANY PARTY TO: (I) EXERCISE SELF-HELP REMEDIES, SUCH AS BUT NOT LIMITED TO, SETOFF; (II) INITIATE JUDICIAL OR NON-JUDICIAL FORECLOSURE AGAINST ANY REAL OR PERSONAL PROPERTY COLLATERAL; (III) EXERCISE ANY JUDICIAL OR POWER OF SALE RIGHTS, OR (IV) ACT IN A COURT OF LAW TO OBTAIN AN INTERIM REMEDY, SUCH AS BUT NOT LIMITED TO, INJUNCTIVE RELIEF, WRIT OF POSSESSION OR APPOINTMENT OF A RECEIVER, OR ADDITIONAL OR SUPPLEMENTARY REMEDIES.

(vii) THE FILING OF A COURT ACTION IS NOT INTENDED TO CONSTITUTE A WAIVER OF THE RIGHT OF ANY PARTY, INCLUDING THE SUING PARTY, THEREAFTER TO REQUIRE SUBMITTAL OF THE CLAIM TO ARBITRATION.

(viii) BY AGREEING TO BINDING ARBITRATION, THE PARTIES IRREVOCABLY AND VOLUNTARILY WAIVE ANY RIGHT THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY CLAIM. FURTHERMORE, WITHOUT INTENDING IN ANY WAY TO LIMIT THE LOAN DOCUMENTS TO ARBITRATE, TO THE EXTENT ANY CLAIM IS NOT ARBITRATED, THE PARTIES IRREVOCABLY AND VOLUNTARILY WAIVE ANY RIGHT THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF SUCH CLAIM. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE PARTIES ENTERING INTO THE LOAN DOCUMENTS.

(ix) EXCEPT AS PROHIBITED BY LAW, THE BORROWER HEREBY WAIVES ANY RIGHT IT MAY HAVE TO CLAIM OR RECOVER IN ANY LITIGATION ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES OR ANY DAMAGES OTHER THAN, OR IN ADDITION TO, ACTUAL DAMAGES. THE BORROWER CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE BANK HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE BANK WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER. THIS WAIVER CONSTITUTES A MATERIAL INDUCEMENT FOR THE BANK TO ACCEPT THIS NOTE AND MAKE THE LOANS.

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

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

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

(k) This Note and the other Loan Documents are intended by the parties as the final, complete and exclusive statement of the transactions evidenced thereby. All prior or contemporaneous promises, agreements and understandings, whether oral or written, are deemed to be superceded by this Note and such other Loan Documents, and no party is relying on any promise, agreement or understanding not set forth in this Note or such other Loan

Documents. Neither this Note nor any of such other Loan Documents may be amended or modified except by a written instrument describing such amendment or modification executed by the Borrower and the Bank.

(l) This Note shall replace and supersede the Amended and Restated Promissory Note made by the Borrower to the order of the Bank dated as of June 15, 2006 (the "Prior Note"); provided, however, that the execution and delivery of this Note shall not in any circumstance be deemed to have terminated, extinguished or discharged the Borrower's indebtedness under such Prior Note, all of which indebtedness shall continue under and be governed by this Note and the documents, instruments and agreements executed pursuant hereto or in connection herewith. This Note is a replacement, consolidation, amendment and restatement of the Prior Note and IS NOT A NOVATION. The Borrower shall also pay and this Note shall also evidence any and all unpaid interest on all Loans made by the Bank to the Borrower pursuant to Prior Note, and at the interest rate specified therein, for which this Note has been issued as replacement therefor.

**MOVADO GROUP, INC.**

By: /s/ John C. Burns
Name: John C. Burns
Title: VP, Treasurer

**EXHIBIT 10.2**

**PROMISSORY NOTE**

$7,000,000 July 31, 2008

For value received, the undersigned unconditionally promises to pay to the order of JPMORGAN CHASE BANK, N.A. (hereinafter the "Bank") at its offices at 277 Park Avenue, New York , New York 10172-0003, or to such other address as the Bank may notify the undersigned in writing, the principal sum of Seven Million Dollars ($7,000,000) (the "Note Amount") or, if less, such unpaid principal amount of each loan (a "Loan") (as recorded on the grid attached hereto or on any additional pages thereof) made by the Bank to the undersigned and outstanding under this note on July 31, 2009 (the "Maturity Date").

The undersigned promises to pay interest on the unpaid balance of the principal amount of each such Loan from and including the date of such Loan to the last day of the Interest Period thereof at either (i) a floating rate per annum equal to the Prime Rate (a "Prime Loan"); (ii) a fixed rate per annum equal to the Adjusted LIBO Rate applicable to such Loan plus 0.625% (a "Eurodollar Loan"); or (iii) a fixed rate per annum equal to the Money Market Rate applicable to such Loan (a "Money Market Loan"). Any principal not paid when due shall bear interest from and including the date due until paid in full at a rate per annum equal to the Default Rate. Interest shall be payable on the relevant Interest Payment Date and shall be calculated on the basis of a year of 360 days for the actual number of days elapsed. Any extension of time for the payment of the principal of this note resulting from the due date falling on a non-Banking Day shall be included in the computation of interest.

Anything in this note to the contrary notwithstanding, no Loans shall be made hereunder, no letters of credit shall be issued by the Bank for the account of the undersigned ("Letters of Credit") and no drafts shall be drawn by the undersigned and accepted by the Bank ("Acceptances") if, as a result thereof, the aggregate unpaid principal balance of all Loans made by the Bank to the undersigned hereunder plus the aggregate undrawn face amount of all Letters of Credit, the aggregate unreimbursed amount of all drafts drawn under Letters of Credit and the aggregate outstanding face amount of Acceptances would exceed the Note Amount or Reduced Note Amount as applicable for the relevant period.

The date, amount, rate of interest and maturity date of each Loan and payment(s) (if any) of principal, the Loan(s) to which such payment(s) will be applied (which shall be at the discretion of the Bank) and the outstanding principal balance of Loans shall be recorded by the Bank on its books and records (which may be electronic in nature) and at any time and from time to time may be, and shall be prior to any transfer and delivery of this note, entered by the Bank on the schedule attached or any continuation of the schedule attached hereto by the Bank (at the discretion of the Bank, any such entries may aggregate Loans (and payments thereon) with the same interest rate and tenor and, if made on a given date, may show only the Loans outstanding on such date). Any such entries shall be conclusive in the absence of manifest error. The failure by the Bank to make any or all such entries shall not relieve the undersigned from its obligation to pay any and all amounts due hereunder.

1. DEFINITIONS. The terms listed below shall be defined as follows:

"Adjusted LIBO Rate" means the LIBO Rate for such Loan divided by one minus the Reserve Requirement.

"Banking Day" means any day on which commercial banks are not authorized or required to close in New York City and whenever such day relates to a Eurodollar Loan or notice with respect to any Eurodollar Loan, a day on which dealings in U.S. dollar deposits are also carried out in the London interbank market.

"Code" means the Uniform Commercial Code of the State of New York.

"Default Rate" means, in respect of any amount not paid when demanded, a rate per annum during the period commencing on the date of demand until such amount is paid in full equal to: (a) if a Prime Loan, a floating rate of 2% above the rate of interest thereon; (b) if a Eurodollar Loan or Money Market Loan, a fixed rate of 2% above the rate of interest in effect thereon at the time of demand until the last day of the Interest Period thereof and, thereafter, a floating rate of 2% above the rate of interest for a Prime Loan.

"Event of Default" means each of the events stated in Section 7.

"Facility Documents" means this note or any document executed by the undersigned or by any Third Party granting security or support for this note and all other agreements, instruments or other documents executed by the undersigned or a Third Party or otherwise executed in connection with this note, whether by guaranty, subordination, grant of a security interest or any other credit support, or which is contained in any certificate, document, opinion, financial or other statement furnished at the time under or in connection with any Facility Document.

"Interest Payment Date" means (a) with respect to any Prime Loan, the last day of each month, or (b) with respect to any Eurodollar Loan or Money Market Loan, the last day of the Interest Period applicable to which such Loan is a part and, in the case of a Eurodollar Loan or a Money Market Loan with an Interest Period of more than three months' duration, each day prior to the last day of such Interest Period that occurs at intervals of three months' duration after the first day of such Interest Period.

"Interest Period" means (a) with respect to any Eurodollar Loan, the period commencing on the date of such Loan and ending on the numerically corresponding day in the calendar month that is one, two, three or six months thereafter, as the undersigned may elect or (b) with respect to any Money Market Loan, the period commencing on the date of such Loan and ending on the last day of the period for which such Loan is offered, as recorded by the Bank on the grid hereto; provided, that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless, in the case of a Eurodollar Loan only, such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day and (ii) any Interest Period pertaining to a Eurodollar Loan that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Loan initially shall be the date on which such Loan is made and, in the case of the continuation of a Loan, thereafter shall be the effective date of the most recent conversion or continuation of such Loan.

"Liabilities" means all obligations and liabilities of the undersigned to the Bank or its affiliates of whatever nature, including payment of this note, whether now existing or hereafter incurred or acquired, whether matured or unmatured, liquidated or unliquidated, direct or indirect, absolute or contingent, primary or secondary, sole, joint, several or joint and several, secured or unsecured.

"LIBO Rate" means, with respect to any Eurodollar Loan for any Interest Period, the rate quoted by the principal London branch of the Bank at approximately 11:00 a.m. London time two (2) Business Days' prior to the first day of such Interest Period for the offering to leading banks in the London interbank market of dollar deposits in immediately available funds, for a period and in an amount, comparable to such Interest Period and the principal amount of such Eurodollar Loan, as it appears on Page 3756 of the Moneyline Telerate Markets.

"Money Market Rate" means, if offered, a rate of interest per year as offered by the Bank from time to time on any single commercial borrowing during the period offered on such Loan. The Money Market Rate of interest available for any subsequent borrowings may differ since Money Market Rates may fluctuate on a daily basis.

"Prime Rate" means that floating rate of interest from time to time announced publicly by the Bank in New York, New York as its prime rate. The Prime Rate shall be automatically adjusted on the date of any change thereto.

"Regulation D" means Regulation D of the Board of Governors of the Federal Reserve System.

"Regulatory Change" means any change after the date of this note in United States federal, state or municipal laws or any foreign laws or regulations (including Regulation D) or the adoption or making after such date of any interpretations, directives or requests applying to a class of banks, including the Bank, of or under any United States federal, state or municipal laws or any foreign laws or regulations (whether or not having the force of law) by any court or governmental or monetary authority charged with the interpretation or administration thereof.

"Reserve Requirement" means, for any Eurodollar Loan, the average maximum rate at which reserves (including any marginal, supplemental or emergency reserves) are required to be maintained during the term of such Loan under Regulation D by member banks of the Federal Reserve System in New York City with deposits exceeding one billion U.S. dollars, or as otherwise established by the Board of Governors of the Federal Reserve System and any other banking authority to which the Bank is subject, against "Eurocurrency liabilities" (as such term is used in Regulation D). Without limiting the effect of the foregoing, the Reserve Requirement shall reflect any other reserves required to be maintained by such member banks by reason of any Regulatory Change against (x) any category of liabilities which includes deposits by reference to which the LIBO Rate is to be determined or (y) any category of extensions of credit or other assets which include Eurodollar Loans. The Reserve Requirement shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

"Third Party" means any third party who supports or is liable with respect to this note due to the execution of any document granting support or security for this note, whether by guaranty, subordination, grant of security or any other credit support.

2. BORROWINGS AND PREPAYMENTS. The undersigned shall give the Bank notice of each borrowing request by 12:00 noon, New York City time three (3) Banking Days prior to each requested borrowing of a Eurodollar Loan and by 12:00 noon New York City time on the date of each requested borrowing of a Prime Loan or a Money Market Loan; provided that no Eurodollar Loan shall be in a minimum amount equal to less than $100,000. The undersigned shall have the right to make prepayments of principal at any time or from time to time; provided that: (a) the undersigned shall give the Bank irrevocable notice of each prepayment by 12:00 noon New York City time three (3) Banking Days prior to prepayment of a Eurodollar Loan, one (1) Banking Day prior to prepayment of a Money Market Loan and by 12:00 noon New York City time on the date of prepayment of a Prime Loan; (b) Eurodollar Loans and Money Market Loans may be prepaid prior to the last day of the Interest Period thereof only if accompanied by payment of the additional payments calculated in accordance with paragraph 5 below; and (c) all prepayments shall be in a minimum amount equal to the lesser of $100,000 or the unpaid principal amount of this note. If the undersigned fails to notify the Bank, in accordance with the terms hereof, prior to the maturity date of any Eurodollar Loan or Money Market Loan to continue such Loan as a Eurodollar Loan or Money Market Loan, such Loan shall be converted to a Prime Loan on its maturity date.

3. ADDITIONAL COSTS. (a) If as a result of any Regulatory Change which (i) changes the basis of taxation of any amounts payable to the Bank under this note (other than taxes imposed on the overall net income of the Bank or the lending office by the jurisdictions in which the principal office of the Bank or the lending office are located) or (ii) imposes or modifies any reserve, special deposit, deposit insurance or assessments, minimum capital, capital ratios or similar requirements relating to any extension of credit or other assets of, or any deposits with or other liabilities of the Bank, or (iii) imposes any other condition affecting this note, the Bank determines (which determination shall be conclusive absent manifest error) that the cost to it of making or maintaining a Eurodollar Loan or a Money Market Loan is increased or any amount received or receivable by the Bank under this note is reduced, then the undersigned will pay to the Bank on demand an additional amount that the Bank determines will compensate it for the increased cost or reduction in amount.

(b) Without limiting the effect of the foregoing provisions of this Section 3 (but without duplication), the undersigned shall pay to the Bank from time to time on request such amounts as the Bank may determine to be necessary to compensate the Bank for any costs which it determines are attributable to the maintenance by it or any of its affiliates pursuant to any law or regulation of any jurisdiction or any interpretation, directive or request (whether or not having the force of law and whether in effect on the date of this note or thereafter) of any court or governmental or monetary authority of capital in respect of the Loans hereunder (such compensation to include, without limitation, an amount equal to any reduction in return on assets or equity of the Bank to a level below that which it could have achieved but for such law, regulation, interpretation, directive or request).

4. UNAVAILABILITY, INADEQUACY OR ILLEGALITY OF LIBO RATE. Anything herein to the contrary notwithstanding, if the Bank reasonably determines (which determination shall be conclusive) that:

(a) quotations of interest rates for the relevant deposits referred to in the definition of LIBO Rate are not being provided in the relevant amounts or for the relevant maturities for purposes of determining the rate of interest for a Eurodollar Loan; or

(b) the definition of LIBO Rate does not adequately cover the cost to the Bank of making or maintaining a Eurodollar Loan; or

(c) as a result of any Regulatory Change (or any change in the interpretation thereof) adopted after the date hereof, the principal office of the Bank or the lending office is subject to any taxes, reserves, limitations, or other charges, requirements or restrictions on any claims of such office on non-United States residents (including, without limitation, claims on non-United States offices or affiliates of the Bank) or in respect of the excess above a specified level of such claims; or

(d) it is unlawful for the Bank or the lending office to maintain any Eurodollar Loan at the LIBO Rate;

THEN, the Bank shall give the undersigned prompt notice thereof, and so long as such condition remains in effect, any existing Eurodollar Loan shall bear interest as a Prime Loan and the Bank shall make no Eurodollar Loans.

5. BREAK FUNDING PAYMENTS. In the event of (a) the payment of any principal of any Eurodollar Loan or Money Market Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Eurodollar Loan or Money Market Loan other than on the last day of the Interest Period applicable thereto, or (c) the failure to borrow, convert, continue on the date specified in any notice delivered pursuant hereto, then, in any such event, the undersigned shall compensate the Bank for the loss, cost and expense attributable to such event. In the case of a Eurodollar Loan or Money Market Loan, such loss, cost or expense to the Bank shall be deemed to include an amount determined by the Bank to be the excess, if any, of (i) the amount of interest which would have accrued on the principal amount of such Eurodollar Loan or Money Market Loan had such event not occurred, at the Adjusted LIBO Rate that would have been applicable to such Eurodollar Loan or the Money Market Rate that would have been applicable to such Money Market Loan, as the case may be, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Eurodollar Loan or Money Market Loan), over (ii) the amount of interest which would accrue on such principal amount for such period at the interest rate which the Bank would bid were it to bid, at the commencement of such period, for dollar deposits of a comparable amount and period from other banks in the eurodollar market. A certificate of the Bank setting forth any amount or amounts that the Bank is entitled to receive pursuant to this Section shall be delivered to the Bank and shall be conclusive absent manifest error. The undersigned shall pay the Bank the amount shown as due on any such certificate within 10 days after receipt thereof.

6. BANK'S RIGHT OF SETOFF. The Bank retains all rights of setoff that it may have under applicable law or contract, including, without limitation, at its option, to setoff balances (general or special, time or demand, provisional or final) held by it for the account of the undersigned at any of Bank's offices, in dollars or in any other currency, against any amount payable under this Note which is not paid when due (regardless of whether such balances are then due to the undersigned).

7. EVENTS OF DEFAULT. If any of the following events of default shall occur with respect to any of the undersigned or any Third Party:

(a) the undersigned shall fail to pay any principal, interest or any other amount payable under this note, or any other Liability, as and when due and payable; or

(b) the undersigned or any Third Party shall fail to perform or observe any covenant or agreement contained in any Facility Document, and such failure shall continue for 30 consecutive days; or

(c) the undersigned or any Third Party shall fail to pay when due any indebtedness in excess of $5,000,000 or more (including but not limited to indebtedness for borrowed money) or if any such indebtedness shall become due and payable, or be capable of being due and payable at the option of the holder thereof, prior to the scheduled maturity thereof; or

(d) the undersigned or any Third Party: (i) shall generally not, or be unable to, or shall admit in writing its inability to, pay its debts as such debts become due; (ii) shall make an assignment for the benefit of creditors; (iii) shall commence any proceeding or file a petition seeking relief under any bankruptcy, insolvency, reorganization, receivership, dissolution, liquidation or other similar Federal, state or foreign law or seeking the appointment of a receiver, trustee, custodian, conservator or similar official for all or a substantial part of its property or (iv) shall have any such proceeding commenced or petition filed against it and the same shall remain undismissed for a period of 30 days or shall consent or acquiesce thereto; or

(e) the undersigned or any Third Party shall merge or consolidate with or into, or convert into, any other legal entity; or

(f) any Facility Document shall at any time and for any reason cease to be in full force and effect or shall be declared null and void, or the undersigned or any relevant Third Party shall deny or contest any further liability or obligation thereunder or the validity or enforceability thereof or of any lien or security interest created thereby; or

(g) any lien, mortgage, pledge, security interest or other encumbrance of any kind shall be created or imposed upon any property or asset of the undersigned or any Third Party without the Bank's written consent thereto, except as permitted pursuant to Section 8.3 of the Credit Agreement dated as of December 15, 2005 among the undersigned (as Borrower), the Lenders signatory thereto and the Bank (as Administrative Agent, Swingline Bank and Issuing Agent); or

(h) any action or proceeding before any court or governmental agency or authority which involves forfeiture of any property or assets of the undersigned or a Third Party shall have been commenced or if any such forfeiture or other seizure or assumption of custody or control over such assets by any court or governmental agency or authority shall occur; or

(i) one or more verdicts, judgments, decrees or orders for the payment of money in excess of $5,000,000 in the aggregate shall be rendered against the undersigned and shall continue in effect for a period of 60 consecutive days without being vacated, or stayed pending appeal (or the satisfaction or bonding of any such verdict, judgment, decree or order shall, in the Bank's reasonable judgment, constitute a material adverse change), any proceedings to execute any such verdict, judgment, decree or order shall be commenced, or if any attachment, distraint, levy or other restraint shall be placed upon any property or assets of the undersigned or any Third Party;

THEN, in any such case, the unpaid principal amount of this note, together with accrued interest and all other Liabilities, shall immediately become due and payable without any notice or other action by the Bank. The undersigned waive(s) presentment, notice of dishonor, protest and any other notice or formality with respect to this note. All rights and remedies provided in this note or otherwise available to the Bank shall be cumulative and not exclusive and each may be exercised by the Bank from time to time and as often as may be necessary.

8. ENFORCEMENT. The Bank may, upon the occurrence and continuation of an Event of Default, proceed to enforce payment of the same and exercise any of or all the rights and remedies afforded the Bank by the Code or otherwise possessed by the Bank. Any requirement of the Code for reasonable notice to the undersigned shall be deemed to have been complied with if such notice is mailed, postage prepaid, to the undersigned and such other persons entitled to notice, at the addresses shown on the records of the Bank at least four (4) Business Days prior to the time of sale, disposition or other event requiring notice under the Code.

9. TRANSFER. Upon any transfer of this note, the undersigned hereby waiving notice of any such transfer, the Bank may deliver the Assets With Bank or any part thereof to the transferee who shall thereupon become vested with all the rights herein or under applicable law given to the Bank with respect thereto and the Bank shall thereafter forever be relieved and fully discharged from any liability or responsibility in the matter; but the Bank shall retain all rights hereby given to it with respect to any Liabilities and Assets With Bank not so transferred. No modification or waiver of any of the provisions of this note shall be effective unless in writing, signed by the Bank, and only to the extent therein set forth; nor shall any such waiver be applicable except in the specific instance for which given. This agreement sets forth the entire understanding of the parties, and the undersigned acknowledges that no oral or other agreements, conditions, promises, understandings, representations or warranties exist in regard to the obligations hereunder, except those specifically set forth herein.

10. JURISDICTION AND WAIVER. The undersigned hereby irrevocably consents to the in personam jurisdiction of the federal and/or state courts located within the State of New York over controversies arising from or relating to this note or the Liabilities **and irrevocably waives trial by jury and** the right to interpose any counterclaim or offset of any nature in any such litigation. The undersigned further irrevocably waives presentment, demand, protest, notice of dishonor and all other notices or demands of any kind in connection with this note or any Liabilities.

11. MISCELLANEOUS. Each reference herein to the Bank shall be deemed to include its successors, endorsees, and assigns, in whose favor the provisions hereof shall also inure. Each reference herein to the undersigned shall be deemed to include the successors and assigns of the undersigned, all of whom shall be bound by the provisions hereof.

The undersigned agrees to pay to the Bank, as soon as incurred, all costs and reasonable and documented expenses incidental to the care, preservation, processing, sale or collection of or realization upon any of or all the Assets With Bank or incurred in connection with the enforcement or collection of this note, or in any way relating to the rights of the Bank hereunder, including reasonable outside counsel fees and expenses. Each and every right and remedy hereby granted to the Bank or allowed to it by law shall be cumulative and not exclusive and each may be exercised by the Bank from time to time and as often as may be necessary. The undersigned shall have the sole responsibility for notifying the Bank in writing that the undersigned wishes to take advantage of any redemption, conversion or other similar right with respect to any of the Assets With Bank. The Bank may release any party (including any partner of any undersigned) without notice to any of the undersigned, whether as co-makers, endorsers, guarantors, sureties, assigns or otherwise, without affecting the liability of any of the undersigned hereof or any partner of any undersigned hereof.

12. GOVERNING LAW. This note shall be governed by and construed in accordance with the laws of the State of New York and, as to interest rates, applicable Federal law.

**MOVADO GROUP, INC.**

By: /s/Sallie A. DeMarsilis
Name: Sallie A. DeMarsilis
Title: Senior Vice President and Chief Financial Officer

Address for notices: 650 From Road
Paramus, New Jersey 07652-3556
Attn: Sallie A. DeMarsilis
Chief Financial Officer

**GRID**

LOANS PAYMENTS

| Date Made | Amount | Rate | Maturity Date | Date Made | Principal | Interest | Balance Due On Principal | LN Clerk Initials |
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EXECUTION COPY

**OMNIBUS AMENDMENT TO
NOTE PURCHASE AND
PRIVATE SHELF AGREEMENTS**

**THIS OMNIBUS AMENDMENT (this "Amendment") TO EACH OF THAT CERTAIN Note Purchase and Private Shelf Agreement, dated as of March 21, 2001 (as amended by that certain Amendment, dated as of March 21, 2004, and as the same may be further amended, supplemented or otherwise modified from time to time, the "2001 Note Agreement"), between The Prudential Insurance Company of America ("Prudential"), Movado Group, Inc., a New York corporation (the "Company"), and the other Purchasers (as defined in the 2001 Note Agreement, the "2001 Purchasers") party thereto AND THAT CERTAIN Note Purchase and Private Shelf Agreement, dated as of November 30, 1998 (as the same may be amended, supplemented or otherwise modified from time to time, the "1998 Note Agreement"; each of the 1998 Note Agreement and the 2001 Note Agreement a "Note Agreement" and, collectively, the "Note Agreements"; capitalized terms used herein but not otherwise defined herein shall have the meanings set forth in the respective Note Agreement) between Prudential, the Company and the other Purchasers (as defined in the 1998 Note Agreement, the "1998 Purchasers" and, collectively with the 2001 Purchasers, the "Purchasers") party thereto IS ENTERED INTO as of June 5, 2008, by the Purchasers and the Company.**

**WHEREAS, the Company and the Purchasers party thereto have executed and delivered the respective Note Agreements;**

**WHEREAS, Movado Retail Group, Inc., a New Jersey corporation and successor by merger with SwissAm, Inc. ("MRG"), and Movado LLC, a Delaware limited liability company ("Movado LLC", and together, with MRG, the "Guarantors"), have each guaranteed the obligations of the Company under the respective Note Agreements; and**

**WHEREAS, the Company has requested the amendment of certain provisions of each Note Agreement, and the respective Purchasers have indicated their willingness to agree to such amendments subject to certain limitations and conditions, as provided for herein;**

**NOW, THEREFORE, in consideration of the foregoing premises, the mutual covenants and agreements contained herein, and other good and valuable consideration, the parties hereto agree as follows:**

**1. Amendments to 2001 Note Agreement. The 2001 Purchasers and the Company hereby agree as follows:**

**(a) The 2001 Note Agreement is hereby amended by amending and restating Paragraph 2A(1) in its entirety as follows:**

**"2A(1). Facility. Prudential is willing to consider, in its sole discretion and within limits which may be authorized for purchase by Prudential and Prudential Affiliates from time to time, the purchase of Shelf Notes pursuant to this Agreement. The willingness of Prudential to consider such purchase of Shelf Notes is herein called the "Facility". At any time, $70,000,000.00, minus the aggregate principal amount of Shelf Notes purchased and sold pursuant to this Agreement prior to such time, minus the aggregate principal amount of Accepted Notes (as hereinafter defined) which have not yet been purchased and sold hereunder prior to such time, is herein called the "Available facility Amount" at such time. NOTWITHSTANDING THE WILLINGNESS OF PRUDENTIAL TO CONSIDER PURCHASES OF SHELF NOTES, THIS AGREEMENT IS ENTERED INTO ON THE EXPRESS UNDERSTANDING THAT NEITHER PRUDENTIAL NOR ANY PRUDENTIAL AFFILIATE SHALL BE OBLIGATED TO MAKE OR ACCEPT OFFERS TO PURCHASE SHELF NOTES, OR TO QUOTE RATES, SPREADS OR OTHER TERMS WITH RESPECT TO SPECIFIC PURCHASES OF SHELF NOTES, AND THE FACILITY SHALL IN NO WAY BE CONSTRUED AS A COMMITMENT BY PRUDENTIAL OR ANY PRUDENTIAL AFFILIATE. NOTWITHSTANDING THE WILLINGNESS OF THE COMPANY TO CONSIDER SALES OF SHELF NOTES, THIS AGREEMENT IS ENTERED INTO ON THE EXPRESS UNDERSTANDING THAT THE COMPANY SHALL NOT BE OBLIGATED TO MAKE OFFERS TO SELL SHELF NOTES, OR TO REQUEST RATES, SPREADS OR OTHER TERMS WITH RESPECT TO SPECIFIC SALES OF SHELF NOTES, AND THE FACILITY SHALL IN NO WAY BE CONSTRUED AS A COMMITMENT BY THE COMPANY."**

**(b) The 2001 Note Agreement is hereby amended by deleting the text in clause (i) of Paragraph 2A(2) and replacing it with the following text in its entirety: "June 5, 2011".**

**(c) The 2001 Note Agreement is hereby amended by amending and restating Paragraph 5K(2) in its entirety as follows:**

**"5K(2). The Company covenants that if at any time after the date of this Agreement any Domestic Subsidiary guarantees or provides collateral in any manner for any Indebtedness of the Company under the Credit Agreement, it will simultaneously cause such Domestic Subsidiary to guarantee or provide such collateral for the notes equally and ratably with all indebtedness guaranteed or secured by such Domestic Subsidiary for so long as such Indebtedness is guaranteed and pursuant to a guarantee substantially in the form of Exhibit D hereto, together with an opinion of counsel substantially in the form of paragraphs 1, 3 and 4 of Exhibit E-1 hereto. Upon the execution and delivery of such guarantee, such Domestic Subsidiary shall become a Subsidiary Guarantor."**

**(d) The 2001 Note Agreement is hereby amended by amending and restating Paragraph 6A in its entirety as follows:**

**"6A Intentionally Omitted."**

**(e) The 2001 Note Agreement is hereby amended by amending and restating Paragraph 6C in its entirety as follows:**

**"6C Maintenance of Average Debt Coverage Ratio. The Company shall not permit, as of the last day of any fiscal quarter of the Company, the Average Debt Coverage Ratio for the period of four consecutive fiscal quarters ending on such day to be greater than 3.25 to 1.0."**

**(f) The 2001 Note Agreement is hereby amended by amending and restating Paragraph 6D in its entirety as follows:**

**"6D Limitations on Priority Debt. The Company covenants that it will not permit, at any time, Priority Debt to exceed 20% of Consolidated Total Capitalization."**

**(g) The 2001 Note Agreement is hereby amended by amending the flush language at the end of Paragraph 6E to read in its entirety as follows:**

**"provided, that at the time of such merger, consolidation, sale, transfer or disposition and after giving effect thereto there shall exist no Default or Event of Default; and provided, further, that in the case of the transactions described in clause (iv) above, (a) if such continuing, surviving or acquiring corporation is a corporation organized under the laws of Canada, the United Kingdom, Switzerland or any local governmental authority of any of the aforesaid jurisdictions, provision satisfactory to the Required Holders shall be made in respect of any tax issues arising out of such transaction and (b) the Company shall have delivered to the holders of the Notes an opinion of counsel satisfactory to the Required Holders and an Officer's Certificate each to the effect that the foregoing provisions have been complied with."**

**(h) The 2001 Note Agreement is hereby amended by amending Paragraph 6K to delete the phrase "and the Company could not incur an additional $1 of Funded Debt pursuant to the provisions of paragraph 6C(iv)".**

**(i) The 2001 Note Agreement is hereby amended by amending Paragraph 6L to replace "2.50" with "3.50".**

**(j) The 2001 Note Agreement is hereby amended by amending Paragraph 7A by amending and restating clause (xvi) thereof in its entirety as follows:**

**"(xvi) if at any time the capital stock of the Company owned by the Grinberg Group represents less than 25% of the voting power of (x) all outstanding capital stock of the Company and (y) all outstanding securities and rights that are then convertible into or exchangeable for capital stock of the Company or upon the exercise of which capital stock of the Company will be issued in respect of such securities or rights;"**

**(k) The 2001 Note Agreement is hereby amended by amending Paragraph 10B by adding the following definitions in their appropriate alphabetical order:**

**""Average Debt Coverage Ratio" means the ratio of (i) the sum of indebtedness for borrowed money, indebtedness for the deferred purchase price of property or services (excluding trade payables in the ordinary course of business; and excluding wages or other compensation payable to employees of the Company or any of its Restricted Subsidiaries in the ordinary course of business), obligations arising under acceptance facilities, and obligations as lessee under Capital Leases (in all cases) of the Company and its Restricted Subsidiaries on a consolidated basis as of the last day of each fiscal quarter for four consecutive fiscal quarters, divided by four, to (ii) consolidated earnings before interest expense, taxes, depreciation and amortization of the Company and its Restricted Subsidiaries on a consolidated basis for such period of four consecutive fiscal quarters. For purposes of this definition only, if such clause (ii) is less than one dollar, it shall be deemed to be one dollar."**

**""Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise, and the terms "Controlling" and "Controlled" shall have meanings correlative thereto."**

**""Grinberg Group" means the group consisting of Gedalio Grinberg, his spouse, each of their estates and their issue; and Efraim Grinberg, his spouse, each of their estates and their issue; and every Person (other than an individual) Controlled by any of the foregoing."**

**""Lender" and "Lenders" shall have the meaning specified in the Credit Agreement."**

**(l) The 2001 Note Agreement is hereby amended by amending Paragraph 10B by deleting the definitions of "Clean Down Period" and "Excess Current Debt" and by replacing the definitions of "Credit Agreement" and "Unrestricted Subsidiary" in their respective entireties as follows:**

**""Credit Agreement" shall mean the Credit Agreement dated as of December 15, 2005, by and among the Company, Movado Watch Company SA and MGI Luxury Group S.A., the Lenders party thereto and JP Morgan Chase Bank, N.A., as Administrative Agent for said Lenders, and any amendment, modification or supplement thereto, or replacement or refinancing thereof."**

**""Unrestricted Subsidiary" shall mean any Foreign Subsidiary not identified on Schedule 8A and any other Foreign Subsidiary until designated as a Restricted Subsidiary in accordance with the provision of paragraph 6K, provided, however, that any Subsidiary designated as an Unrestricted Subsidiary must also be designated as such under the Company's Credit Agreement."**

**(m) The 2001 Note Agreement is hereby amended by replacing the "Authorized Officers for Prudential" contained in the Information Schedule in its entirety as follows:**

| | |
|---|---|
| **Paul Meiring, Managing Director** | **(212) 626-2060** |
| **Paul Price, Managing Director** | **(973) 802-9819** |
| **Yvonne Guajardo, Vice President** | **(212) 626-2050** |
| **Engin Okaya, Vice President** | **(212) 626-2042** |

**Address for above:**
**Prudential Capital Group**
**1114 Avenue of the Americas**
**New York, New York 10021**
**Fax: 212-626-2077"**

**2. Amendments to 1998 Note Agreement. The 1998 Purchasers and the Company hereby agree as follows:**

**(a) The 1998 Note Agreement is hereby amended by amending and restating Paragraph 5K(2) in its entirety as follows:**

**"5K(2). The Company covenants that if at any time after the date of this Agreement any Domestic Subsidiary guarantees or provides collateral in any manner for any Indebtedness of the Company under the Credit Agreement, it will simultaneously cause such Domestic Subsidiary to guarantee or provide such collateral for the notes equally and ratably with all indebtedness guaranteed or secured by such Domestic Subsidiary for so long as such Indebtedness is guaranteed and pursuant to a guarantee substantially in the form of Exhibit D hereto, together with an opinion of counsel substantially in the form of paragraphs 1, 3 and 4 of Exhibit E-1 hereto. Upon the execution and delivery of such guarantee, such Domestic Subsidiary shall become a Subsidiary Guarantor."**

**(b) The 1998 Note Agreement is hereby amended by amending and restating Paragraph 6A in its entirety as follows:**

**"6A Intentionally Omitted."**

**(c) The 1998 Note Agreement is hereby amended by amending and restating Paragraph 6C in its entirety as follows:**

**"6C Maintenance of Average Debt Coverage Ratio. The Company shall not permit, as of the last day of any fiscal quarter of the Company, the Average Debt Coverage Ratio for the period of four consecutive fiscal quarters ending on such day to be greater than 3.25 to 1.0."**

**(d) The 1998 Note Agreement is hereby amended by amending the flush language at the end of Paragraph 6E to read in its entirety as follows:**

**"provided, that at the time of such merger, consolidation, sale, transfer or disposition and after giving effect thereto there shall exist no Default or Event of Default; and provided, further, that in the case of the transactions described in clause (iv) above, (a) if such continuing, surviving or acquiring corporation is a corporation organized under the laws of Canada, the United Kingdom, Switzerland or any local governmental authority of any of the aforesaid jurisdictions, provision satisfactory to the Required Holders shall be made in respect of any tax issues arising out of such transaction and (b) the Company shall have delivered to the holders of the Notes an opinion of counsel satisfactory to the Required Holders and an Officer's Certificate each to the effect that the foregoing provisions have been complied with."**

**(e) The 1998 Note Agreement is hereby amended by amending Paragraph 6K to delete the phrase "and the Company could not incur an additional $1 of Funded Debt pursuant to the provisions of paragraph 6C(iv)".**

**(f) The 1998 Note Agreement is hereby amended by adding a new Paragraph 6L that reads in its entirety as follows:**

**"6L Interest Coverage Ratio. The Company will not permit the Interest Coverage Ratio as of the last day of any fiscal quarter or the end of any fiscal year to be less than 3.5 to 1.00."**

**(g) The 1998 Note Agreement is hereby amended by amending Paragraph 7A by (i) adding the word "or" at the end of clause (xv) thereof and (ii) adding a new clause (xvi) thereof in its entirety as follows:**

**"(xvi) if at any time the capital stock of the Company owned by the Grinberg Group represents less than 25% of the voting power of (x) all outstanding capital stock of the Company and (y) all outstanding securities and rights that are then convertible into or exchangeable for capital stock of the Company or upon the exercise of which capital stock of the Company will be issued in respect of such securities or rights;"**

**(h) The 1998 Note Agreement is hereby amended by amending Paragraph 10B by adding the following definitions in their appropriate alphabetical order:**

**""Average Debt Coverage Ratio" means the ratio of (i) the sum of indebtedness for borrowed money, indebtedness for the deferred purchase price of property or services (excluding trade payables in the ordinary course of business; and excluding wages or other compensation payable to employees of the Company or any of its Restricted Subsidiaries in the ordinary course of business), obligations arising under acceptance facilities, and obligations as lessee under Capital Leases (in all cases) of the Company and its Restricted Subsidiaries on a consolidated basis as of the last day of each fiscal quarter for four consecutive fiscal quarters, divided by four, to (ii) consolidated earnings before interest expense, taxes, depreciation and amortization of the Company and its Restricted Subsidiaries on a consolidated basis for such period of four consecutive fiscal quarters. For purposes of this definition only, if such clause (ii) is less than one dollar, it shall be deemed to be one dollar."**

**""Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise, and the terms "Controlling" and "Controlled" shall have meanings correlative thereto."**

**""Grinberg Group" means the group consisting of Gedalio Grinberg, his spouse, each of their estates and their issue; and Efraim Grinberg, his spouse, each of their estates and their issue; and every Person (other than an individual) Controlled by any of the foregoing."**

**""Lender" and "Lenders" shall have the meaning specified in the Credit Agreement."**

**(i) The 1998 Note Agreement is hereby amended by amending Paragraph 10B by deleting the definitions of "Clean Down Period" and "Excess Current Debt" and by replacing the definitions of "Credit Agreement" and "Unrestricted Subsidiary" in their respective entireties as follows:**

**""Credit Agreement" shall mean the Credit Agreement dated as of December 15, 2005, by and among the Company, Movado Watch Company SA and MGI Luxury Group S.A., the Lenders party thereto and JP Morgan Chase Bank, N.A., as Administrative Agent for said Lenders, and any amendment, modification or supplement thereto, or replacement or refinancing thereof."**

**""Unrestricted Subsidiary" shall mean any Foreign Subsidiary not identified on Schedule 8A and any other Foreign Subsidiary until designated as a Restricted Subsidiary in accordance with the provision of paragraph 6K, provided, however, that any Subsidiary designated as an Unrestricted Subsidiary must also be designated as such under the Company's Credit Agreement."**

**3. Representations and Warranties of the Company. The Company hereby:**

**(a) Repeats (and confirms as true and correct) as of the date hereof, for the Purchasers' benefit, each of the representations and warranties set forth in Paragraphs 8A, 8C, 8E, 8G, 8H, 8I, 8J, 8K, 8L, 8M, 8N, 8O, 8P, 8Q, 8R, 8S and 8T of each Note Agreement, and further agrees that by this reference such representations and warranties are hereby incorporated herein (as though set forth herein) in their entirety;**

**(b) Further represents and warrants as of the date hereof that:**

**(i) no Default or Event of Default has occurred and is continuing;**

**(ii) the Company and the Guarantors have the corporate or equivalent power to execute and deliver this Amendment, and to perform the provisions hereof, and this Amendment has been duly authorized by all necessary corporate or equivalent action on the part of each such Person;**

**(iii) this Amendment has been duly executed and delivered by the Company and the Guarantors and constitutes such Person's legal, valid and binding obligation, enforceable in accordance with its terms, except as such enforceability may be limited (x) by general principles of equity and conflicts of laws or (y) by bankruptcy, reorganization, insolvency, moratorium or other laws of general application relating to or affecting the enforcement, of creditors' rights;**

**(iv) no consent, approval, authorization or order of, or filing, registration or qualification with, any court or administrative or governmental body or third party is required in connection with the execution, delivery or performance by such Person of this Amendment;**

**(v) the Company has furnished Prudential with the audited consolidated and consolidating balance sheets of the Company and its Subsidiaries at January 31, 2006, January 31, 2007 and January 31, 2008 and the related consolidated and consolidating statements of income and cash flows and changes in shareholders' equity for each of the years in the three-year period ended January 31, 2008, all reported on by PriceWaterhouseCoopers LLP. All of such financial statements (including any related schedules and/or notes) are true and correct in all material respects (subject, as to interim statements, to changes resulting from audits and year-end adjustments) and fairly present the consolidated financial position and the consolidated results of the operations and consolidated cash flows of the corporations described therein at the dates and for the periods shown, all in conformity with generally accepted accounting principles applied on a consistent basis (except as otherwise stated therein or in the notes thereto stated) throughout the periods involved. None of the Company and its Subsidiaries has any contingent liabilities, liabilities for taxes, unusual forward or long-term commitments or unrealized or anticipated losses from any unfavorable commitments which are substantial and material in amount in relation to the consolidated financial condition of the Company, except as referred to or reflected or provided for in the financial statements. Since January 31, 2008, (i) there has been no change in the assets, liabilities or condition (financial or otherwise) of the Company or any of its Subsidiaries, other than changes which have not been, either in any case or in the aggregate, materially adverse to the Company and its Subsidiaries taken as a whole and (ii) neither the business, operations, affairs nor any of the properties or assets of the Company or any of its Subsidiaries have been affected by any occurrence or development (whether or not insured against) which has been, either in any case or in the aggregate, materially adverse to the Company and its Subsidiaries taken as a whole.**

**(vi) Schedule 8A to this Amendment sets forth a complete and correct list as to each of the Company's Subsidiaries as of the date hereof.**

(vii) except as described therein, Schedule 8D to this Amendment sets forth a complete and correct list of all outstanding Debt of the Company and its Subsidiaries as of January 31, 2008. There exists no default or temporary waiver or default under the provisions of any instrument evidence such Debt or of any agreement relating thereto;

**(viii) (A) the Company and each of its Subsidiaries has (to the extent material to the Company and its Subsidiaries taken as a whole) good and indefeasible title to its respective real properties (other than properties which it leases) and good title to all of its other respective properties and assets, including the properties and assets reflected in the balance sheet as at January 31, 2008 (other than properties and assets disposed of in the ordinary course of business), subject to no Lien of any kind except Liens permitted by Paragraph 6B of the Note Agreements, and (B) all leases necessary in any material respect for the conduct of the respective businesses of the Company and its Subsidiaries are valid and subsisting and are in full force and effect;**

**(ix) neither the Company nor any of its Subsidiaries (A) is listed on the Specially Designated Nationals and Blocked Persons List (the "*SDN List*") maintained by the Office of Foreign Assets Control, Department of the Treasury ("*OFAC*"), or on any other list of terrorists or terrorist organizations maintained pursuant to any of the rules and regulations of OFAC or pursuant to any other applicable Executive Order (such other lists are referred to herein, collectively, as the "*Other Lists*"; the SDN List and the Other Lists are referred to herein, collectively, as the "*Lists*"), (B) has been determined by competent authority to be subject to the prohibitions contained in Executive Order No. 13224 (Sept. 23, 2001) or any other similar prohibitions contained in the rules and regulations of OFAC or in any enabling legislation or other Executive Orders in respect thereof, (C) is owned or controlled by, or acts for or on behalf of, any person on the Lists or any other person who has been determined by competent authority to be subject to the prohibitions contained in Executive Order No. 13224 (Sept. 23, 2001) or similar prohibitions contained in the rules and regulations of OFAC or any enabling legislation or other Executive Orders in respect thereof, and (D) is failing to comply in any material way with the requirements of Executive Order No. 13224 (Sept. 23, 2001) and other similar requirements contained in the rules and regulations of OFAC and in any enabling legislation or other Executive Orders in respect thereof; and**

**(x) neither the Company nor any Guarantor has any defenses, offsets or counterclaims against any of their obligations under or in respect of either Note Agreement or any Subsidiary Guarantee in respect thereof.**

**4. Acknowledgement and Consent of Guarantors. Each Guarantor hereby acknowledges that it has reviewed the terms and provisions of the Note Agreements, the Notes with respect thereto, each Subsidiary Guarantee and this Amendment and consents to the amendments to each Note Agreement effected pursuant to this Amendment. Each Guarantor confirms that its Subsidiary Guarantee will continue to guarantee to the fullest extent possible the payment and performance of all guaranteed Obligations (as defined in each Subsidiary Guarantee). Each Guarantor acknowledges and agrees that (a) its Subsidiary Guarantee shall continue in full force and effect and that its obligations thereunder shall be valid and enforceable and shall not be impaired or limited by the execution or effectiveness of this Amendment, and (b) (i) notwithstanding the conditions to effectiveness hereof, such Guarantor is not required by the terms of either Note Agreement, the Notes thereunder or the Subsidiary Guarantee in respect thereof to consent to the amendments to the Note Agreements effected pursuant to this Amendment, and (ii) nothing in either Note Agreement, the Notes thereunder or the Subsidiary Guarantee in respect thereof shall be deemed to require the consent of any such Guarantor to any future amendments to such Note Agreement.**

**5. Effectiveness of Amendment. This Amendment shall become effective upon the date each of the following conditions thereto is satisfied:**

**(a) receipt by the Purchasers of counterparts of this Amendment, executed and delivered by each of the parties hereto,**

(b) receipt by the Purchasers of:

**(i) Certified copies of the resolutions of the Board of Directors of the Company and each Guarantor, authorizing the execution and delivery of this Amendment, and of all documents evidencing other necessary corporate action and governmental approvals, if any, with respect to this Amendment;**

(ii) a certificate dated the date hereof of the Secretary or an Assistant Secretary and one other officer of the Company (together with such evidence thereof as may be reasonably requested by the Purchasers) certifying that (A) the certificate of such Person previously delivered pursuant to Paragraph 3A(iii)(a) of the respective Note Agreement continues to be true, current and correct and (B) the Certificate of Incorporation and By-laws of such Person previously delivered pursuant to Paragraph 3A(iv)(a) of the Note Agreements continue to be in full force and effect and have not been modified or amended in any respect (in each case, except as specifically set forth therein, which modifications or amendments shall be in form and substance acceptable to the Purchasers);

**(iii) a corporate good standing certificate for the Company from the Secretary of State of New York dated of a recent date;**

**(iv) favorable opinion of Timothy F. Michno, Esq., General Counsel of the Company, dated the date hereof, satisfactory to the Purchasers and in form and substance substantially identical to Exhibit E-1 to the Note Agreements. The Company hereby directs such counsel to deliver such opinion(s) and agrees that each Purchaser receiving such an opinion will and is hereby authorized to rely on such opinion; and**

**(v) such additional documents or certificates with respect to legal matters or corporate or other proceedings related to the transactions contemplated hereby as may be reasonably requested by the Purchasers.**

**(c) the representations and warranties contained in Section 2 above shall be true on and as of the date hereof, and there shall exist on the date hereof no Event of Default or Default;**

**(d) the Company shall have paid Prudential Investment Management, Inc. (and Prudential Investment Management, Inc. shall have received) on the date hereof a facility fee in the amount of $50,000;**

**(e) all corporate and other proceedings taken or to be taken in connection with the transactions contemplated hereby and all documents incident thereto shall be satisfactory in substance and form to the Purchasers, the Purchasers shall have received all such counterpart originals or certified or other copies of such documents as it may reasonably request;**

**(f) the execution and delivery of this Amendment shall (i) not violate any applicable law or governmental regulation (including, without limitation, Section 5 of the Securities Act or Regulation T, U or X of the Board of Governors of the Federal Reserve System) and (ii) shall not subject any Purchaser to any tax, penalty, liability or other onerous condition under or pursuant to any applicable law or governmental regulation;**

**(g) counsel for the Purchasers shall be satisfied as to all legal matters relating to this Amendment, and the Purchasers shall have received from such counsel favorable opinions as to such legal matters as they may request; and**

**(h) the Company shall have made all requests, filings and registrations with, and obtained all consents and approvals from, the relevant national, state, local or foreign jurisdiction(s), or any administrative, legal or regulatory body or agency thereof, that are necessary in connection with this Amendment and any and all other documents relating hereto, and the transactions contemplated hereby.**

**6. Miscellaneous.**

**(a) This Amendment may be executed in any number of counterparts and by any combination of the parties hereto in separate counterparts, each of which counterparts shall be an original and all of which taken together shall constitute one and the same agreement.**

**(b) This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York.**

***[Signature page follows.]***

**IN WITNESS WHEREOF, the parties have caused this Amendment to be executed and delivered by their respective officers thereunto duly authorized as of the date first above written.**

**MOVADO GROUP, INC.**

**By: /s/ John C. Burns**
**Name: John C. Burns**
**Title: VP/Treasurer**

**1998 Purchaser:**

**THE PRUDENTIAL INSURANCE COMPANY OF AMERICA**

By: /s/ Yvonne Guajardo
Vice President

**2001 Purchasers:**

**THE PRUDENTIAL INSURANCE COMPANY OF AMERICA**

By: /s/ Yvonne Guajardo
Vice President

**PRUCO LIFE INSURANCE COMPANY**

By: /s/ Yvonne Guajardo
Assistant Vice President

**PRUDENTIAL RETIREMENT INSURANCE AND ANNUITY COMPANY**

By: Prudential Investment Management, Inc., as investment manager

By: /s/ Yvonne Guajardo
Vice President

**RELIASTAR LIFE INSURANCE COMPANY**

By: Prudential Private Placement Investors,
L.P. (as Investment Advisor)

By: Prudential Private Placement Investors, Inc. (as its General Partner)

By: /s/ Yvonne Guajardo
**Vice President**

**CONSENT AND ACKNOWLEDGEMENT OF GUARANTORS**

**MOVADO RETAIL GROUP, INC., (as successor by merger with SwissAm, Inc.)**

**By:**_____
**Name:**_____
**Title:**_____

**MOVADO LLC**

**By:**_____
**Name:**_____
**Title:**_____

**1 0 . 4**

**AMENDMENT NUMBER 1**

**TO THE**

**APRIL 8, 2004 AMENDMENT AND RESTATEMENT**

**OF THE**

**MOVADO GROUP, INC.**

**1996 STOCK INCENTIVE PLAN**

**WHEREAS, Movado Group, Inc. (the "Company") maintains the Movado Group, Inc. 1996 Stock Incentive Plan (the "Plan");**

**WHEREAS, Section 16 of the Plan provides that the Company's board of directors (the "Board") may amend the Plan at any time, subject to certain limitations on such right as set forth in said Section 16, which limitations are not applicable to the terms hereof;**

**WHEREAS, the Board now desires to amend the Plan in certain respects, effective January 1, 2008, to bring its terms into compliance with the applicable requirements of Section 409A of the Internal Revenue Code of 1986, as amended;**

**NOW THEREFORE, the Board hereby amends the Plan as follows, effective January 1, 2008:**

**FIRST: The percentage "20%" in Section 2(e)(i) of the Plan is hereby revised to "30%".**

**SECOND: Section 2(e)(ii) of the Plan is hereby amended to read in its entirety as follows:**

**"(ii) individuals who, on the date hereof, constitute the Board (the "Incumbent Directors") cease for any reason during any 12-month period to constitute at least a majority of the Board, provided that any person becoming a director subsequent to the date hereof, whose election or nomination for election was approved by a vote of at least two-thirds of the Incumbent Directors then on the Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without written objection to such nomination) shall be an Incumbent Director; provided, however, that no individual initially elected or nominated as a director of the Company as a result of an actual or threatened election contest with respect to directors or as a result of any other actual or threatened solicitation of proxies or consents by or on behalf of any person other than the Board shall be deemed to be an Incumbent Director;"**

**THIRD: Section 2(e)(iii) of the Plan is hereby amended to read in its entirety as follows:**

**"(iii) irrevocable termination and liquidation of the Plan within 12 months of the dissolution of the Company taxed under Section 331 of the Code, or with the approval of a bankruptcy court pursuant to 11 U.S.C. Section 503(b)(1)(A);"**

**FOURTH: Section 2(ee) of the Plan is hereby amended to read in its entirety as follows:**

**"(ee) 'Stock' means the Common Stock or such other authorized shares of stock of the Company as the Committee may from time to time authorize for use under the Plan, provided that such shares of stock constitute 'service recipient stock' for purposes of Section 409A of the Code."**

**FIFTH:** **The last sentence of Section 9(d) of the Plan is hereby amended to read in its entirety as follows:**

**"Payments of Performance Share Unit Awards shall be made as soon as practicable after the completion of an Award Period; provided, however, that in all cases, all such payments shall be made on or before the fifteenth day of the third month following the end of the Participant's tax year or the Company's tax year, whichever is later, in which the Participant's right to the payment is no longer subject to a 'substantial risk of forfeiture' for purposes of Section 409A of the Code."**

**SIXTH:** **The Plan is hereby amended by the addition thereto of a new Section 17, to read in its entirety as follows:**

**"17. Section 409A**

**Notwithstanding any other provision of the Plan, neither the Board nor the Committee shall have the authority to issue an Award under the Plan with terms and/or conditions which would cause such Award to constitute non-qualified "deferred compensation" under Section 409A of the Code. Accordingly, by way of example but not limitation, no Option shall be granted under the Plan with a per share Option Price which is less than the Fair Market Value of a share of Stock on the Date of Grant of the Option. Notwithstanding anything herein to the contrary, no Award agreement used under the Plan, including a Stock Option Agreement, shall provide for any deferral feature with respect to an Award which constitutes a deferral of compensation under Section 409A of the Code. The Plan and all Award agreements used under the Plan, including all Stock Option Agreements, are intended to comply with the requirements of Section 409A of the Code (so as to be exempt therefrom), and shall be so interpreted and construed."**

**SEVENTH:** **Except to the extent hereinabove provided, the Plan shall remain in full force and effect.**

**1 0 . 5**

**MOVADO GROUP, INC.**

**AMENDED AND RESTATED**

**DEFERRED COMPENSATION PLAN FOR EXECUTIVES**

**Effective June 1, 1995**

**Amended and Restated Effective January 1, 1998**

**Amended and Restated Effective January 1, 2002**

**Amended and Restated Effective January 1, 2008**

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**MOVADO GROUP, INC.**

**AMENDED AND RESTATED**

**DEFERRED COMPENSATION PLAN FOR EXECUTIVES**

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**MOVADO GROUP, INC.**

**AMENDED AND RESTATED**

**DEFERRED COMPENSATION PLAN FOR EXECUTIVES**

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

**ARTICLE I**

**Definitions**

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

**1.2 *Administrator*. The committee appointed pursuant to ARTICLE X.**

***1.3* *Affiliate*. Any entity (i) that directly or indirectly is controlled by, controls or is under common control with the Company, or (ii) in which the Company has a significant equity interest, in either case as determined by the Board.**

**1.4 *Base Salary*. The basic salary payable to a Participant by the Employers attributable to services performed in a Plan Year. Base Salary shall only include regularly scheduled salary payable throughout the year, as determined by the Employers.**

**1.5 *Base Salary Deferrals*. The portion of Base Salary that a Participant elects to defer under the Plan as part of a Compensation Deferral Election.**

**1.6 *Bonus*. The annual incentive bonus, if any, payable by the Employers to a Participant who is not classified by the Employer as a sales executive, upon the satisfaction of certain specified performance goals.**

**1.7 *Bonus Deferrals*. The portion of Bonus that a Participant who is not classified by the Employer as a sales executive elects to defer under the Plan as part of a Compensation Deferral Election.**

**1.8 *Change in Control*. The occurrence of:**

**(i) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 30% or more (on a fully diluted basis) of (A) the then outstanding shares of common stock of the Company, taking into account as outstanding for this purpose such common stock issuable upon the exercise of options or warrants, the conversion of convertible stock or debt, and the exercise of any similar right to acquire such common stock (the "Outstanding Company Common Stock") and (B) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that for purposes of the Plan, the following acquisitions shall not constitute a Change in Control: (I) any acquisition by the Company or any Affiliate, (II) any acquisition by any employee benefit plan sponsored or maintained by the Company or any Affiliate, (III) any acquisition by a "Permitted Transferee," as defined in the Company's Certificate of Incorporation, (IV) any acquisition which complies with clauses (A), (B) and (C) of clause (v) of this Section 1.8, or (V) with respect to the Plan benefit of a particular Participant, any acquisition by such Participant or any group of persons including such Participant (or any entity controlled by such Participant or any group of persons including such Participant);**

**(ii) individuals who, on the date hereof, constitute the Board (the "Incumbent Directors") cease for any reason during any 12-month period to constitute at least a majority of the Board, provided that any person becoming a director subsequent to the date hereof, whose election or nomination for election was approved by a vote of at least two-thirds of the Incumbent Directors then on the Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without written objection to such nomination) shall be an Incumbent Director; provided, however, that no individual initially elected or nominated as a director of the Company as a result of an actual or threatened election contest with respect to directors or as a result of any other actual or threatened solicitation of proxies or consents by or on behalf of any person other than the Board shall be deemed to be an Incumbent Director;**

**(iii) irrevocable termination and liquidation of the Plan within 12 months of the dissolution of the Company taxed under Section 331 of the Code, or with the approval of a bankruptcy court pursuant to 11 U.S.C. Section 503(b)(1)(A);**

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

**(v) the consummation of a merger, consolidation, statutory share exchange or similar form of corporate transaction involving the Company that requires the approval of the Company's stockholders, whether for such transaction or the issuance of securities in the transaction (a "Business Combination"), unless immediately following such Business Combination: (A) at least 50% of the total voting power of (x) the corporation resulting from such Business Combination (the "Surviving Company"), or (y) if applicable, the ultimate parent corporation that directly or indirectly has beneficial ownership of sufficient voting**

**securities eligible to elect a majority of the directors of the Surviving Company (the "Parent Company"), is represented by the Outstanding Company Voting Securities that were outstanding immediately prior to such Business Combination (or, if applicable, is represented by shares into which the Outstanding Company Voting Securities were converted pursuant to such Business Combination), and such voting power among the holders thereof is in substantially the same proportion as the voting power of the Outstanding Company Voting Securities among the holders thereof immediately prior to the Business Combination, (B) no Person (other than any employee benefit plan sponsored or maintained by the Surviving Company or the Parent Company or a "Permitted Transferee," as defined in the Company's Certificate of Incorporation), is or becomes the beneficial owner, directly or indirectly, of 20% or more of the total voting power of the outstanding voting securities eligible to elect directors of the Parent Company (or, if there is no Parent Company, the Surviving Company) and (C) at least a majority of the members of the board of directors of the Parent Company (or, if there is no Parent Company, the Surviving Company) following the consummation of the Business Combination were Board members at the time of the Board's approval of the execution of the initial agreement providing for such Business Combination.**

**1.9 *Class Year Account*. The bookkeeping subaccounts established for each Participant as provided in Section 5.1.**

**1.10 *Code*. The Internal Revenue Code of 1986, as amended.**

**1.11 *Company*. Movado Group, Inc., a New York corporation.**

**1.12 *Company Stock*. Common stock of the Company.**

**1.13 *Compensation*. For a Participant who is not classified by the Employer as a sales executive, the Participant's Base Salary and Bonus, and for a Participant who is classified by the Employer as a sales executive, the Participant's Base Salary only.**

**1.14 *Compensation Deferral Election*. The written agreement submitted to the Administrator, by which an Eligible Employee agrees to participate in the Plan and make Base Salary Deferrals, and if the Eligible Employee is not classified by the Employer as a sales executive, Bonus Deferrals or both, as applicable, under the Plan in accordance with Section 3.1.**

**1.15 *Compensation Deferrals*. A Participant's Base Salary Deferrals, and if the Eligible Employee is not classified by the Employer as a sales executive, Bonus Deferrals or both as applicable.**

**1.16** ***Effective Date*****. The Plan was originally effective on June 1, 1995. This amendment and restatement of the Plan is effective January 1, 2008, following good-faith operational compliance with the applicable requirements of Section 409A of the Code since January 1, 2005.**

**1.17** ***Eligible Employee*****. An Employee of an Employer who is a "management or highly compensated" Employee within the meaning of Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA.**

**1.18** ***Employee*****. Any person employed by an Employer.**

**1.19** ***Employers*****. Movado Group, Inc., a New York corporation and Movado Retail Group, Inc., a New Jersey corporation.**

**1.20** ***Employer Contribution*****. A discretionary contribution made by the Employers to the Trust that is credited to one or more Participant's Accounts in accordance with Section 3.3.**

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

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

**1.23** ***Group I Employee*****. An Employee who is designated as a Group I Employee by an Employer on Schedule A attached hereto, as such Schedule A may be amended by the Employer from time to time.**

**1.24** ***Group II Employee*****. An Employee who is designated as a Group II Employee by an Employer on Schedule A attached hereto, as such Schedule A may be amended by the Employer from time to time.**

**1.25** ***Matching Contribution*****. A contribution made by the Employers to the Trust that is credited to one or more Participant's Accounts in accordance with Section 3.2.**

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

**1.27** ***Plan*****. This Amended and Restated Movado Group, Inc. Deferred Compensation Plan for Executives.**

**1.28** ***Plan Year*****. The twelve (12) month period commencing each January 1 and ending each December 31.**

**1.29** ***Total and Permanent Disability*****. Any medically determinable physical or mental disorder that renders a Participant incapable of continuing in the employment of an Employer and which is expected to continue for the remainder of a Participant's life, as determined by the Administrator in its sole discretion.**

**1.30** ***Trust*****. The trust under the Plan, which trust shall at all times constitute a "rabbi trust".**

**1.31** ***Trustee*****. The trustee under the Trust and any successor Trustee appointed pursuant to the Trust.**

**1.32** ***Unforeseeable Emergency*****. A severe financial hardship to a Participant resulting from (i) an illness or accident of the Participant, the Participant's spouse, the Participant's beneficiary, or the Participant's dependent (as defined in Section 152 of the Code, without regard to Section 152(b)(1), 152(b)(2) and 152(d)(1)(B)); (ii) loss of the Participant's**

**property due to casualty (including the need to rebuild a home following damage to a home which is not otherwise covered by insurance); or (iii) other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the Participant's control, including (a) the imminent foreclosure of or eviction from the Participant's primary residence, (b) the need to pay for medical expenses, including non-refundable deductibles, as well as for the costs of prescription drug medication, or (c) to pay for the funeral expenses of the Participant's spouse, beneficiary or dependent (as defined in Section 152 of the Code, without regard to Section 152(b)(1), 152(b)(2) and 152(d)(1)(B)).**

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

## ARTICLE II

## Participation

**2.1 *Eligibility for Participation*.**

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

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

**2.2 *Commencement of Participation*.**

**(a) Each Eligible Employee selected to become a Participant (pursuant to Section 2.1) shall become a Participant as of the date specified by an Employer.**

**(b) Notwithstanding Section 2.2(a), a Compensation Deferral Election with respect to a Plan Year shall not be effective except to the extent it complies with Section 3.1.**

**2.3 *Benefits*. The Employers shall determine, from time to time, whether a Participant is to be treated as a Group I or Group II Employee. An Employer may change the**

**classification of any Participant as of any date specified by it; provided, however, that the Account of any such Participant shall not be reduced by such change of classification. The classification of any Participant shall be set forth in Schedule A, attached hereto. Participants shall cease to contribute hereunder after they cease to be employed by any of the Employers.**

## ARTICLE III

## Contributions

**3.1 *Compensation Deferrals*.**

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

**(b) Each Eligible Employee shall deliver a Compensation Deferral Election to his or her Employer before any Compensation Deferrals become effective. Such Compensation Deferral Election shall be void with respect to any Compensation Deferral unless submitted before the beginning of the calendar year during which the amount to be deferred will be earned; provided, however, that in the year in which an Employee is first eligible to participate in this Plan or in any other individual account nonqualified deferred compensation plan maintained by any of the Employers, such Compensation Deferral Election may be filed within thirty (30) days of the date on which the Employee is first eligible to so participate, respectively, with respect to Compensation earned during the remainder of the calendar year, and, provided further, that a Bonus Deferral Election may be submitted as late as by the end of the sixth month of the applicable Bonus performance period.**

**(c) The Compensation Deferral Election shall designate the amount of Compensation deferred by each Participant and such other items as the Administrator may prescribe. A new Compensation Deferral Election shall be required for purposes of each Bonus Deferral. With respect to Base Salary Deferrals, once the applicable Compensation Deferral Election has been made, the Participant's Base Salary Deferrals shall remain in effect until revoked by the Participant by his or her effecting a new Compensation Deferral Election with**

**respect to Base Salary Deferrals, which revocation shall be effective as of the next Plan Year following the filing of the New Compensation Deferral Election. There shall be no maximum limit on the Compensation Deferrals permitted for each Participant.**

**3.2 *Matching Contributions*.**

**(a) For each Plan Year, each Employer shall credit to the Account of each Participant who (i) is employed thereby, (ii) is a Group I Employee and (iii) has made Compensation Deferrals for such Plan Year, a Matching Contribution in an amount equal to one hundred percent (100%) of the amount of such Participant's Compensation Deferrals for such Plan Year, up to a maximum annual amount equal to ten percent (10%) of the amount of such Participant's Base Salary in effect as of the last day of such Plan Year.**

**(b) Each Employer shall credit to the Account of each Participant who (i) is employed thereby, (ii) is a Group II Employee and (iii) has made Compensation Deferrals for such Plan Year, a Matching Contribution in an amount equal to one hundred percent (100%) of the amount of such Participant's Compensation Deferrals for such Plan Year, up to a maximum annual amount equal to five percent (5%) of the amount of such Participant's Base Salary in effect as of the last day of such Plan Year.**

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

**(d) Twenty percent (20%) of the amount of each Matching Contribution made for a Participant shall be made in rights to receive shares of Company Stock under Section 3.3.**

**3.3 *Company Stock*.**

**(a) Matching Contributions for a Participant in the form of rights to receive shares of Company Stock shall consist of bookkeeping credits to the Accounts and Class Year Accounts for such Participant. Such credits will initially be determined by crediting to such Participant's Accounts and Class Year Accounts the number of shares (including fractional**

**shares) of Company Stock that such Matching Contribution could purchase based upon the Fair Market Value of the Company Stock on the date on which such Matching Contribution is so credited.**

**(b) Dividends declared on Company Stock shall not be credited to the Accounts and Class Year Accounts of any Participant in connection with any rights to receive bookkeeping credits for Company Stock pursuant to Section 3.3(a).**

**(c) When a Participant or Beneficiary is entitled to a lump sum distribution pursuant to ARTICLE VI, the Company shall issue to the Participant or Beneficiary the number of shares of Company Stock that equal the number of full shares then credited to such Participant's Account. If payment to the Participant or Beneficiary is being made in installments, each installment shall include a proportionate portion of the aggregate number of shares then credited to such Participant's Account. In all cases, the Company shall pay any fractional shares in cash.**

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

**3.5 *Time of Contributions*.**

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

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

**3.6 *Form of Contributions*. All Compensation Deferrals, Matching Contributions and Employer Contributions to the Trust shall be made in the form of cash or cash equivalents of United States currency, except as otherwise provided herein. Notwithstanding the foregoing,**

**Compensation Deferrals may be made in the form of rights to receive shares of Company Stock if the Participant would otherwise be entitled to receive Company Stock as Compensation.**

## ARTICLE IV

## Vesting

**4.1 *Vesting*.**

**(a) Except as otherwise provided in this Section 4.1, a Participant shall have a nonforfeitable right to the vested portion of his or her Class Year Accounts; provided, however, that all such amounts shall be subject to the rights of the general creditors of the Employers as provided in ARTICLE VII.**

**(b) Except as otherwise provided in this Section 4.1, each Class Year Account of a Participant will vest twenty percent (20%) if the Participant is still an Employee on the last day of each Plan Year beginning with the Plan Year of such Class Year Account. Thereafter, such Class Year Account shall vest an additional twenty percent (20%) on the last day of each Plan Year provided that the Participant continues to be an Employee, and therefore shall be fully vested on the last day of the fourth Plan Year following the first Plan Year of such Class Year Account provided that the Participant continues to be an Employee. Further vesting shall cease once a Participant is no longer an Employee.**

**(c) The portion of a Participant's Class Year Accounts attributable to Compensation Deferrals, and earnings thereon, shall be fully vested at all times.**

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

**(e) A Participant whose employment with the Employers is terminated following such Participant's Total and Permanent Disability shall thereupon become fully vested in all the amounts credited to his or her Account.**

**(f) If a Change in Control occurs, all amounts attributable to Matching Contributions and Employer Contributions shall thereupon become fully vested as of the date of such Change in Control.**

**(g) Any amounts credited to a Participant's Account that are not vested at the time of his or her termination of employment with the Employers shall be forfeited upon such termination of employment.**

**ARTICLE V**

**Accounts**

**5.1 *Accounts*.**

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

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

**(b) (1) Each Participant's Account shall be credited with Compensation Deferrals, any Matching Contributions allocable thereto, any Employer Contributions, and any investment earnings, gains and/or losses on the foregoing. Each Participant's Account shall be reduced by any distributions made plus any federal and state tax withholding and any social security withholding tax as may be required by law.**

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

**5.2 *Investments, Gains and Losses*.**

**(a) (1) By written investment directions to the Administrator from time to time, each Participant may request the investment funds (or a change thereof), and the relative portions of each if more than one investment fund is desired, to be used to credit investment earnings, gains and losses with respect to his or her Account (other than the subaccount for rights to receive Company Stock) among the investment funds available under the Plan.**

**(2) The Administrator and the Trustee shall take each Participant's request under Section 5.2(a)(1) into account in making its determination as to how to invest the amounts credited to the Participant's Account among the investment funds available for purposes**

**of the Plan. Where a Participant has no written request under Section 5.2(a)(1) on file with the Administrator, the Administrator may direct the Trustee to invest such amount in a money market fund selected by the Administrator.**

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

**(b) The Administrator shall adjust the amounts credited to each Participant's Account to reflect Compensation Deferrals, Matching Contributions, Employer Contributions, investment experience, distributions and any other appropriate adjustments. Such adjustments shall be made as frequently as is administratively feasible.**

**5.3 *Forfeitures*. Any forfeitures from a Participant's Account shall continue to be held in the Trust, shall be separately invested and shall be used to reduce succeeding Matching Contributions and Employer Contributions until such forfeitures have been entirely so applied. As of the time it is determined that no further Matching Contributions or Employee Contributions will be made under the Plan, such forfeitures shall be returned to the Employer which employed the forfeiting Participant.**

## ARTICLE VI

## Distributions

**6.1 *Payment*.**

**(a) A Participant may elect to receive his or her Account balance in a single lump sum or in ten (10) annual installments. If a Participant elects to receive his Accrued Benefit in the form of ten (10) annual installments, each payment shall be equal to the Participant's Account balance as of the payment date, divided by the number of then remaining installment payments. Distributions shall be made to the Participant or, if the Participant is deceased, to the Participant's Beneficiary. The method of distribution must be elected as part of the Participant's initial Deferral of Compensation Election.**

**(b) A Participant's subsequent election to delay a payment under the Plan or to change the form of a payment under the Plan shall be permitted only if (i) the new payment election does not take effect until at least twelve (12) months after the date on which the new payment election is made, and (ii) the new payment election delays payment for at least five (5)**

**years from the date that payment would otherwise have been met, absent the new payment election.**

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

**6.2 *Commencement of Payment*.**

**(a) Except as otherwise provided herein, payments to a Participant shall commence within ninety (90) days of the date of the Participant's "separation from service" (within the meaning of Section 409A of the Code) with the Employers.**

**(b) Notwithstanding Section 6.2(a), and except as provided in the next succeeding sentence, all payments to a Participant in connection with the Participant's "separation from service" (within the meaning of Section 409A of the Code) with the Employers, shall be delayed for six (6) months from the date of the Participant's separation from service with the Employers, and the aggregate of all such delayed payments shall be paid to the Participant in a lump sum on the first day following the last day of the sixth (6th) complete calendar month following the date of the Participant's separation from service with the Employers. No delay shall be required pursuant to the immediately preceding sentence to the extent that the Participant's Plan payments (i) are payable to the Participant during the short-term deferral period set forth in Treasury Regulation Section 1.409A-1(b)(4), and/or (ii) do not exceed an amount equivalent to two hundred percent (200%) of the lesser of (A) the Participant's annualized compensation from the Employer for the Participant's taxable year immediately preceding his or her taxable year in which the Participant's separation from service with the Employers occurs, or (B) the maximum amount of compensation that may be taken into account under a tax-qualified retirement plan pursuant to Section 401(a)(17) of the Code, for the calendar year in which the Participant's separation from service with the Employers occurs.**

**(c) Upon the death of a Participant, all amounts credited to his or her Account shall be fully vested and shall be paid to his or her beneficiary or beneficiaries, as determined under ARTICLE VII, in a lump sum within ninety (90) days of the date of the Participant's death.**

**(d) (1) A Participant who has experienced an Unforeseeable Emergency, as determined by the Administrator on the basis of the applicable facts and circumstances, in its**

**sole discretion, shall be permitted to receive, in a lump-sum payment, a distribution of up to fifty percent (50%) of the vested portion of his or her Account, exclusive of the subaccount for Company Stock, subject to the remaining provisions of this Section 6.2(d).**

**(2) A Participant who receives an Unforeseeable Emergency distribution under Section 6.2(d)(1) shall not receive any Matching Contributions or Employer Contributions and shall not be permitted to make any further Compensation Deferrals for the balance of the Plan Year and for the following Plan Year.**

**(3) A distribution on account of an Unforeseeable Emergency under Section 6.2(d)(1) may not be made to the extent that such Unforeseeable Emergency is or may be relieved through reimbursement or compensation from insurance or otherwise, by liquidation of the Participant's assets, to the extent the liquidation of such assets would not cause severe financial hardship, or by cessation of Compensation Deferrals under the Plan. Such distributions shall further be limited to the amount reasonably necessary to satisfy the Unforeseeable Emergency need (which includes amounts necessary to pay any federal, state, local or foreign income taxes or penalties reasonably anticipated to result from the distribution). For purposes of the immediately preceding sentence, the determination of the amounts reasonably necessary to satisfy an Unforeseeable Emergency need shall take into account any additional Compensation that will be available to the Participant in connection with the requirement to discontinue the Participant's Compensation Deferrals pursuant to Section 6.2(d)(2).**

**(4) A Participant shall not be permitted to receive more than two (2) hardship distributions under Section 6.2(d)(1).**

## ARTICLE VII

## Beneficiaries

**7.1 *Beneficiaries*. Each Participant may from time to time designate one or more persons (who may be any one or more members of such Participant's family or other persons, administrators, trusts, foundations or other entities) as his or her beneficiary under the Plan. Such designation shall be made on a form prescribed by the Administrator. Each Participant may at any time and from time to time, change any previous beneficiary designation, without notice to or consent of any previously designated beneficiary, by amending his or her previous designation on a form prescribed by the Administrator. If the beneficiary does not survive the Participant (or is otherwise unavailable to receive payment), or if no beneficiary is validly**

**designated, then the amounts payable under the Plan shall be paid to the Participant's surviving spouse, if any, and, if none, to the Participant's estate, and such person shall be deemed to be the Participant's beneficiary hereunder. If more than one person is the beneficiary of a deceased Participant, each such person shall receive a pro rata share of any death benefit payable unless otherwise designated on the applicable form. If a beneficiary who is receiving benefits dies, all benefits that were payable to such beneficiary shall then be payable to the estate of that beneficiary.**

**7.2 *Lost Beneficiary*.**

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

**(b) If a Participant or beneficiary cannot be located by the Administrator after it has exercised reasonable diligence for a period of three (3) years, then, in its sole discretion, the Administrator may presume that the Participant or beneficiary is deceased for purposes of this Plan and all unpaid amounts owed to the Participant or beneficiary shall be paid accordingly or, if a beneficiary cannot be so located, then such amounts shall be forfeited and returned to the Employer which employed the forfeiting Participant.**

## ARTICLE VIII

## Funding

**8.1 *Prohibition Against Funding*. Should any investment be acquired in connection with the liabilities assumed under this Plan, it is expressly understood and agreed that the Participants and beneficiaries shall not have any right with respect to, or claim against, such assets nor shall any such purchase be construed to create a fiduciary relationship between the Employers and the Participants, their beneficiaries or any other person. Any such assets (including any amounts deferred by a Participant or contributed by the Employers pursuant to ARTICLE III) shall be and shall remain a part of the general, unpledged, unrestricted assets of the Employers, subject to the claims of their general creditors. It is the express intention of the Employers that the Plan shall be unfunded for tax purposes and for purposes of Title I of ERISA. Each Participant and beneficiary shall be required to look to the provisions of the Plan and to the Employers themselves for enforcement of any and all benefits due under the Plan, and to the**

**extent any such person acquires a right to receive payment under the Plan, such right shall be no greater than the right of any unsecured general creditor of the Employers. The Employers or the Trust shall be designated as the owner and beneficiary of each and every investment acquired in connection with any obligations under the Plan.**

**8.2 *Deposits in Trust*. Notwithstanding Section 8.1, or any other provision of this Plan to the contrary, the Employers may deposit into the Trust any amounts they deem appropriate to pay the benefits under this Plan. The amounts so deposited may include contributions made pursuant to Compensation Deferrals, Employer Contributions and Matching Contributions.**

**8.3 *Withholding of Employee Contributions*. The Administrator is authorized to make any and all necessary arrangements with the Employers in order to withhold Participants' Compensation Deferrals under Section 3.1 from their Compensation.**

## ARTICLE IX

## Claims Procedure

**9.1 *General*. In the event that a Participant or his or her beneficiary does not receive any Plan benefit that is claimed, such Participant or beneficiary shall be entitled to consideration and review as provided in this ARTICLE IX.**

**9.2 *Claim Review*. Upon receipt of any written claim for a benefit under the Plan, the Administrator shall be notified and shall give due consideration to the claim presented. If the claim is denied to any extent by the Administrator, the Administrator shall furnish the claimant, within ninety (90) days of its receipt of the claim, with a written notice setting forth (in a manner calculated to be understood by the claimant):**

- **(a) the specific reason or reasons for denial of the claim;**
- **(b) a specific reference to the Plan provisions upon which the denial is based;**
- **(c) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; and**
- **(d) an explanation of the provisions of this ARTICLE IX.**

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

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

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

## ARTICLE X

## Administration of the Plan

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

**10.2** ***Actions Taken by the Committee*****. All resolutions or other actions taken by the Deferred Compensation Committee at a meeting shall be by the affirmative vote of a majority**

**of those present at the meeting. More than half of the members must be present to constitute a quorum for a meeting. Any member of the Deferred Compensation Committee may sign any document or instrument requiring the signature of the Deferred Compensation Committee or otherwise act on behalf of the Deferred Compensation Committee, unless otherwise directed by the Deferred Compensation Committee. The Deferred Compensation Committee may adopt such additional rules of procedures and conduct as it deems appropriate.**

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

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

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

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

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

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

**(e) authorizing the payment of distributions;**

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

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

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

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

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

## ARTICLE XI

## General Provisions

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

**attach or garnish any benefit or payment under the Plan, in whole or in part, or if any attempt is made to subject any such benefit or payment, in whole or in part, to the debts, contracts, liabilities, engagements or torts of any Participant or beneficiary or any other person entitled to any such benefit or payment pursuant to the terms of the Plan, then such benefit or payment, in the discretion of the Administrator, shall cease and terminate with respect to such Participant or beneficiary, or any other such person.**

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

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

**11.4 *Identity*. If, at any time, any doubt exists as to the identity of any person entitled to any payment hereunder or as to the amount or time of any such payment, the Administrator shall be entitled to hold such sum until such identity or amount or time is determined or until an order of a court of competent jurisdiction is obtained in regard thereto. The Administrator shall also be entitled to pay such sum into court in accordance with the appropriate rules of law.**

**11.5 *Amendment and Termination*. The Employers shall have the sole authority to modify, amend or terminate the Plan; provided, however, that any modification or termination of the Plan shall not reduce, alter or impair, without the consent of the Participant, such Participant's right to any amounts already credited to his or her Account on the day before the effective date of such modification or termination.**

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

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

**11.8 *Governing Law*. The Plan shall be governed by, construed and administered in accordance with the laws of the State of New York, other than its laws respecting choice of law.**

**11.9 *Severability*. If any provision of the Plan is held invalid or unenforceable, its invalidity or unenforceability shall not affect any other provision of the Plan and the Plan shall be construed and enforced as if such provision had not been included therein.**

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

**11.11 *Terms*. Capitalized terms shall have the meanings as defined herein. Singular nouns shall be read as plural, masculine pronouns shall be read as feminine, and vice versa, as appropriate.**

**11.12 *Top Hat Plan*. The Plan is intended to constitute a "top-hat plan" which is unfunded and maintained "primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees" for purposes of ERISA.**

**11.13 *Section 409A*. The Plan and all Compensation Deferral Elections are intended to comply with the applicable requirements of Section 409A of the Code, and shall be so interpreted and construed. Any provision of the Plan that is determined to violate any applicable requirement of Section 409A of the Code shall be void and without effect. Neither the Company nor any Participant, individually or in combination, may accelerate any payment under the Plan,**

**except in compliance with Section 409A of the Code, and no amount shall be paid under the Plan prior to the earliest date on which it is permitted to be paid under Section 409A of the Code. Notwithstanding anything to the contrary contained in Section 11.5, no amendment or termination of the Plan will be permitted if it would cause the Plan or any payment to be made under the Plan to not be in compliance with any applicable requirement of Section 409A of the Code.**

## ARTICLE XII

## Adoption

**12.1 *Execution*. To record the adoption of this Amendment and Restatement of the Plan by the Employers, the Employers have caused this instrument to be executed this 18 day of June, 2008.**

Attest:

MOVADO GROUP, INC.

/s/ Timothy F. Michno
Secretary

By: /s/ Efraim Grinberg

MOVADO RETAIL GROUP, INC.

By /s/ David R. Phalen
President

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212281-10001

**SCHEDULE A**

**Eligible Employees**

**Group I Employees:**

**Cohen, J.**

**Cote', R**

**Grinberg, E**

**Grinberg, G**

**Step, J**

**Group II Employees:**

**Addison, J**

**Alexander,R**

**Buonocore, R**

**Burns, J**

**Calmas, L**

**Chinich,A**

**Cohen, B**

**Cohen, S**

**Coopersmith,P**

**D'Elia, V**

**DeMarsilis,S**

**Diamond,S**

**Driansky, H**

**Friedman, K**

**Gietl, J**

**Grinberg, A**

**Halpin, J**

**Horn,P**

**James,C**

**Kantra, A**

**Karpovich. E**

**Leach, M**

**Massa, C**

**Massaro, J**

**Michno, T**

**Milgrom, M**

**Morelli, F**

**Nici,J**

**Novosel, J**

**Peterman,R**

**Phalen, D**

**Porfido, F**

**Rashotsky, E**

**Samitt, M**

**Schneider,G**

**Starry,K**

**Stuart,R**

**Torrente, M**

**Vuillet, R**

**Welch,R**

**Youkelson,J**

**Zanone,J**

**EXHIBIT 31.1**

**CERTIFICATIONS**

**I, Efraim Grinberg, certify that:**

1) I have reviewed this quarterly report on Form 10-Q of Movado Group, Inc.;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

**Date: September 5, 2008**
**/s/ Efraim Grinberg**
**Efraim Grinberg**
**President and Chief Executive Officer**

**EXHIBIT 31.2**

**CERTIFICATIONS**

**I, Sallie DeMarsilis, certify that:**

1) I have reviewed this quarterly report on Form 10-Q of Movado Group, Inc.;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

**Date: September 5, 2008**
**/s/ Sallie DeMarsilis**
**Sallie DeMarsilis**
**Senior Vice President,**
**Chief Financial Officer and**
**Principal Accounting Officer**

**EXHIBIT 32.1**

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

**In connection with the quarterly report on Form 10-Q of Movado Group, Inc. (the "Company") for the quarter ended July 31, 2008, as filed with the Securities and Exchange Commission on the date hereof (the "Report") the undersigned hereby certifies, in the capacity indicated below and pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:**

**(i) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and**

**(ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.**

Date: September 5, 2008

/s/ Efraim Grinberg
Efraim Grinberg
President and
Chief Executive Officer

**EXHIBIT 32.2**

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

**In connection with the quarterly report on Form 10-Q of Movado Group, Inc. (the "Company") for the quarter ended July 31, 2008, as filed with the Securities and Exchange Commission on the date hereof (the "Report") the undersigned hereby certifies, in the capacity indicated below and pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:**

**(i) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and**

**(ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.**

Date: September 5, 2008

/s/ Sallie DeMarsilis
Sallie DeMarsilis
Senior Vice President,
Chief Financial Officer and
Principal Accounting Officer