

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the Quarterly Period Ended July 31, 2004

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

For the transition period from to

Commission File Number 0-22378

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

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

13-2595932
(IRS Employer
Identification No.)

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

07652
(Zip Code)

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

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

Indicate by check mark whether the registrant is an accelerated filer (as
defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes No

The number of shares outstanding of the registrant's common stock and class
A common stock as of August 31, 2004 were 17,927,063 and 6,801,812,
respectively.

MOVADO GROUP, INC.

Index to Quarterly Report on Form 10-Q
July 31, 2004

	Page

Part I	
Financial Information (Unaudited)	
Item 1. Consolidated Balance Sheets at July 31, 2004, January 31, 2004 and July 31, 2003	3
Consolidated Statements of Income for the six months and three months ended July 31, 2004 and 2003	4
Consolidated Statements of Cash Flows for the six months ended July 31, 2004 and 2003	5
Notes to Consolidated Financial Statements	6
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	14
Item 3. Quantitative and Qualitative Disclosure about Market Risks	21
Item 4. Controls and Procedures	22
Part II	
Other Information	
Item 1. Legal Proceedings	23
Item 4. Submission of Matters to a Vote of Security Holders	23
Item 6. Exhibits	24
Signature	25

PART I - FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

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

	JULY 31, 2004	JANUARY 31, 2004	JULY 31, 2003
	-----	-----	-----
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 27,438	\$ 82,083	\$ 47,737
Trade receivables, net	95,841	88,800	99,192
Inventories, net	181,784	121,678	125,325
Other	30,818	26,693	22,767
	-----	-----	-----
Total current assets	335,881	319,254	295,021
Property, plant and equipment, net	48,193	42,112	39,127
Other	38,902	29,601	27,631
	-----	-----	-----
Total assets	\$ 422,976	\$ 390,967	\$ 361,779
	=====	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Loans payable to banks	\$ 25,000	\$ -	\$ 14,000
Current portion of long-term debt	5,000	10,000	5,000
Accounts payable	30,965	23,631	21,836
Accrued liabilities	29,264	25,781	23,812
Current taxes payable	11,136	12,150	9,881
Deferred taxes payable	5,853	5,961	5,081
	-----	-----	-----
Total current liabilities	107,218	77,523	79,610
Long-term debt	25,000	25,000	30,000
Deferred and non-current income taxes	800	2,282	2,835
Other liabilities	13,322	11,449	9,568
	-----	-----	-----
Total liabilities	146,340	116,254	122,013
	-----	-----	-----
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; 21,987,361, 21,723,262 and 20,755,000 shares issued, respectively	220	217	208
Class A Common Stock, \$0.01 par value, 30,000,000 shares authorized; 6,801,812, 6,801,812 and 6,801,812 shares issued and outstanding, respectively	68	68	68
Capital in excess of par value	90,638	89,349	76,878
Retained earnings	198,426	192,601	177,816
Accumulated other comprehensive income	29,648	34,473	16,966
Treasury Stock, 4,089,898, 4,081,182 and 3,453,262 shares, respectively, at cost	(42,364)	(41,995)	(32,170)
	-----	-----	-----
Total shareholders' equity	276,636	274,713	239,766
	-----	-----	-----
Total liabilities and shareholders' equity	\$ 422,976	\$ 390,967	\$ 361,779
	=====	=====	=====

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

	Six Months Ended July 31,		Three Months Ended July 31,	
	2004	2003	2004	2003
Net sales	\$ 171,975	\$ 136,715	\$ 97,788	\$ 76,545
Cost of sales	70,612	53,036	39,810	29,306
Gross profit	101,363	83,679	57,978	47,239
Operating expenses:				
Selling, general and administrative	90,908	72,894	49,230	38,426
Operating income	10,455	10,785	8,748	8,813
Income from litigation settlement, net	1,444	-	1,444	-
Net interest expense	1,508	1,608	783	825
Income before income taxes	10,391	9,177	9,409	7,988
Provision for income taxes	2,598	2,570	2,352	2,237
Net income	\$ 7,793	\$ 6,607	\$ 7,057	\$ 5,751
Earnings per share:				
Basic	\$ 0.32	\$ 0.28	\$ 0.29	\$ 0.24
Diluted	\$ 0.31	\$ 0.27	\$ 0.28	\$ 0.23
Weighted average shares outstanding:				
Basic	24,590	23,948	24,643	24,002
Diluted	25,416	24,906	25,484	25,140

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

	Six Months Ended July 31,	
	2004	2003
	-----	-----
Cash flows from operating activities:		
Net income	\$ 7,793	\$ 6,607
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	5,710	4,554
Deferred income taxes	-	176
Provision for losses on accounts receivable	75	602
Provision for losses on inventory	181	350
Changes in assets and liabilities:		
Trade receivables	3,329	(4,988)
Inventories	(26,101)	(13,958)
Other current assets	(5,861)	8,300
Accounts payable	4,863	(778)
Accrued liabilities	(7,858)	1,212
Current taxes payable	(991)	(1,548)
Other non-current assets	(584)	(2,319)
Other non-current liabilities	502	1,620
	-----	-----
Net cash used in operating activities	(18,942)	(170)
	-----	-----
Cash flows from investing activities:		
Capital expenditures	(6,878)	(3,530)
Acquisition of Ebel, net of cash acquired	(43,525)	-
Trademarks	(178)	(270)
	-----	-----
Net cash used in investing activities	(50,581)	(3,800)
	-----	-----
Cash flows from financing activities:		
Net proceeds from bank borrowings	14,813	14,000
Stock options exercised and other changes	923	445
Dividends paid	(1,968)	(1,078)
	-----	-----
Net cash provided by financing activities	13,768	13,367
	-----	-----
Effect of exchange rate changes on cash and cash equivalents	1,110	(25)
	-----	-----
Net (decrease) increase in cash and cash equivalents	(54,645)	9,372
	-----	-----
Cash and cash equivalents at beginning of period	82,083	38,365
	-----	-----
Cash and cash equivalents at end of period	\$ 27,438	\$ 47,737
	=====	=====
Supplemental Disclosure:		
Fair value of assets acquired	\$ 71,629	
Less: liabilities assumed	(26,603)	

Cash paid for the transaction	45,026	
Less: cash acquired	(1,340)	
Less: accrued deal costs	(161)	

Net cash paid for transaction	\$ 43,525	
	=====	

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MOVADO GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Unaudited

BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared by Movado Group, Inc. (the "Company") in a manner consistent with that used in the preparation of the consolidated financial statements included in the Company's fiscal 2004 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 presentation of the financial position and results of operations for the periods presented. These consolidated financial statements should be read in conjunction with the aforementioned annual report. Operating results for the interim periods presented are not necessarily indicative of the results that may be expected for the full year.

NOTE 1 - RECLASSIFICATION

Certain reclassifications were made to prior years' financial statement amounts and related note disclosures to conform to the fiscal 2005 presentation.

NOTE 2 - ACQUISITION

On December 22, 2003, the Company entered into an agreement to acquire Ebel S.A. and the worldwide business related to the Ebel brand (collectively "Ebel") from LVMH Moet Hennessy Louis Vuitton ("LVMH"). On March 1, 2004, the Company completed the acquisition of Ebel with the exception of the payment for the acquired Ebel business in Germany, which was completed July 30, 2004. The Ebel brand, one of the world's premier luxury watch brands, was established in La Chaux-de-Fonds, Switzerland in 1911. The Company acquired Ebel to revitalize and re-build the brand and to expand its global market share.

Under the terms of the agreement, the Company acquired all of the outstanding common stock of Ebel S.A. and the related worldwide businesses in exchange for:

- 51.6 million Swiss francs in cash; and
- the assumption of a short-term mortgage payable of 6.6 million Swiss francs.

Under the purchase method of accounting, the Company recorded an aggregate purchase price of approximately \$45.0 million, which consisted of approximately \$40.6 million in cash and \$4.4 million in deal costs and other incurred liabilities, which primarily consisted of legal, accounting, investment banking and financial advisory services fees.

In accordance with Statement of Financial Accounting Standards No. 141, "Business Combinations," ("SFAS 141"), the Company allocated the purchase price to the tangible assets, intangible assets, and liabilities acquired based on their estimated fair values. The fair value assigned to tangible and intangible assets acquired was based on an independent appraisal. The fair value of assets acquired and liabilities assumed exceeds the purchase price. That excess has been allocated as a pro rata reduction of the amounts that otherwise would have been assigned to all of the acquired assets except for certain specific types of assets as set forth in SFAS 141. The pro forma adjustments were based upon an independent assessment of appraised values. The assessment is now complete. In accordance with Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"), goodwill and purchased intangibles with indefinite lives are not amortized but will be

reviewed annually for impairment. Purchased intangibles with finite lives are amortized on a straight-line basis over their respective estimated useful lives.

In accordance with Emerging Issues Task Force No. 95-3 ("EITF 95-3"), "Recognition of Liabilities in Connection with a Purchase Business Combination", the Company recognized costs associated with exiting an activity of an acquired company and involuntary termination of employees of an acquired company as liabilities assumed in a purchase business combination and included the liabilities in the allocation of the acquisition cost. The liability recognized in connection with the acquisition of Ebel is comprised of approximately \$2.4 million for employee severance, \$0.2 million for lease terminations, \$1.7 million for exit costs related to certain promotional and purchase contracts and \$0.4 million of other liabilities. During the quarter ended July 31, 2004, payments against employee severance, exit costs and other liabilities amounted to \$1.1 million, \$0.4 million and \$0.3 million, respectively. The employee severance, and the payments against employee severance, are entirely related to the Ebel business in Europe. There are no further adjustments related to the aforementioned accruals.

As part of the acquisition, the Company recorded deferred tax assets resulting from Ebel's net operating loss carry forwards amounting to approximately 165.0 million Swiss francs. The Company established a full valuation allowance on the deferred tax assets. However, if the deferred tax assets are subsequently recognized, the recognition of the tax benefit will be applied to reduce the carrying value of acquired intangible assets to zero, prior to being recognized as a reduction of income tax expense. The total purchase price has been allocated as follows (in thousands):

Cash	\$ 1,340
Accounts receivable	16,369
Property, plant and equipment	4,556
Inventories	35,834
Intangible assets	9,129
Other current assets	4,401

Total assets acquired	71,629
Current liabilities	16,149
Short-term commitments and contingencies	5,269
Mortgage payable	5,185

Total purchase price	\$ 45,026
	=====

In allocating the purchase price, the Company considered, among other factors, its intention for future use of the acquired assets, analyses of historical financial performance and estimates of future performance of Ebel's products. Included in the other current assets are certain assets held for sale of approximately \$1.4 million, which are expected to be disposed of within the next 12 months.

The fair value of intangible assets was primarily based on the income approach and cost approach. The discount rates used were 16% for customer lists and 21% for trade names and trademarks. These discount rates were determined after consideration of the industry's cost of capital which is equal to the weighted average, after-tax cost of equity and debt. The identifiable intangible assets purchased in the Ebel acquisition consisted of the following (in thousands):

Identifiable Intangible Assets	Gross Value -----	Useful Life -----
Trade names and trademarks	\$ 8,343	Indefinite
Customer list	786	5 years

Total	\$ 9,129	
	=====	

Amortization expense for the next four years and thereafter for intangibles with finite lives is as follows (in thousands):

	Estimated Amortization Expense -----
FOR THE YEAR ENDED	
January 31, 2005	\$ 144
January 31, 2006	157
January 31, 2007	157
January 31, 2008 and thereafter	328

	\$ 786
	=====

Pro Forma Financial Information

The unaudited financial information in the table below summarizes the combined results of operations of the Company and Ebel, on a pro forma basis, as though the acquisition had been completed as of the beginning of each period presented. This pro forma financial information is presented for informational purposes only and is not necessarily indicative of the results of operations that would have been achieved had the acquisition taken place at the beginning of each six month and three month period presented. The unaudited pro forma condensed combined statements of income for the six months and three months ended July 31, 2004 combines the historical results for the Company for the six months and three months ended July 31, 2004 and the historical results for Ebel for the period preceding the acquisition of February 1 through February 29, 2004. The unaudited pro forma condensed combined statements of income for the six months and three months ended July 31, 2003 combines the historical results for the Company for the six months and three months ended July 31, 2003, and the historical results for Ebel for the six months and three months ended July 31, 2003. The following amounts are in thousands, except per share amounts:

	Six Months Ended July 31,		Three Months Ended July 31,	
	----- 2004 -----	2003 -----	----- 2004 -----	2003 -----
Revenues	\$ 173,344	\$ 166,957	\$ 97,788	\$ 94,606
Net income	\$ 5,902	\$ 36	\$ 7,057	\$ 2,165
Basic income per share	\$ 0.24	\$ 0.00	\$ 0.29	\$ 0.09
Diluted income per share	\$ 0.23	\$ 0.00	\$ 0.28	\$ 0.09

NOTE 3 - STOCK OPTION PLAN

The Company applies Accounting Principles Board Opinion No. 25 and related Interpretations in accounting for its stock option plan. No compensation cost has been recognized for any stock options granted under the Company's stock option plan because the quoted market price of the Common Stock at the grant date was not in excess of the amount an employee must pay to acquire the Common Stock. Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation," issued by the Financial Accounting Standards Board ("FASB") in 1995, prescribes a method to record compensation cost for stock-based employee compensation plans at fair value. The Company utilizes the Black-Scholes option-pricing model for determining the fair value of the stock-based compensation. Pro forma disclosures as if the Company had adopted the recognition requirements under SFAS No. 123 for the six months and three months ended July 31, 2004 and 2003, respectively, are presented below.

(In thousands, except per share data)	For The Six Months Ended July 31,		For The Three Months Ended July 31,	
	2004	2003	2004	2003
Net income as reported	\$ 7,793	\$ 6,607	\$ 7,057	\$ 5,751
Fair value based compensation expense, net of taxes	2,805	1,539	1,408	852
Pro forma net income	\$ 4,988	\$ 5,068	\$ 5,649	\$ 4,899
Basic earnings per share:				
As reported	\$ 0.32	\$ 0.28	\$ 0.29	\$ 0.24
Pro forma under SFAS No. 123	\$ 0.20	\$ 0.21	\$ 0.23	\$ 0.20
Diluted earnings per share:				
As reported	\$ 0.31	\$ 0.27	\$ 0.28	\$ 0.23
Pro forma under SFAS No. 123	\$ 0.20	\$ 0.20	\$ 0.22	\$ 0.19

NOTE 4 - COMPREHENSIVE INCOME

The components of comprehensive income for the six months and three months ended July 31, 2004 and 2003 are as follows (in thousands):

	Six Months Ended July 31,		Three Months Ended July 31,	
	2004	2003	2004	2003
Net income	\$ 7,793	\$ 6,607	\$ 7,057	\$ 5,751
Net unrealized gain (loss) on investments, net of tax	20	146	(8)	104
Effective portion of unrealized income (loss) on hedging contracts, net of tax	2,297	(2,133)	360	(1,473)
Foreign currency translation adjustment	(7,142)	(433)	3,599	(2,012)
Total comprehensive income	\$ 2,968	\$ 4,187	\$ 11,008	\$ 2,370

NOTE 5 - SEGMENT INFORMATION

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

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

Operating Segment Data For The Six Months Ended July 31, 2004 And 2003:

	Net Sales		Operating Income (Loss)	
	2004	2003	2004	2003
Wholesale	\$ 141,600	\$ 112,149	\$ 12,714	\$ 12,227
Retail	30,375	24,566	(2,259)	(1,442)
Consolidated total	\$ 171,975	\$ 136,715	\$ 10,455	\$ 10,785

Operating Segment Data For The Three Months Ended July 31, 2004 And 2003:

	Net Sales		Operating Income (Loss)	
	2004	2003	2004	2003
Wholesale	\$ 80,592	\$ 62,799	\$ 9,299	\$ 8,524
Retail	17,196	13,746	(551)	289
Consolidated total	\$ 97,788	\$ 76,545	\$ 8,748	\$ 8,813

Geographic Segment Data For The Six Months Ended July 31, 2004 And 2003:

	Net Sales		Operating Income	
	2004	2003	2004	2003
Domestic	\$ 136,226	\$ 118,327	\$ 5,115	\$ 1,447
International	35,749	18,388	5,340	9,338
Consolidated total	\$ 171,975	\$ 136,715	\$ 10,455	\$ 10,785

Geographic Segment Data For the Three Months Ended July 31, 2004 and 2003:

	Net Sales		Operating Income	
	2004	2003	2004	2003
Domestic	\$ 77,143	\$ 67,059	\$ 4,978	\$ 3,462
International	20,645	9,486	3,770	5,351
Consolidated total	\$ 97,788	\$ 76,545	\$ 8,748	\$ 8,813

Domestic and International net sales are net of intercompany sales of \$115.9 million and \$94.8 million for the six months ended July 31, 2004 and 2003, respectively.

Domestic and International net sales are net of intercompany sales of \$56.3 million and \$53.7 million for the three months ended July 31, 2004 and 2003, respectively.

	Total Assets		
	July 31, 2004	January 31, 2004	July 31, 2003
Domestic	\$ 145,873	\$ 128,112	\$ 127,721
International	277,103	262,855	234,058
Consolidated total	\$ 422,976	\$ 390,967	\$ 361,779

NOTE 6 - EXECUTIVE RETIREMENT PLAN

The Company has a number of employee benefit plans covering substantially all employees. Certain eligible executives of the Company have elected to defer a portion of their compensation on a pre-tax basis under a defined contribution, supplemental executive retirement plan (SERP) sponsored by the Company. The SERP was adopted effective June 1, 1995, and provides eligible executives with supplemental pension benefits in addition to amounts received under the Company's other retirement plans. The Company makes a matching contribution which vests equally over five years. For the six months ended July 31, 2004 and 2003, the Company recorded an expense related to the SERP of \$0.3 million for each period. For the three months ended July 31, 2004 and 2003, the Company recorded an expense related to the SERP of \$0.1 million for each period.

NOTE 7 - INVENTORIES

Inventories consist of the following (in thousands):

	July 31, 2004	January 31, 2004	July 31, 2003
	-----	-----	-----
Finished goods	\$ 153,605	\$ 78,490	\$ 82,937
Component parts	74,075	43,335	43,161
Work-in-process	5,349	2,261	2,869
	-----	-----	-----
	233,029	124,086	128,967
Less: inventories reserve	(51,245)	(2,408)	(3,642)
	-----	-----	-----
	\$ 181,784	\$ 121,678	\$ 125,325
	=====	=====	=====

The increase in all inventory categories, including the inventory reserve, includes the acquired net assets of Ebel. As of July 31, 2004, the Ebel inventory was \$91.4 million with reserves of \$48.2 million.

NOTE 8 - EARNINGS PER SHARE

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

The weighted average number of shares outstanding for basic earnings per share were 24,590,000 and 23,948,000 for the six months ended July 31, 2004 and 2003, respectively. For diluted earnings per share, these amounts were increased by 826,000 and 958,000 for the six months ended July 31, 2004 and 2003, respectively, due to potentially dilutive common stock equivalents issuable under the Company's stock option plans and restricted stock grants.

The weighted average number of shares outstanding for basic earnings per share were 24,643,000 and 24,002,000 for the three months ended July 31, 2004 and 2003, respectively. For diluted earnings per share, these amounts were increased by 841,000 and 1,138,000 for the three months ended July 31, 2004 and 2003, respectively, due to potentially dilutive common stock equivalents issuable under the Company's stock option plans and restricted stock grants.

NOTE 9 - STOCK DIVIDEND

On June 17, 2004, the Company's shareholders approved an amendment to its articles of incorporation providing for an increase in the authorized shares of common stock and Class A common stock to 100 million shares and 30 million shares, respectively. Subsequently, on June 25, 2004, the Company distributed a stock dividend of one newly issued share of common stock and one newly issued share of Class A common stock for each then outstanding share of common stock and of Class A common stock, respectively, to shareholders of record as of June 11, 2004. The balance sheet has been updated accordingly.

NOTE 10 - LITIGATION SETTLEMENT

On July 28, 2004, a settlement was reached in a lawsuit the Company filed against Swiss Army Brands, Inc. and two individuals in November 2001. In the lawsuit, the Company alleged that Swiss Army Brands and the other defendants tortiously interfered with its business by soliciting a number of the Company's sales employees. As a result of the settlement, the Company recorded a pre-tax gain of \$1.4 million in the quarter ended July 31, 2004. This consisted of a gross settlement of \$1.9 million partially offset by direct costs related to the litigation of \$0.5 million.

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

Forward-Looking Statements

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

Critical Accounting Policies And Estimates

In accordance with Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"), goodwill and purchased intangibles with indefinite lives are not amortized but will be reviewed annually for impairment. Purchased intangibles with finite lives are amortized on a straight-line basis over their respective estimated useful lives.

Aside from the above, there has been no other material change in the Company's Critical Accounting Policies and Estimates, as disclosed in its Annual Report on Form 10-K for the fiscal year ended January 31, 2004.

Results Of Operations For The Six Months Ended July 31, 2004 As Compared To The Six Months Ended July 31, 2003.

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

	Six Months Ended July 31,	
	2004	2003
Wholesale:		
Domestic	\$ 105,851	\$ 93,761
International	35,749	18,388
Retail	30,375	24,566
Net Sales	\$ 171,975	\$ 136,715

Net sales increased by \$35.3 million or 25.8% for the six months ended July 31, 2004 as compared to the six months ended July 31, 2003. Sales in the wholesale segment increased by 26.3% to \$141.6 million versus \$112.1 million in the prior year. Sales of all brands experienced double digit percentage increases over the prior year except Movado, which experienced growth in the mid-single digits above last year and ESQ which experienced growth in the high single digits above last year. Sales include \$12.8 million for the Ebel brand.

Sales in the domestic wholesale business were \$105.9 million or 12.9%, above the prior year sales of \$93.8 million. Tommy Hilfiger posted sales increases of 64.5% over the prior year due to increased sell through at retail locations in addition to added new store distribution. Concord and Coach sales experienced double digit percentage increases over the prior year, ESQ sales experienced high single digit percentage increases over the prior year, and Movado sales experienced mid single digit percentage increases over the prior year.

Sales in the international wholesale business were \$35.7 million or 94.4% above prior year. All brands recorded double digit percentage increases with Tommy Hilfiger sales more than doubling year over year reflecting the strength of the Tommy Hilfiger brand name, the addition of new Tommy Hilfiger doors, and the appeal of the watch designs and price points in the international marketplace. Sales of all brands were particularly strong in Asia, where they were up over 100% from the prior year second quarter (which was significantly impacted by the outbreak of SARS).

Sales in the retail segment rose 23.6% to \$30.4 million. The increase was driven by overall 66.8% growth in Movado Boutique sales. This increase was the result of an 18.4% increase in comparable store sales along with the addition of eight new stores year over year. The outlet business experienced a mid single digit percentage increase in sales.

Gross Profit. Gross profit for the six months ended July 31, 2004 was \$101.4 million, or 58.9%, of net sales as compared to \$83.7 million, or 61.2%, of net sales for the six months ended July 31, 2003. The increase in gross profit of \$17.7 million was the result of the higher sales volume. The decrease in the gross profit as a percentage of sales was the result of differences in brand and product mix, particularly the effect of the acquisition of the Ebel business, which generated lower margins, and the proportionately higher sales growth of Tommy Hilfiger, which has lower margins, as well. In addition, the mix of product within the Boutiques also contributed to the

margin percent decrease due to higher jewelry sales relative to watch sales in the current year. Gross margin excluding Ebel was 59.8%.

Selling, General and Administrative. Selling, general and administrative expenses for the six months ended July 31, 2004 were \$90.9 million or 52.9% of net sales as compared to \$72.9 million or 53.3% of net sales for the six months ended July 31, 2003. The increase is primarily attributable to spending in support of the Company's growth initiatives. The major elements of the increased spending were to operate the Ebel business for the five months in the current year with no comparable spending in the prior year, the additional costs associated with the eight new Movado Boutiques and one new outlet, the continued global expansion of Tommy Hilfiger and increased people-related infrastructure costs to support other growth initiatives, including the development of the Movado brand in China.

Interest Expense. Net interest expense for the six months ended July 31, 2004 declined by 6.2% to \$1.5 million as compared to \$1.6 million for the six months ended July 31, 2003. The decrease is due to the reduction of the average borrowing rate to 4.7% as compared to 5.4% in the prior year. This reduced rate is the result of the mix of the borrowings with a greater portion classified as short-term bank loans due to the continued pay down of the Company's long-term debt. The average debt for the quarter increased by 6.2% to \$53.3 million.

Litigation Settlement. The Company recognized income for the six months ended July 31, 2004 from a litigation settlement with Swiss Army Brands, Inc. in the net amount of \$1.4 million. This consisted of a gross settlement of \$1.9 million partially offset by direct costs related to the litigation of \$0.5 million. After accounting for fees and taxes associated with the settlement, second quarter net income increased by \$0.8 million, or \$0.03 per diluted share.

Income Taxes. The Company recorded a tax expense of \$2.6 million for the six months ended July 31, 2004 and July 31, 2003. Taxes were recorded at a 25% and a 28% rate for the periods ended July 31, 2004 and July 31, 2003 respectively. The decrease in the effective tax rate is the result of the Company's projected profits and earnings mix for the year.

Net Income. For the six months ended July 31, 2004, the Company recorded net income of \$7.8 million as compared to \$6.6 million for the six months ended July 31, 2003. The results for the six months ended July 31, 2004 reflect a loss from the Ebel business of \$3.1 million.

Results Of Operations For The Three Months Ended July 31, 2004 As Compared To The Three Months Ended July 31, 2003.

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

	Three Months Ended July 31,	
	2004	2003
Wholesale:		
Domestic	\$ 59,947	\$ 53,313
International	20,645	9,486
Retail	17,196	13,746
Net Sales	\$ 97,788	\$ 76,545

Net sales increased by \$21.2 million, or 27.8%, for the three months ended July 31, 2004 as compared to the three months ended July 31, 2003. Sales in the wholesale segment increased by 28.3%, to \$80.6 million, versus \$62.8 million in the prior year. Sales of all brands experienced double digit percentage increases over the prior year, except Movado, which experienced growth in the low single digits above last year. Sales include \$9.4 million for the Ebel brand.

Sales in the domestic wholesale business were \$59.9 million, or 12.4%, above the prior year sales of \$53.3 million. Tommy Hilfiger posted sales increases of 62.2% over prior year due to increased sell through at retail locations in addition to added new store distribution. ESQ and Coach experienced double digit percentage increases, Concord experienced low single digit increases, and Movado was flat year over year.

Sales in the international wholesale business were \$20.6 million, or 117.6%, above prior year. All brands recorded double digit percentage increases, with Tommy Hilfiger sales more than doubling year over year reflecting the strength of the brand name, the addition of new doors, and the appeal of the watch designs and price points in the international marketplace. Sales of all brands were particularly strong in Asia, which were up over 100% from the prior year second quarter (which was significantly impacted by the outbreak of SARS).

Sales in the retail segment rose 25.1% to \$17.2 million. The increase was driven by overall 65.0% growth in Movado Boutique sales. This increase was the result of an 11.8% increase in comparable store sales along with the addition of eight new stores year over year. The outlet business sales experienced a high single digit percentage increase.

Gross Profit. Gross profit for the three months ended July 31, 2004 was \$58.0 million, or 59.3%, of net sales as compared to \$47.2 million, or 61.7%, of net sales for the three months ended July 31, 2003. The increase in gross profit of \$10.7 million was the result of the higher sales volume. The decrease in the gross profit as a percentage of sales was the result of differences in brand and product mix, particularly the effect of the Ebel business, which generated lower margins, and the proportionately higher sales growth of Tommy Hilfiger, which has lower margins, as well. In addition, the mix of product within the Boutiques also contributed to the

margin percentage decrease due to higher jewelry sales relative to watch sales in the current year. Gross margin excluding Ebel was 60.0%.

Selling, General and Administrative. Selling, general and administrative expenses for the three months ended July 31, 2004 were \$49.2 million or 50.3% of net sales as compared to \$38.4 million or 50.2% of net sales for the three months ended July 31, 2003. The increase is primarily attributable to spending in support of the Company's growth initiatives. The major elements of the increased spending were to operate the Ebel business for the three months in the current year with no comparable spending in the prior year, the additional costs associated with the eight new Movado Boutiques and one new outlet, the continued global expansion of Tommy Hilfiger and increased people-related infrastructure costs to support other growth initiatives, including the development of the Movado brand in China.

Interest Expense. Net interest expense for the three months ended July 31, 2004 declined by 5.1% to \$783,000 as compared to \$825,000 for the three months ended July 31, 2003. The decrease is due to a reduction of the average borrowing rate to 4.4% as compared to 5.0% in the prior year. This reduced rate is the result of the mix of the borrowings with a greater portion classified as short-term bank loans due to the continued pay down of the Company's long-term debt. The average debt for the quarter increased by 9.0% to \$60.8 million.

Litigation Settlement. The Company recognized income for the three months ended July 31, 2004 from a litigation settlement with Swiss Army Brands, Inc. in the net amount of \$1.4 million. This consisted of a gross settlement of \$1.9 million partially offset by direct costs related to the litigation of \$0.5 million. After accounting for fees and taxes associated with the settlement, second quarter net income increased by \$0.8 million, or \$0.03 per diluted share.

Income Taxes. The Company recorded a tax expense of \$2.4 million for the three months ended July 31, 2004 as compared to a tax expense of \$2.2 million for the three months ended July 31, 2003. Taxes were recorded at a 25% and a 28% rate for the periods ended July 31, 2004 and July 31, 2003 respectively. The decrease in the effective tax rate is the result of the Company's projected profits and earnings mix for the year.

Net Income. For the three months ended July 31, 2004, the Company recorded net income of \$7.1 million as compared to \$5.8 million for the three months ended July 31, 2003. The results for the three months ended July 31, 2004 reflect a loss from the Ebel business of \$1.3 million.

LIQUIDITY AND FINANCIAL POSITION

Cash used in operating activities amounted to \$18.9 million and \$0.2 million for the six months ended July 31, 2004 and 2003, respectively. The increase in the cash used in operating activities for the six months ended July 31, 2004 compared to July 31, 2003, was the result of several factors. Increase in inventories resulted in an additional use of cash of \$12.1 million. The addition of product to stock the opening of eight new retail stores and the build-up of inventory to support higher anticipated sales for the upcoming holiday selling season were the primary reasons for the change. The impact of the Company's hedging program accounted for a \$10.4 million use of cash. An \$8.0 million increase in the use of cash resulted from activities associated with the integration of Ebel, including the payment of severance and the consummation of customer-related transactions provided for in the opening balance sheet. These increases were partially offset by cash provided by changes in accounts receivable of \$8.3 million primarily due to an improvement in the accounts receivable days outstanding due to the mix of sales growth in the Movado Boutiques and Tommy Hilfiger, where shorter payment terms are the norm and improved cash collections. Additionally, \$5.6 million of cash was provided by accounts payable principally due to the payments associated with the increased inventory purchases.

Cash used in investing activities amounted to \$50.6 million and \$3.8 million for the six months ended July 31, 2004 and 2003, respectively. The cash used during the period ended July 31, 2004 was primarily for the acquisition of Ebel. In addition, cash was used during the six months ended July 31, 2004 for capital expenditures, primarily for the build out of the eight new Movado Boutiques and for furniture and fixtures for the expanded space in the headquarters facility in Paramus. The cash used during the six months ended July 31, 2003 was primarily for capital expenditures for the build out of the new Movado Boutiques and normal ongoing systems hardware and software investments.

Cash provided by financing activities amounted to \$13.8 million and \$13.4 million for the six months ended July 31, 2004 and 2003, respectively. For the period ended July 31, 2004, cash was provided by normal seasonal short term borrowings of \$20.0 million and was partially offset by payment of the mortgage assumed in the Ebel acquisition of \$5.2 million. For the period ended July 31, 2003, cash was provided primarily from normal seasonal short term borrowings of \$14.0 million.

At July 31, 2004, the Company had two series of Senior Notes outstanding. Senior Notes due January 31, 2005, with a remaining principal amount due of \$5.0 million, were originally issued in a private placement completed in fiscal 1994. These notes have required annual principal payments of \$5.0 million since January 1998 and bear interest of 6.56% per annum.

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

As of March 21, 2004, the Company amended its Note Purchase and Private Shelf Agreement, originally dated March 21, 2001, to expire on March 21, 2007. This agreement allows for the issuance, for up to three years after the date thereof, of senior promissory notes in the aggregate principal amount of up to \$40.0 million with maturities up to 12 years from their original date of issuance. As of July 31, 2004 and 2003, there were no amounts outstanding under the agreement.

On June 17, 2003, the Company completed the renewal of its revolving credit line with its bank group. The agreement provides for a three year \$75.0 million unsecured revolving line of credit and \$15.0 million of uncommitted working capital lines. The line of credit expires on June 17, 2006. At July 31, 2004, the Company had \$25.0 million of outstanding borrowings under its bank lines as compared to \$14.0 million at July 31, 2003. In addition, one bank in the domestic bank group issued five irrevocable standby letters of credit for retail and operating facility leases to various landlords and Canadian payroll to the Royal Bank of Canada totaling \$0.6 million with expiration dates through June 30, 2005.

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 approximately \$6.2 million and \$6.4 million at July 31, 2004 and 2003, respectively, of which a maximum of \$5.0 million may be drawn under the terms of the Company's revolving credit line with its bank group. As of July 31, 2004, the Swiss bank has guaranteed the Company's Swiss subsidiary's obligations to certain Swiss third parties in the amount of approximately 0.9 million Swiss francs. As of July 31, 2004, there are no borrowings against these lines.

As part of the Ebel acquisition, the Company assumed an existing mortgage of 6.6 million Swiss francs. The Company settled this liability during the three months ended July 31, 2004.

Under a series of share repurchase authorizations approved by the Board of Directors, the Company has maintained a discretionary share buy-back program. There were no purchases under the repurchase program for the six months ended July 31, 2004 and 2003.

During the six months ended July 31, 2004, treasury shares increased by 6,888 as the result of cashless exercises of stock options for 43,685 shares of stock.

The Company paid dividends of \$0.04 per share for the first and second quarter, or approximately \$2.0 million for the six months ended July 31, 2004, and \$0.015 per share for the first quarter and \$0.03 per share for the second quarter, or approximately \$1.1 million for the six months ended July 31, 2003.

Cash and cash equivalents at July 31, 2004 amounted to \$27.4 million compared to \$47.7 million at July 31, 2003.

Item 3. Quantitative and Qualitative Disclosure about Market Risks

FOREIGN CURRENCY AND COMMODITY PRICE RISKS

The majority of the Company's purchases are denominated in Swiss francs. The Company reduces its exposure to the Swiss franc exchange rate risk through a hedging program. Under the hedging program, the Company purchases various derivatives, predominantly forward and option contracts. Changes in derivative fair values will either be recognized in earnings as offsets to the changes in fair value of related hedged assets, liabilities and firm commitments or, for forecasted transactions, deferred and recorded as a component of other shareholders' equity until the hedged transactions occur and are recognized in earnings. The ineffective portion of a hedging derivative's change in fair value will be immediately recognized in earnings. If the Company did not engage in a hedging program, any change in the Swiss franc currency rate would have an equal effect on the entities' cost of sales. The Company purchases gold for the production of certain watches. The Company purchases gold derivatives under its hedging program and treats the changes in fair value on these derivatives in the same manner as the changes in fair value in its Swiss franc derivatives.

The Company also hedges its 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. Under SFAS No. 133, the change in fair value of these instruments is recognized in accumulated other comprehensive income to offset the change in the value of the net investment being hedged.

The following presents fair value and maturities of the Company's foreign currency derivatives outstanding as of July 31, 2004 (in millions):

	JULY 31, 2004 FAIR VALUE -----	MATURITIES -----
Forward exchange contracts	(\$ 1.4)	2004-2005
Purchased foreign currency options	5.4	2004-2006
	----- \$ 4.0 =====	

The Company's international trade business accounts for 20.8% of the Company's sales in various currencies. The international operations are denominated in local currency and fluctuations in these currency rates may have an impact on the Company's sales, cost of sales, operating expenses and net income.

INTEREST RATE RISK

As of July 31, 2004, the Company had \$25.0 million in short-term bank debt obligations with variable interest rates based on LIBOR plus an applicable loan spread. The Company does not hedge these interest rate risks. The Company also has \$30.0 million Senior Note debt bearing fixed interest rates per annum. The difference between the market based interest rates at July 31, 2004 and the fixed rates were unfavorable.

Item 4. 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 design and operation of the Company's "disclosure controls and procedures" (as defined in Rule 13a-15(e) under the Securities Exchange Act) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective in making known to them, in a timely manner, material information relating to the Company and the Company's consolidated subsidiaries required to be disclosed in the Company's reports filed or submitted under the Exchange Act.

There has been no change in the Company's internal control over financial reporting during the quarter ended July 31, 2004, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

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.

PART II - OTHER INFORMATION

Item 1. Legal proceedings

None

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

On June 17, 2004, the Company held its annual meeting of shareholders at its corporate office in Paramus, New Jersey.

The following matters were voted upon at the meeting:

- (i) Margaret Hayes Adame, Richard Cote, Efraim Grinberg, Gedalio Grinberg, Alan H. Howard, 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	39,430,211	1,227,054
Richard Cote	37,145,125	3,512,140
Efraim Grinberg	37,236,912	3,420,353
Gedalio Grinberg	37,233,380	3,423,885
Alan H. Howard	39,315,452	1,341,813
Nathan Leventhal	39,332,152	1,325,113
Donald Oresman	39,277,101	1,380,164
Leonard L. Silverstein	36,791,838	3,865,427

- (ii) A proposal to ratify the selection of PricewaterhouseCoopers LLP as the Company's independent public accountants for the fiscal year ending January 31, 2005 was approved. The results of the vote were as follows:

For ---	Withheld/Against -----	Exception/Abstain -----
40,452,481	198,735	6,049

- (iii) A proposal to extend the term of the Company's Amended and Restated Deferred Compensation Plan for Executives to June 17, 2014 was approved. The results of the vote were as follows:

For ---	Withheld/Against -----	Exception/Abstain -----
37,913,013	1,325,402	7,332

- (iv) A proposal to amend and restate the Company's 1996 Stock Incentive Plan was approved. The results of the vote were as follows:

For ---	Withheld/Against -----	Exception/Abstain -----
33,202,588	5,891,737	151,422

- (v) A proposal to amend the Company's restated certificate of incorporation to increase the number of authorized shares of common stock and Class A common stock was approved. The results of the vote were as follows:

For ---	Withheld/Against -----	Exception/Abstain -----
35,111,205	5,541,646	4,414

Item 6. Exhibits

(a) Exhibits

- 10.1 Amendment dated August 5, 2004 to Line of Credit Agreement dated August 20, 2001, as previously amended, between the Registrant and The Bank of New York.
- 10.2 Master Credit Agreement dated August 17, 2004 and August 20, 2004 between MGI Luxury Group S.A. and UBS AG.
- 10.3 Line of Credit letter agreement dated as of June 20, 2004 between the Registrant and Fleet National Bank and Second Amended and Restated Promissory Note as of June 20, 2004.
- 10.4 Fourth Amendment to License Agreement dated June 3, 1999 between Tommy Hilfiger Licensing, Inc. and the Registrant entered into as of June 25, 2004.*
- 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 Principal 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 Principal Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Confidential portions of Exhibit 10.4 have been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

SIGNATURE

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

MOVADO GROUP, INC.
(Registrant)

Dated: September 9, 2004

By: /s/ Eugene J. Karpovich

Eugene J. Karpovich
Senior Vice President and
Chief Financial Officer
(Chief Financial Officer and
Principal Accounting Officer)

THE BANK OF NEW YORK

385 RIFLE CAMP ROAD, WEST PATERSON, NJ 07424-0403

August 5, 2004

Mr. Frank V. Kimick
Vice President and Treasurer
Movado Group, Inc.
650 From Road
Paramus, New Jersey 07652

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

Dear Mr. Kimick:

Reference is made to the letter dated August 20, 2001 from The Bank of New York (the "Bank") to Kenneth C. Johnson concerning the line of credit that the Bank holds available to the Company, as modified by the letter dated August 14, 2002 from the Bank to Eugene J. Karpovich and the letter dated June 17, 2003 from the Bank to you (as so modified, the "Line of Credit Confirmation Letter").

This is to confirm that the date set forth in the second paragraph of the Line of Credit Confirmation Letter has been changed to "July 31, 2005".

Except as set forth above, the terms of the Line of Credit Confirmation Letter remain in full force and effect without any other amendment, change or modification.

Very truly yours,

THE BANK OF NEW YORK

By: /s/ Susan M. Graham

Susan M. Graham
Vice President

MASTER CREDIT AGREEMENT

UBS CORPORATE FINANCING

1. BORROWER

MGI Luxury Group S.A:
Nidaugasse 35
2502 Biel
(hereinafter referred to as the 'Borrower')

2. LENDER

UBS AG
Barenplatz 8
3011 Bern
(hereinafter referred to as 'UBS')

3. CREDIT FACILITY

UBS grants the Borrower a credit facility in a MAXIMUM AMOUNT OF 8 000 000 CHF (Swiss Francs eight million).

4. FINANCING PURPOSE

To finance operating assets.

5. AVAILABILITY

Subject to the terms and conditions of this Credit Agreement, this credit facility is available in the following forms:

- - as a current account overdraft in CHF and/or any freely-available and convertible currency.
- - as UBS fixed advances with terms of 1 - 12 months in an amount of at least 500 000 CHF and/or the equivalent in any freely-available and convertible currency.
- - for issuing of guarantees in a form acceptable to UBS for a period of up to one year.
- - for opening of documentary credits in a form acceptable to UBS for a period of up to one year.

6. INTEREST RATES AND COMMISSION

6.1 UBS CURRENT ACCOUNTS

The interest rate currently applicable for use with CHF is 4.5% p.a.

No loan commission is charged.

At the end of each calendar quarter, a closing statement showing interest shall be provided. UBS shall have the right to adjust interest rates to changing market conditions at any time with immediate effect.

Interest rates and commission are subject to a separate Pooling Agreement dated 21st February 2002.

6.2 UBS FIXED ADVANCES

For any advance with a term of up to and including 6 months, principal and interest shall be calculated and charged as a single payment at maturity.

For any advance with a term of more than 6 months, interest shall be calculated and charged quarterly at the end of each calendar quarter. Principal and interest shall be calculated and charged at maturity.

The base interest rate shall be calculated according to Euromarket rates for the relevant term and currency plus a UBS margin.

The interest rate shall be fixed two bank working days prior to any advance being drawn down or renewed, for the corresponding term and currency. The instructions for drawdown or renewal must be received by UBS at least two bank working days before such drawdown or renewal. Where such instructions are unavailable, advances falling due will not be renewed and both principal and interest will be debited from the relevant current account.

6.3 GUARANTEES/DOCUMENTARY CREDITS

Commission and fees shall be fixed by UBS on a case-by-case basis, and shall depend on the nature, size, term and complexity of the transaction.

6.4 INTEREST CALCULATION

Interest shall be calculated on a 365/360 basis, i.e. the actual number of days per month divided by a 360-day year.

7. TERM

Until further notice.

8. TERMINATION

8.1 ORDINARY TERMINATION

The Borrower shall have the right to terminate this Credit Agreement at any time with immediate effect.

UBS shall have the right to terminate this Credit Agreement at any time with immediate effect, and to refuse to make funds available to the Borrower under the credit facility at its discretion, without having to provide any reasons.

Any termination shall cancel the unused portion of the credit facility with immediate effect. To the extent that the credit facility has been drawn down, any outstanding amounts shall become due and payable as follows:

- - UBS CURRENT ACCOUNT

- immediately

- - UBS FIXED ADVANCE

- on expiration of the agreed term

Any guarantees and documentary credits issued by UBS shall remain in effect with no changes until their expiration in accordance with the terms and conditions applicable on a case-by-case basis, and the Borrower shall remain fully liable.

8.2 EXTRAORDINARY TERMINATION

The Borrower shall have the right to terminate this Credit Agreement at any time by giving 30 calendar days prior notice, and to repay any outstanding amounts in whole or in part. In the event that any prepayment is made during a fixed interest period or on a day other than the date originally agreed for repayment, an indemnity for prepayment shall be payable-pursuant to <> on the actual date that the prepayment is made.

UBS shall have the right to terminate this Credit Agreement at any time with immediate effect, and to declare all outstanding amounts including accrued interest, commission, fees, etc, immediately due and payable, irrespective of the term of any credit facility granted, if:

1) the Borrower or a Group company (<

1) the Borrower has not created any security interest in respect of its own obligations and/or the obligations of third parties other than security-given under this Credit Agreement or in the context of other credit agreements with UBS and/or any security given in favour of other creditors with respect to which the Borrower has expressly notified UBS.

2) no event has occurred which would entitle UBS to effect extraordinary termination, and no legal action is pending which could have a material adverse effect on the Borrower or its assets

11. NEGATIVE COVENANTS

The Borrower undertakes to refrain from entering into any other obligations which are secured by any charge upon its assets, and to refrain from providing security for any existing debt unless all claims arising out of the present agreement have been secured to a degree deemed necessary by UBS so that the Borrower's obligations under this credit facility will rank pari passu with all other obligations. This provision shall not apply to any existing liabilities to the extent of the security already provided.

Furthermore, the Borrower shall not grant any security in the above-mentioned manner in favour of any third parties, if the Borrower is part of a group, it shall not grant any security in favour of any companies controlled directly or indirectly by it and/or any third parties. The Borrower shall moreover ensure that and companies controlled directly or indirectly by it do not grant any security in the above-noted manner in favour of any third parties or any other companies controlled directly or indirectly by it. This provision shall not apply to security provided for obligations arising under this Credit Agreement.

12. INFORMATION UNDERTAKING

For the entire term of this Credit Agreement, the Borrower undertakes to provide the following information to UBS:

1) one copy of the balance sheet and profit and loss statement, including any appendices, together with the auditor's report, by no later than four months following the close of the fiscal year (separate and consolidated).

2) one copy of the budget, including the investment budget, by no later than 30 calendar days prior to commencement of the relevant fiscal year.

The Borrower undertakes, for the entire term of this credit facility, to immediately inform UBS of any material changes, in particular of the occurrence, or likely occurrence, of any circumstances which might constitute grounds for extraordinary termination.

13. CONDITIONS PRECEDENT

No utilisation may be drawn down until all copies of the documents listed below have been received by UBS, executed in the required form, and UBS has received the agreed security in legally valid form:

- - one copy of this Credit Agreement

In the event that UBS has not received all of the documents and/or security, in the required form, within one month of the date of execution of this Credit Agreement, UBS shall be authorized to rescind this Credit Agreement without granting any extension of the deadline for receiving the said documents and/or security.

14. MISCELLANEOUS PROVISIONS

14.1 GENERAL CONDITIONS

The <> of UBS shall form an integral part of this Credit Agreement.

15. TRANSFER

UBS shall have the right to offer for transfer, or to transfer, in whole or in part, its rights under this Credit Agreement, including any security provided in respect of the credit facility, such as mortgage notes and any other security, to any third parties in Switzerland or abroad. UBS may at any time provide all third parties, including rating agencies, which may be parties to such transfer, with access to all information and data relevant to the transfer, and shall be exempted in this regard from the statutory obligation to maintain banking secrecy. Insofar as third parties are not subject to Swiss legislation on banking secrecy, information and data shall only be disclosed if the said parties undertake to maintain secrecy and, in turn, ensure that this obligation is binding upon any further contracting parties.

All assignees shall be entitled to reassign the rights acquired, provided that each subsequent assignee also undertakes to maintain secrecy. UBS (and any party acquiring rights as a result of any transfer made in accordance with this Clause) may, without having to obtain consent from the Borrower, assign any limit obligation agreed under this Credit Agreement, and/or any other obligations arising hereunder, to the assignee in respect thereof, together with any claims under the credit granted. Any party acquiring such obligations must either be a company affiliated with UBS, or a Swiss or foreign financial institution (bank, insurance company, or similar). UBS shall be released from any obligation to the extent that it transfers save.

16. WAIVER OF SET-OFF

The Borrower waives its right to offset its obligations against any claims it may have against UBS and/or any party acquiring rights under this Credit Agreement, even if such claim by way of set-off against UBS, or any party acquiring rights hereunder, may not be recoverable as a result of insolvency or over-indebtedness.

17. APPLICABLE LAW AND JURISDICTION

This Credit Agreement shall be exclusively governed by and construed in accordance with SWISS LAW. The place of performance, the place of debt collection (only for persons domiciled outside of Switzerland) and the EXCLUSIVE PLACE OF JURISDICTION for all disputes arising out of and in connection with this Agreement shall be BERN. UBS shall, however, be entitled to commence legal action against the Borrower before the competent authority at the place of its registered office, or before any other competent authority, in which event Swiss law shall continue to apply exclusively.

This Agreement was executed in two original copies.

Ref. P42M-SVM	UBS AG	
Bern, 17th August 2004	/s/ Norbert Schacht	/s/ Katja Schmidt-Zaringer
-----	Norbert Schacht	Katja Schmidt-Zaringer
	AGREED	
BORROWER	MGI LUXURY GROUP S.A	
/s/ Biel, August 20, 2004	/s/ K. BURRI	/s/ E. KURTOLLU
-----	-----	
	Signatures(s)	

as of June 20, 2004

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

Dear Sir or Madam:

We are pleased to advise you that Fleet National (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"). Please be advised that any extension of credit will be available at the sole discretion of the Bank Subject to the following terms and conditions:

Loan and Letters of Credit Request: Each 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. As you know, however, the Bank shall be under no obligation whatsoever to make any loan or issue any Letter or Credit or otherwise extend credit to the Company. The Bank may respond to any request for a Loan or Letter of Credit for a 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 shall not exceed \$12,000,000 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 19, 2005. All Loans will be payable on the earlier of demand by the Bank (which shall be in the sole and of the Bank) and June 19, 2005. All Letters of absolute discretion 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 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 attached promissory note (the "Note"), which Note shall evidence all Loans. 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:

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

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.
- - Accounts receivable aging reports and such additional information relating thereto as is currently reported.
- - Such other statements and reports as shall be reasonably requested by the Bank.

This letter replaces, supersedes, amends and restates in its entirety the letter agreement from the Bank to the Company dated June 24, 2003, as amended.

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 __, 2004, 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,
FLEET NATIONAL BANK
By: /s/ Jana L. Baker

NAME: Jana L. Baker
Title: Vice President

ACCEPTED AND AGREED
ON JUNE 18 2004

MOVADO GROUP, INC.
By: /s/ Richard J. Cote

Name: Richard J. Cote
Title: EVP & COO

Each of the guarantors indicated below hereby consents to this letter agreement and reaffirms its continuing liability under its respective guarantees 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/ Frank V. Kimick

Name: Frank V. Kimick
Title: ILLEGIBLE

MOVADO LLC,
a Delaware Limited Liability Company

By: /s/ Timothy F. Michno

Name: Timothy F. Michno
Title: General Counsel

FLEET NATIONAL BANK

SECOND AMENDED AND RESTATED
PROMISSORY NOTE

\$12,000,000.00

As of June 20, 2004

ON DEMAND, but no later than June 19, 2005 (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 FLEET NATIONAL BANK, having an office at 1185 Avenue of the Americas, New York, New York, 100636 (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 TWELVE MILLION and 00/100 (\$12,000,000.00) Dollars or such lesser amount as may then be the aggregate unpaid principal balance of all loans made by the Bank to the Borrower hereunder (each a "Loan" and collectively the "Loans") as shown on the schedule attached to and made a part of this Note, The Borrower also promises to pay interest (computed on the basis of a 360 day year for actual days elapsed) at said office in like money on the unpaid principal amount of each Loan from time to time outstanding at a rate per annum, to be elected by the Borrower at the time each Loan is made, equal to either (i) a fluctuating rate equal to the Prime Rate, which rate will change when and as the Prime Rate changes and which such changes in the rate of interest resulting from changes in the Prime Rate shall take effect immediately without notice or demand of any kind (a Loan bearing interest at this rate is sometimes hereinafter called a "Prime Loan"), or (ii) a fixed rate as may be agreed upon between the Borrower and the Bank (an "Agreed Rate") for an Interest Period which is also then agreed upon (a Loan bearing interest at this rate is sometimes hereinafter called an "Agreed Rate Loan"); provided, however, that (a) no Interest Period with respect to an Agreed Rate Loan shall extend beyond the Maturity Date, (b) if any Interest Period would otherwise end on a day which is not a Business Day, that Interest Period shall be extended to the next succeeding Business Day and (c) if prior to the end of any such Interest Period of an Agreed Rate Loan the Borrower and the Bank fail to agree upon a new Interest Period therefor so as to maintain such Loan as an Agreed Rate Loan within the pertinent time set forth in Section 1 hereof, such Agreed Rate Loan shall automatically be converted into a Prime Loan at the end of such Interest Period and shall be maintained as such until a new Interest Period therefor is agreed upon. Interest on each Loan shall be payable monthly on the first day of each month commencing the first such day to occur after a Loan is mad hereunder and, together with principal, on the Maturity Date. Interest on Agreed Rate Loans shall also be payable on the last day of each Interest Period applicable thereto. The Borrower further agrees that upon and following an Event of Default and/or after any state or any accelerated maturity of Loans hereunder, all Loans shall bear interest (computed daily) at, (i) with respect to Agreed Rate Loans, a rate equal to the greater of 4% per annum in excess of the rate then applicable to Agreed Rate Loans and 4% per annum in excess of

the rate then applicable to Prime Loans, payable on demand, and (ii) with respect to Prime Loans, a rate equal to 4% per annum in excess of the rate then applicable to Prime Loans, payable on demand. Furthermore, if the entire amount of any principal and/or interest required to be paid pursuant to this Note is not paid in full within ten (10) days after the same is due, the Borrower shall further pay to the Bank a late fee equal to five percent (5%) of the required payment. In no event shall interest payable hereunder be in excess of the maximum rate of interest permitted under applicable law. If any payment to be so made hereunder becomes due and payable on a day other than a Business Day, such payment shall be extended to the next succeeding Business Day and, to the extent permitted by applicable law, interest thereon shall be payable at the then applicable rate during such extension.

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

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

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

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

3. Indemnity: Yield Protection. The Borrower shall pay to the Bank, upon request of the Bank, such amount or amounts as shall be sufficient (in the reasonable opinion of the Bank) to compensate it for any loss, cost, or expense incurred as a result of: (i) any payment of an Agreed Rate Loan on a date other than the last day of the Interest Period for such Loan; (ii) any failure by Borrower to borrow an Agreed Rate Loan on the

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

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

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

5. Warranties and Representations. The Borrower represents and warrants that: a) it is a corporation duly organized, validly existing and in good standing under the laws of the state of its incorporation and is qualified to do business and is in good standing under the laws of every state where its failure to so qualify would have a material and adverse effect on

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

6. Events of Default. Upon the occurrence of any of the following specified events of default (each an "Event of Default"): a) default in making any payment of principal, interest, or any other sum payable under this Note when due; or b) default by the Borrower or any Guarantor (i) of any other obligation hereunder or (ii) in the due payment of any other obligation owing to the Bank or (iii) under any other document, instrument and/or agreement with or in favor of the Bank; or c) default by Borrower or any Guarantor in the due payment of any other indebtedness for borrowed money or default in the observance or performance of any covenant or condition contained in any agreement or instrument evidencing, securing, or relating to any such indebtedness, which causes or permits the acceleration of the maturity thereof; or d) any representation or warranty made by the Borrower herein or in any certificate furnished by the Borrower in connection with the Loans evidenced hereby or pursuant to the provisions hereof, proves untrue in any material respect; or e) the Borrower or any Guarantor becomes insolvent or bankrupt, is generally not paying its debts as they become due, or makes an assignment for the benefit of creditors, or a trustee or receiver is appointed for the Borrower or any Guarantor or for the greater part of the properties of the Borrower or any Guarantor with the consent of the Borrower or any such Guarantor, or if appointed without the consent of the Borrower or

any such Guarantor, such trustee or receiver is not discharged within 30 days, or bankruptcy, reorganization, liquidation or similar proceedings are instituted by or against the Borrower or any Guarantor under the laws of any jurisdiction, and if instituted against the Borrower or any such Guarantor are consented to by it or remain undismissed for 30 days, or a writ or warrant of attachment or similar process shall be issued against a substantial part of the property of the Borrower or any Guarantor not in the possession of the Bank and same shall not be released or bonded within 30 days after levy; or f) any garnishment, levy, writ or warrant of attachment or similar process shall be issued and served against the Bank, which garnishment, levy, writ or warrant of attachment or similar process relates to property of the Borrower or any Guarantor in the possession of the Bank; or g) mortgage or pledge of, creation of a security interest in, any assets of the Borrower, other than security interests in favor of the Bank; or h) the incurrence by the Borrower of any indebtedness for borrowed money, other than obligations owing to the Bank; i) the Bank shall have determined, in its sole discretion, that one or more conditions exist or events have occurred which have resulted or may result in a material adverse change in the business, properties or financial condition of the Borrower or any Guarantor as determined in the sole discretion of the Bank or one or more other conditions exist or events have occurred with respect to the Borrower or any Guarantor which the Bank deems materially adverse; then, in any such event, and at any time thereafter, if any Event of Default shall then be continuing, the Bank may declare the principal and the accrued interest in respect of all Loans under this Note to be, whereupon the Note shall become, immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are expressly waived by the Borrower.

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

8. Definitions. As used herein:

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

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

(c) "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, together with each other document, instrument or agreement made with or in favor of the Bank.

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

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

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

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

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

(f) All agreements between the Borrower (and each Guarantor and each other party obligated for payment on this Note) and the Bank are hereby expressly limited so that in no contingency or event whatsoever, whether by reason of acceleration of maturity of the indebtedness evidenced hereby or otherwise, shall the amount paid or agreed to be paid to the Bank for the use or the forbearance of the indebtedness evidenced hereby exceed the maximum permissible under applicable law. As used herein, the term "applicable law" shall mean the law in effect as of the date hereof provided, however, that in the event there is a change in the law which results in a higher permissible rate of interest, then this Note shall be governed by such new law as of its effective date. In this regard, it is expressly agreed that it is the intent of the Borrower and the Bank in the execution, delivery and acceptance of this Note to contract in strict compliance with the laws of the State of New York from time to time in effect. If, under or from any circumstances whatsoever, fulfillment of any provision hereof or of any of the Loan Documents at the time of performance of such provision shall be due, shall involve transcending the limit of such validity prescribed by applicable law, then the obligation to be fulfilled shall automatically be reduced to the limits of such and if under or from circumstances whatsoever the Bank should ever receive as interest an amount which would exceed the highest lawful rate, such amount which would be excessive

interest shall be applied to the reduction of the principal balance evidenced hereby and not to the payment of interest. This provision shall control every other provision of all agreements between the Borrower, each Guarantor., each other party obligated on this Note and the Bank.

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

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

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

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

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

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

(1) 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 July 28, 2003 (the "Prior Note"); provided, however, that the execution and delivery of this Note shall not in any circumstance be deemed to have terminated, extinguished or discharged the Borrower's indebtedness under such Prior Note, all of which indebtedness shall continue under and be governed by this Note and the documents, instruments and agreements executed pursuant hereto or in connection herewith. This Note is a replacement, consolidation, amendment and restatement of the Prior Note and IS NOT A NOVATION. The Borrower shall also pay and this Note shall also evidence any and all unpaid interest on all Loans made by the Bank to the Borrower pursuant to Prior Note, and at the interest rate specified therein, for which this Note has been issued as replacement therefor.

MOVADO GROUP, INC.

By: /s/ Frank V. Kimick

Name: Frank V. Kimick
Title: VP & Treasurer

6/18/04

FOURTH AMENDMENT TO LICENSE AGREEMENT
DATED JUNE 3, 1999 BETWEEN
TOMMY HILFIGER LICENSING, INC. AND
MOVADO GROUP, INC.

AGREEMENT entered into as of the 25TH day of June, 2004 by and between TOMMY HILFIGER LICENSING, INC., a Delaware corporation, having an address at University Plaza - Bellevue Building, 262 Chapman Road, Suite 103A, Newark, Delaware 19702 (hereinafter referred to as "Hilfiger") and MOVADO GROUP, INC., a New York corporation having its offices at 650 From Road, Paramus, New Jersey 07652 ("MGI") and MOVADO WATCH COMPANY, S.A., successor by merger with N.A. TRADING, S.A., a Swiss corporation, having its offices at Bettlachstrasse 8, 2540 Grenchen, Switzerland ("MWC"). MGI and MWC are hereinafter jointly referred to as "Licensee".

W I T N E S S E T H:

WHEREAS, Hilfiger and Licensee entered into a license agreement dated June 3, 1999, which license agreement was previously amended on January 16, 2002, August 1, 2002 and May 7, 2004 (the license agreement as so amended is hereinafter referred to as the "License"); and

WHEREAS, the parties have agreed to the amendments to the License contained herein.

NOW, THEREFORE, the parties hereto, in consideration of the mutual agreements contained and promises herein expressed, and for other good consideration acknowledged by each of them to be satisfactory and adequate, do hereby agree as follows:

1. All capitalized terms used herein shall have the meanings ascribed to them in the License.
2. Paragraph 1.1 of the License is deleted and replaced with the following:

"Affiliate with respect to either party hereto shall mean a person or entity controlling, controlled by, or under common control with such party."
3. The following is hereby inserted into the License as Paragraph 1.20A:

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

"Tommy Hilfiger Websites means any Internet website operated by Hilfiger, or any Hilfiger Affiliate, through which products bearing the Trademarks are sold to consumers."

4. Paragraph 7.6 of the License is hereby amended by deleting "or 7.13" in the second sentence thereof, and replacing the same with the following:

",7.13 or 7.15.

5. The following is hereby inserted into the License as Paragraph 7.15:

"7.15 Purchases for Sale Via Tommy Hilfiger Websites. Licensee will consign Licensed Products to Hilfiger or its Affiliate for sale through Tommy Hilfiger Websites in accordance with the terms of a consignment agreement as may be entered into by the parties. The purchase price payable to Licensee for all such Licensed Products sold through the Tommy Hilfiger Website will equal * ."

6. Paragraph 8.2(a) of the License is hereby amended by inserting the following at the end of the fourth sentence thereof:

"or Hilfiger's Affiliates (whether under Paragraphs 7.11, 7.15 or otherwise)."

7. Paragraph 9.2 of the License is hereby amended by inserting the following at the end of the second sentence thereof:

"and 7.15."

8. Paragraph 19.1 of the License is hereby amended by changing the notice addresses for Hilfiger to the following:

"To Hilfiger: TOMMY HILFIGER LICENSING, INC.
University Plaza - Bellevue Building
262 Chapman Road, Suite 103A
Newark, Delaware 19702
Attention: Thomas Welcher
Telephone (302) 286-6531
Facsimile: (302) 286-6604

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

with a copy to:

STEVEN R. GURSKY, ESQ.
Gursky & Partners, LLP
1350 Broadway, 11th Floor
New York, New York 10018
Telephone: (212) 904-1234
Facsimile: (212) 967-4465"

9. Except as modified hereby, all other paragraphs and provisions contained in the License shall remain in full force and effect and nothing contained herein shall alter them in any way and are hereby in all respects ratified and confirmed.

IN WITNESS WHEREOF, Hilfiger and Licensee have respectively signed this Amendment as of the date first written above.

TOMMY HILFIGER LICENSING, INC.

MOVADO GROUP, INC.

By: /s/ Thomas E. Welch

By: /s/ Timothy F. Michno

Title: Assistant Secretary

Title: General Counsel

MOVADO WATCH COMPANY, S.A.

By: /s/ Richard Cote

Title: COO

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT of 2002

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 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)) 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 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 9, 2004

/s/ Efraim Grinberg

Efraim Grinberg
President and Chief Executive Officer

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Eugene J. Karpovich, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Movado Group, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer 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)) 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 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 9, 2004

/s/ Eugene J. Karpovich

Eugene J. Karpovich
Senior Vice President and
Chief Financial Officer

CERTIFICATION OF PRINCIPAL 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 of Movado Group, Inc. (the "Company") on Form 10-Q for the period ending July 31, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Efraim Grinberg, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(i) The Report fully complies with the requirements of section 13 (a) or 15 (d) of the Securities Exchange Act of 1934; 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 9, 2004

/s/Efraim Grinberg

Efraim Grinberg
President and Chief Executive Officer

This certification accompanies this Report on Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by the Company for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATION OF PRINCIPAL 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 of Movado Group, Inc. (the "Company") on Form 10-Q for the period ending July 31, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Eugene J. Karpovich, Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(i) The Report fully complies with the requirements of section 13 (a) or 15 (d) of the Securities Exchange Act of 1934; 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 9, 2004

/s/Eugene J. Karpovich

Eugene J. Karpovich
Senior Vice President and
Chief Financial Officer

This certification accompanies this Report on Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by the Company for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.