

MOVADO GROUP INC
Form DEF 14A
May 07, 2010

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant x
Filed by a Party other than the Registrant o

Check the appropriate box:

- o Preliminary Proxy Statement
- o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- x Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Pursuant to § 14a-11(c) or § 14a-12

MOVADO GROUP, INC.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

PAYMENT OF FILING FEE (Check the appropriate box):

- x No fee required.
- o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - 1) Title of each class of securities to which transaction applies: _____
 - 2) Aggregate number of securities to which transaction applies: _____
 - 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): _____
 - 4) Proposed maximum aggregate value of transaction: _____
 - 5) Total fee paid: _____
- o Fee paid previously with preliminary materials.
- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
 - 1) Amount Previously Paid: _____
 - 2) Form, Schedule or Registration Statement No.: _____
 - 3) Filing Party: _____

4) Date Filed: _____

MOVADO GROUP, INC.
650 From Road, Ste. 375

Paramus, New Jersey 07652-3556

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

June 17, 2010

We will hold the 2010 Annual Meeting of Shareholders of Movado Group, Inc. on Thursday, June 17, 2010 at 10:00 a.m., at the Company's offices located at 25 West 39th Street, 15th Floor, New York, NY 10018 for the following purposes:

1. To elect eight directors to serve until the next Annual Meeting and until their successors are elected and qualified.
2. To ratify the selection of PricewaterhouseCoopers LLP as the Company's independent accountants for the fiscal year ending January 31, 2011.
3. To transact such other business as may properly come before the meeting or any postponement or adjournment thereof.

Holders of the Company's Common Stock and Class A Common Stock of record at the close of business on April 19, 2010 are entitled to notice of and to vote at the Annual Meeting of Shareholders or any postponements or adjournments thereof.

Again this year, we will furnish proxy materials to our shareholders via the Internet in order to expedite shareholders' receipt of proxy materials while lowering the cost of delivery and reducing the environmental impact of our Annual Meeting.

Accordingly, we are mailing to our shareholders of record and beneficial owners a Notice of Internet Availability of Proxy Materials, which provides instructions on how to access the attached proxy statement and our annual report to shareholders for the fiscal year ended January 31, 2010 via the Internet and how to vote online. The Notice of Internet Availability of Proxy Materials also contains instructions on how to obtain the proxy materials in printed form.

Date: May 7, 2010

By order of the Board of Directors

Timothy F. Michno
Secretary and General Counsel

YOUR VOTE IS IMPORTANT

Regardless of whether you plan to attend the Annual Meeting, please follow the instructions you received to vote your shares as soon as possible, to ensure that your shares are represented at the Annual Meeting. Shareholders of record, or beneficial shareholders named as proxies by their shareholders of record, who attend the meeting may vote their shares personally, even though they have sent in proxies or voted online.

Help us make a difference by eliminating paper proxy mailings to your home or business: with your consent, we will provide all future proxy voting materials and annual reports to you electronically. Instructions for consenting to electronic delivery can be found on your proxy card. Your consent to receive shareholder materials electronically will

remain in effect until canceled.

MOVADO GROUP, INC.

PROXY STATEMENT

Annual Meeting of Shareholders of Movado Group, Inc. to be held Thursday, June 17, 2010
Some Questions You May Have Regarding This Proxy Statement

What is the purpose of these materials?

The Board of Directors of Movado Group, Inc. (the "Company") is soliciting proxies for our 2010 Annual Meeting of Shareholders. The Annual Meeting will be held on Thursday, June 17, 2010 at 10:00 a.m. at the Company's offices located at 25 West 39th Street, 15th Floor, New York, NY 10018. The information included in this proxy statement relates to the proposals to be voted on at the Annual Meeting, the voting process, the compensation of Directors and our most highly paid executive officers, and other required information. Our annual report to shareholders for the fiscal year ended January 31, 2010 is available to review with this proxy statement. We are mailing a notice of the Annual Meeting (and, for those who request it, a paper copy of this proxy statement and the enclosed form of proxy) to our shareholders on or about May 7, 2010.

What proposals will be voted on at the Annual Meeting?

The two matters scheduled to be voted on at the Annual Meeting are:

1. The election of eight directors to serve on the Board; and
2. The ratification of the selection of PricewaterhouseCoopers LLP as the Company's independent accountants for the fiscal year ending January 31, 2011.

In addition, such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof may be voted on.

Who can vote at the Annual Meeting?

Anyone owning shares of the Company's Common Stock and/or its Class A Common Stock on April 19, 2010, the record date for this year's Annual Meeting, is entitled to attend and to vote on all items properly presented at the Annual Meeting.

Who is asking me for my vote?

The Company is soliciting your proxy on behalf of the Board and has retained Broadridge Investor Communications Solutions, Inc., professional proxy solicitors, to assist with the solicitation. We will pay the entire cost of this proxy solicitation, including Broadridge's fee, which we expect to be approximately \$10,000.

What are my voting rights?

Each share of Common Stock is entitled to one vote and each share of Class A Common Stock is entitled to 10 votes on each matter properly presented at the Annual Meeting. On April 19, 2010, there were 17,982,084 shares of Common Stock outstanding and 6,634,319 shares of Class A Common Stock outstanding. A list of all shareholders as

of the record date will be available during ordinary business hours at the Company's principal place of business located at 650 From Road, Ste. 375, Paramus, NJ 07652-3556, from the Secretary of the Company, at least 10 days before the Annual Meeting and will also be available at the Annual Meeting.

How does the Board recommend that I vote?

The Board recommends that you vote:

1. FOR the election of each of the director nominees; and
2. FOR the appointment of PricewaterhouseCoopers LLP as our independent public accounting firm for the current fiscal year.

Why did I receive a one-page notice in the mail regarding the Internet availability of proxy materials instead of a full printed set?

In accordance with the rules of the Securities and Exchange Commission (the "SEC"), the Company has elected to provide access to its proxy materials via the Internet. Accordingly, the Company is mailing a Notice of Internet Availability of Proxy Materials (the "Notice") to shareholders of record and beneficial owners. All shareholders will have the ability to access the proxy materials on a website referred to in the Notice or request to receive a printed set of the proxy materials. Instructions on how to access the proxy materials via the Internet or to request a printed set may be found on the Notice. In addition, shareholders may request to receive proxy materials in printed form by mail or electronically by email on an ongoing basis.

Where can I view the proxy materials on the Internet?

The Notice provides you with instructions on how to:

- view proxy materials for the Annual Meeting via the Internet; and
- instruct the Company to send future proxy materials to you by email.

You can view the proxy materials for the Annual Meeting online at www.movadogroup.com by clicking on Investor Center and then Annual Report & Proxy Materials.

How do I vote?

If you are a shareholder on the record date, you may vote by following the instructions for voting on the Notice. If you receive paper copies of these proxy materials, you can vote by completing, signing and dating your proxy card and returning it in the enclosed envelope. Alternatively, you may attend the Annual Meeting and vote your shares in person. If you vote online, by phone or mail in a proxy card, you may still attend the Annual Meeting and vote in person but in that case, only your in-person votes will count. If you wish to vote your shares in person at the Annual Meeting and they are held by your broker in "street name," you must bring a letter from the broker to the Annual Meeting showing that you were the beneficial owner of the shares on April 19, 2010.

Can I change my vote after I have delivered my proxy?

Yes. You may change your vote at any time before voting concludes at the Annual Meeting by:

- providing another proxy, using any of the available methods for voting, with a later date;
- notifying the Company's Secretary in writing before the Annual Meeting that you wish to revoke your proxy; or
- voting in person at the Annual Meeting.

What is a quorum?

For the purposes of the Annual Meeting, a "quorum" is a majority in voting power of the outstanding shares of Common Stock and Class A Common Stock owned by shareholders on the record date who are present in person or represented by proxy at the Annual Meeting. There must be a quorum for the Annual Meeting to be held. Broker non-votes (as further described below) and abstentions are counted for purposes of determining a quorum.

What is broker "discretionary" voting?

Under the rules of the New York Stock Exchange (“NYSE”), brokers who have transmitted proxy materials to customers will have discretion to vote the shares of customers who fail to provide voting instructions on “routine matters,” but brokers may not vote such shares on “non-routine matters” without voting instructions. When a broker’s customer does not provide the broker with voting instructions on non-routine matters, the broker cannot vote either way and reports the number of such shares as broker “non-votes.” Broker non-votes are counted as present for the purpose of determining the presence of a quorum for the transaction of business, but they are not counted as shares voting. Thus, broker non-votes can have the effect of preventing approval of certain proposals where the number of affirmative votes, though a majority of the votes cast, does not constitute a majority of the required quorum. Beginning this year, regulatory changes have resulted in the election of directors being classified

as a non-routine matter. As a result, if you hold your shares in street name through a broker, you must cast your vote if you want it to count in the election of directors (proposal 1). The ratification of our independent registered public accounting firm is still a routine matter, so brokers will continue to have discretion to vote any uninstructed shares on the appointment of the Company's independent registered public accounting firm (Proposal 2).

How are matters presented at the Annual Meeting approved?

Directors are elected by a plurality of the votes cast at the Annual Meeting. The approval of the proposal to ratify the selection of PricewaterhouseCoopers LLP as the Company's independent accountants for fiscal 2011 requires the affirmative vote of a majority of the votes cast at the Annual Meeting. Abstentions will not be counted as votes cast in accordance with New York law. For this reason, abstentions will have no effect on the election of directors or the ratification of the selection of the Company's independent public accounting firm for fiscal 2011.

May I vote confidentially?

Yes. Our policy is to keep your vote confidential, except as otherwise legally required, to allow for the tabulation and certification of votes and to facilitate proxy solicitation.

Who will count the votes?

A representative of Broadridge will count the votes and act as the inspector of election for the Annual Meeting.

What if additional matters are presented to the Annual Meeting?

We do not know of any business to be considered at the Annual Meeting other than the proposals described in this proxy statement. If any other business is presented at the Annual Meeting, your properly executed proxy gives authority to Timothy F. Michno, our General Counsel and corporate Secretary, and to Sallie DeMarsilis, our Chief Financial Officer, to vote on such matters at his or her discretion.

Where can I find the voting results from the Annual Meeting?

We will announce preliminary voting results at the Annual Meeting and will publish final results in a Form 8-K that we will file with the SEC within four business days after the date of the Annual Meeting.

How can I obtain information about the Company?

A copy of our fiscal 2010 Annual Report is available on our website at www.movadogroup.com. Shareholders may also obtain a free copy of our Annual Report on Form 10-K by visiting our website or by sending a request in writing to Timothy F. Michno, corporate Secretary, at the Company's address set forth in the Notice.

When are shareholder proposals due for consideration at next year's annual meeting?

Under the SEC rules, for shareholder proposals to be considered for inclusion in the proxy statement for the 2011 Annual Meeting, they must be submitted in writing to our corporate Secretary, Movado Group, Inc., 650 From Road, Ste. 375, Paramus, NJ 07652-3556, on or before January 7, 2011. In addition, our bylaws provide that for directors to be nominated or other proposals to be properly presented at the 2010 Annual Meeting, an additional notice of any nomination or proposal must be received by us not less than 60 nor more than 90 days before the Annual Meeting. If less than 70 days' notice of our 2010 Annual Meeting is given, then to be timely, the notice by the shareholder must be

received by us not later than the close of business on the tenth day following the day on which the first public announcement of the date of the 2010 Annual Meeting was made or the notice of the meeting was mailed, whichever occurs first.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table shows the number of shares of the Company's Class A Common Stock and the Common Stock beneficially owned as of April 19, 2010 (except as otherwise noted in footnotes 3, 6, 7, 13 and 15) by (i) each shareholder who is known by the Company to beneficially own more than 5% of the outstanding shares of either the Class A Common Stock or the Common Stock, (ii) each director, (iii) each executive officer named in the Summary Compensation Table, and (iv) all executive officers and directors as a group.

| Name of Beneficial Owner | Shares of Class A Common Stock Beneficially Owned (1) | Shares of Common Stock Beneficially Owned (1) | Percent of Outstanding Shares of Capital Stock | | | | | |
|----------------------------------|---|---|--|------------------|-----------------------------------|------|------|---|
| | | | Class A Common Stock (1) | Common Stock (1) | Percent of Total Voting Power (1) | | | |
| Margaret Hayes Adame(2) | - | 27,937 | - | * | * | | | |
| BlackRock Inc.(3) | - | 1,522,975 | - | 8.5 | % | 1.8 | % | |
| Richard J. Coté (4) | - | 953,120 | - | 5.2 | % | 1.1 | % | |
| Sallie A. DeMarsilis (5) | - | 6,667 | - | * | * | | | |
| Dimensional Fund Advisors LP (6) | - | 1,364,109 | - | 7.6 | % | 1.6 | % | |
| FMR LLC (7) | - | 2,316,500 | - | 12.9 | % | 2.7 | % | |
| Alexander Grinberg (8) | 3,990,806 | 3,134 | 60.2 | % | * | 47.3 | % | |
| Efraim Grinberg (9) | 5,771,539 | 1,022,904 | 87.0 | % | 5.4 | % | 69.0 | % |
| Alan H. Howard (2) | - | 26,249 | - | * | * | | | |
| Richard Isserman (2) | - | 10,875 | - | * | * | | | |
| Nathan Leventhal (2) | - | 11,437 | - | * | * | | | |
| Timothy F. Michno (10) | - | 6,708 | - | * | * | | | |
| Frank A. Morelli (11) | - | 33,041 | - | * | * | | | |
| Donald Oresman (2) | 3,920 | 24,375 | * | * | * | | | |
| Miriam Phalen (12) | 3,995,330 | - | 60.2 | % | - | 47.4 | % | |
| Royce & Associates (13) | - | 1,898,775 | - | 10.6 | % | 2.3 | % | |

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| | | | | | | | |
|---|-----------|-----------|------|-----|------|-----|--------|
| Leonard L. Silverstein (2) (14) | - | 117,021 | - | * | * | | |
| Southpoint Capital Advisors (15) | - | 1,000,000 | - | 5.6 | % | 1.2 | % |
| | | | - | | | | |
| All executive officers and directors as a group (11 persons)(16) | 5,775,459 | 2,460,334 | 87.1 | % | 11.6 | % | 70.0 % |

* Denotes less than one percent

The address for Messrs. Coté, A. Grinberg, E. Grinberg, Howard, Isserman, Leventhal, Michno, Morelli, Oresman and Silverstein and Ms. Hayes Adame, Ms. DeMarsilis and Ms. Phalen is c/o Movado Group, Inc., 650 From Road, Ste. 375, Paramus, New Jersey 07652-3556.

- (1) Although each share of Class A Common Stock is convertible at any time into one share of Common Stock, the shares of Common Stock shown as beneficially owned by each of the persons or groups listed in the table above do not include the shares of Common Stock deemed to be beneficially owned by such persons or groups as a result of beneficial ownership of shares of Class A Common Stock, which shares are shown in a separate column. The percentage of outstanding shares of Common Stock shown as beneficially owned by each of the persons or groups in the table above is shown on the same basis. In calculating the percent of total voting power held by each person or group, the voting power of shares of Common Stock (one vote per share) and Class A Common Stock (10 votes per share) has been aggregated.
- (2) The total number of shares of Common Stock reported as beneficially owned by each of Ms. Hayes Adame and Messrs. Howard, Oresman and Silverstein includes 16,500 shares, and the number reported as beneficially owned by each of Mr. Leventhal and Mr. Isserman includes 4,500 shares, which each has the right to acquire by the exercise of options under the Company's Stock Incentive Plan.
- (3) On January 21, 2010, in a filing on Schedule 13G under the Securities Exchange Act of 1934, as amended ("Exchange Act") BlackRock Inc. reported beneficial ownership as of December 31, 2009 of 1,522,975 shares of Common Stock. It reported having sole dispositive and voting power as to all such shares. BlackRock Inc. reported that all of the shares of Common Stock that it beneficially owns were acquired in the ordinary course of business and not for the purpose or with the effect of changing or influencing control of the Company, or in connection with any transaction having such purpose or effect. The address of BlackRock Inc. is 40 East 52nd Street, New York, NY 10022.
- (4) The total number of shares of Common Stock reported as beneficially owned by Mr. Coté includes 466,265 shares which he has the right to acquire by the exercise of options under the Company's Stock Incentive Plan and 2,200 shares held by a trust for the benefit of his children as to which shares Mr. Coté has shared dispositive power with his spouse who is the trustee with sole voting power.
- (5) The total number of shares of Common Stock reported as beneficially owned by Ms. DeMarsilis consists of shares which she has the right to acquire by the exercise of options under the Company's Stock Incentive Plan.
- (6) On February 10, 2010, in a filing on Schedule 13G under the Exchange Act, Dimensional Fund Advisors LP ("DFA") reported beneficial ownership as of December 31, 2009 of 1,364,109 shares of Common Stock, as to all of which it has sole dispositive power. DFA reported having sole voting power as to 1,328,154 of the shares. DFA also reported that all of the shares of Common Stock that it beneficially owns were acquired in the ordinary course of business and not for the purpose or with the effect of changing or influencing control of the Company, or in connection with any transaction having such purpose or effect. The address of DFA is Palisades West, Building One, 6300 Bee Cave Road, Austin, TX 78746.
- (7) On February 16, 2010, in a filing on Schedule 13G under the Exchange Act, FMR LLC, in its capacity as the parent holding company of Fidelity Management & Research Company, reported beneficial ownership as of December 31, 2009 of 2,316,500 shares of Common Stock as to which it has sole dispositive power. FMR LLC reported that all of the shares of Common Stock that it beneficially owns were acquired in the ordinary course of business and not for the purpose or with the effect of changing or influencing control of the Company, or in connection with any transaction having such purpose or effect. The address of FMR LLC is 82 Devonshire Street, Boston, MA 02109.
- (8) The total number of shares of Class A Common Stock beneficially owned by Mr. A. Grinberg includes 3,655,640 shares owned by Grinberg Partners L.P., a Delaware limited partnership ("GPLP") of which Mr. A. Grinberg is a

limited partner, and 84,790 shares owned by trusts for the benefit of Mr. A. Grinberg's niece and nephew, of which trusts he is a co-trustee with Mr. Mark Fishman. Mr. A. Grinberg has shared voting power with GPLP, Grinberg Group Partners, a Delaware general partnership ("GGP") which is the general partner of GPLP, Mr. E. Grinberg and Ms. Phalen over the 3,655,640 shares owned by GPLP and shared voting and investment power with Mr. Fishman over the 84,790 shares owned by the trusts.

(9)The total number of shares of Class A Common Stock beneficially owned by Mr. E. Grinberg includes an aggregate of 563,306 shares held by several trusts for the benefit of Mr. E. Grinberg's siblings and himself. Mr. E. Grinberg is the sole trustee of those trusts and, as such, has sole investment and voting power with respect to the shares held by such trusts. In addition, included in the shares of Class A Common Stock reported as beneficially owned by Mr. E. Grinberg are 862,940 shares held by several trusts for the benefit of Mr. E. Grinberg's siblings and himself, and 855 shares held by a trust for the benefit of Mr. E. Grinberg's nephew, of which trusts Mr. E. Grinberg is co-trustee with Mr. Andrew Regan and, as co-trustee, has shared investment and voting power with Mr. Regan with respect to the shares of Class A Common Stock held by such trusts.

Also included in the shares of Class A Common Stock reported as beneficially owned by Mr. E. Grinberg are 399,665 shares held by several trusts for the benefit of Mr. E. Grinberg's children and the children of his siblings, of which trusts he is sole trustee with sole investment and voting power. The total number of shares of Class A Common Stock beneficially owned by Mr. E. Grinberg also includes 3,655,640 shares owned by GPLP. As the managing partner of GGP, Mr. E. Grinberg shares voting and dispositive power with respect to the 3,655,640 shares of Class A Common Stock held directly by GPLP with GGP and GPLP. Mr. E. Grinberg shares voting power with respect to such shares with Ms. Phalen and with Mr. A. Grinberg. The total number of shares of Class A Common stock beneficially owned by Mr. E. Grinberg also includes 38,000 shares owned by CAP I Partners L.P., a limited partnership of which CAP I Partners LLC is the general partner. Mr. E. Grinberg, as the managing member of CAP I Partners LLC, has the sole power to vote and dispose of the shares owned by CAP I Partners L.P. The total number of shares of Common Stock beneficially owned by Mr. E. Grinberg includes 10,000 shares of Common Stock held by a charitable remainder trust for which he is a co-trustee together with Mr. Andrew Weiss. The total number of shares of Common Stock owned by Mr. E. Grinberg also includes 805,068 shares of Common Stock which he has the right to acquire by the exercise of options under the Company's Stock Incentive Plan. Mr. E. Grinberg disclaims beneficial ownership as to the 954,218 shares of Class A Common Stock held by the trusts for the benefit of his siblings, the 855 shares of Class A Common Stock held by the trust for the benefit of his nephew, the 399,665 shares of Class A Common Stock held by the trusts for the benefit of his children and the children of his siblings and the shares of Class A Common Stock owned by CAP I Partners L.P. except to the extent of his pecuniary interest therein. He also disclaims beneficial ownership of the 10,000 shares of Common Stock held by the charitable remainder trust.

- (10) The total number of shares of Common Stock beneficially owned by Mr. Michno includes 6,666 shares which he has the right to acquire by the exercise of options under the Company's Stock Incentive Plan.
- (11) The total number of shares of Common Stock beneficially owned by Mr. Morelli includes 10,000 shares which he has the right to acquire by the exercise of options under the Company's Stock Incentive Plan.
- (12) The total number of shares of Class A Common Stock beneficially owned by Ms. Phalen includes 3,655,640 shares owned by GPLP of which Ms. Phalen is a limited partner, and 84,784 shares owned by trusts for the benefit of Ms. Phalen's children, of which trusts Ms. Phalen is the sole trustee. Ms. Phalen has shared voting power with GPLP, GGP, Mr. E. Grinberg and Mr. A. Grinberg over the 3,665,640 shares owned by GPLP and sole voting and investment power over the 84,784 shares owned by the trusts.
- (13) On January 7, 2010, in a filing on Schedule 13G under the Exchange Act, Royce & Associates LLC ("Royce") reported beneficial ownership as of December 31, 2009 of 1,898,775 shares of Common Stock, as to all of which it has sole dispositive and voting power. Royce also reported that all of the shares of Common Stock that it beneficially owns were acquired in the ordinary course of business and not for the purpose or with the effect of changing or influencing control of the Company, or in connection with any transaction having such purpose or effect. The address of Royce is 745 Fifth Avenue, New York, NY 10151.
- (14) The total number of shares of Common Stock beneficially owned by Mr. Silverstein includes 4,000 shares owned by the Leonard and Elaine Silverstein Family Foundation of which Mr. Silverstein and his wife are the directors and officers and as to which shares they have shared investment and voting power, and 88,646 shares held by a trust of which Mr. Silverstein is trustee and as to which shares he has sole investment and voting power. Mr. Silverstein disclaims beneficial ownership of the shares of Common Stock held by the Leonard and Elaine Silverstein Family Foundation.
- (15) On February 16, 2010, Southpoint Capital Advisors LLC, in a joint filing on Schedule 13G under the Exchange Act together with Southpoint Capital Advisors LP, Southpoint GP, LP, Southpoint GP, LLC and John S. Clark

II, reported beneficial ownership as of December 31, 2009 of 1,000,000 shares of Common Stock, as to all of which the reporting persons reported having sole voting and dispositive power. The reporting persons also reported that all of the shares of Common Stock that they beneficially own were acquired in the ordinary course of business and not for the purpose or with the effect of changing or influencing control of the Company, or in connection with any transaction having such purpose or effect. The address of the reporting persons is 623 Fifth Avenue, New York, NY 10022.

(16) Excludes double counting of shares deemed to be beneficially owned by more than one person. Unless otherwise indicated, the individuals named have sole investment and voting power.

PROPOSAL 1 - ELECTION OF DIRECTORS

Directors hold office until the next annual meeting of shareholders and until the election and qualification of their successors. Under the Company's by-laws, the Board of Directors can change the number of directors comprising the entire Board so long as the number is not less than three. The Board currently consists of eight directors. All of the nominees are members of the present Board of Directors. If any nominee for election to the Board of Directors should be unable to accept nomination or election as a director, which is not expected, your proxy may be voted for a substitute or substitutes designated by the Board of Directors or the number of directors constituting the Board may be reduced in accordance with the Company's by-laws. Directors will be elected by the holders of a plurality of the voting power present in person or represented by proxy and entitled to vote. Abstentions will not be counted for purposes of the election of directors. The Board recommends that shareholders vote FOR the election of the nominees listed below.

| Name | Age | Director Since | Position |
|------------------------|-----|----------------|--|
| Margaret Hayes Adame | 70 | 1993 | Director |
| Richard J. Coté | 55 | 2000 | President and Chief Operating Officer; Director |
| Efraim Grinberg | 52 | 1988 | Chairman of the Board of Directors and Chief Executive Officer; Director |
| Alan H. Howard | 50 | 1997 | Director |
| Richard Isserman | 75 | 2005 | Director |
| Nathan Leventhal | 67 | 2003 | Director |
| Donald Oresman | 84 | 1981 | Director |
| Leonard L. Silverstein | 88 | 1975 | Director |

There are no family relationships between any of the Company's directors. There are no arrangements between any director and any other person pursuant to which any of them was elected a director.

Ms. Hayes Adame is the President and Chief Executive Officer of Fashion Group International, Inc., an international, non-profit trade organization working with the fashion industry, which she joined in March 1993. From

1981 to March 1993, Ms. Hayes Adame was a Senior Vice President and general merchandise manager at Saks Fifth Avenue, a major retailer. Her expertise in the areas of retail and fashion provide her with a thorough understanding of numerous issues involving the Company's products and customers and makes her very suitable for service on the Board. She is also a member of the board of directors of International Flavors & Fragrances, Inc.

Mr. Coté joined the Company in January 2000 as Executive Vice President – Finance and Administration. In May 2001, Mr. Coté was promoted to Executive Vice President - Chief Operating Officer and in March 2010 he was promoted to the position of President and Chief Operating Officer. Prior to joining the Company, Mr. Coté worked for Colgate-Palmolive, a global consumer goods company, where, from 1998 to 2000, he was Vice President and Chief Financial Officer for U.S. operations, and from 1993 to 1998, he was Vice President and Chief Financial Officer for Asia/Pacific operations. Prior to joining Colgate-Palmolive, Mr. Coté spent eight years at KPMG LLP in public accounting. He is a licensed CPA. Mr. Coté's extensive experience in the areas of international business, accounting and corporate operations make him well qualified to deal with the challenges and opportunities of overseeing the operations and general management of the Company and for service on the Board.

Mr. Grinberg joined the Company in June 1980 and served as the Company's Vice President of Marketing from February 1985 until July 1986, at which time he was elected to the position of Senior Vice President of Marketing. From June 1990 to October 1995, Mr. Grinberg served as the Company's President and Chief Operating

Officer and, from October 1995 until May 2001, served as the Company's President. In May 2001, Mr. Grinberg was elected to the position of President and Chief Executive Officer and, in addition, effective January 31, 2009, he was elected Chairman of the Board. In March 2010 Mr. Grinberg resigned as President. He continues to serve as the Company's Chairman of the Board and Chief Executive Officer. Mr. Grinberg's three decades of experience in the watch industry and in a variety of positions at the Company during this period of its growth provides him with a detailed and extensive knowledge of the Company's brands, markets, competitors, customers and virtually every other aspect of its business and the industry as a whole and qualifies him for service on the Board. Mr. Grinberg also serves on the board of directors of Lincoln Center for the Performing Arts, Inc. and the Jeweler's Fund for Children.

Mr. Howard is the Managing Partner of Heathcote Advisors LLC, which he formed in March 2008. In addition, in 2008 he became Managing Partner of S3 Strategic Advisors LLC which provides strategic advice to hedge funds and asset managers. Previously, from July 2006 until July 2007, he was a Managing Director of Greenbriar Equity Group, LLC, a private equity firm focusing on transportation and transportation related investments. Prior to July 2006, Mr. Howard was a Managing Director of Credit Suisse First Boston LLC ("CSFB"), an international provider of financial services. He had been with CSFB and its predecessor companies since 1986. As a Managing Director in the ... Global Industrial and Services Investment Banking Group, he was an Advisor to several of the company's most important clients on mergers and acquisitions, corporate finance and capital raising assignments. Mr. Howard is also a member of the board of directors of Carbon Motors Corporation, a privately held company that designs, develops, manufactures and distributes special-purpose built law enforcement vehicles. With his broad experience in investment banking, Mr. Howard is able to provide the Board with insights into capitalization strategies, capital markets mechanics and strategic expansion opportunities.

Mr. Isserman was appointed to the Board in June 2005. In his nearly 40 year career with KPMG LLP, Mr. Isserman served as Audit Partner in KPMG's New York office for 26 years. He also led KPMG's real estate audit practice in New York and was a member of the firm's SEC Reviewing Partner's Committee. Mr. Isserman retired from KPMG in June 1995. A licensed New York state CPA, Mr. Isserman also serves as the chairman of the budget and finance committee and a member of the audit committee for Federation Employment and Guidance Services, a social service agency in New York City. Based on his years of demonstrated leadership in the field of public accounting, Mr. Isserman provides our Board with in-depth knowledge and experience in financial, accounting and risk management issues.

Mr. Leventhal served as Chief of Staff to Mayor John Lindsay, Deputy Mayor to Mayor Ed Koch, and Transition Chairman for both Mayors David Dinkins and Michael Bloomberg. He currently chairs Mayor Bloomberg's Committee on Appointments and is a Commissioner on the New York City Planning Commission. He also currently serves on the boards of a number of equity, fixed income and money market funds managed by the Dreyfus Corporation, an investment advisor. Mr. Leventhal is a former partner of the law firm Poletti Freidin Prashker Feldman & Gartner. Other New York City governmental positions held by Mr. Leventhal include Fiscal Director of the Human Resources Administration, Commissioner of Rent and Housing Maintenance, Commissioner of Housing Preservation and Development, and Secretary of the New York City Charter Revision Commission. In Washington, D.C., Mr. Leventhal served as an attorney in the Office of the Air Force General Counsel, Assistant to the Executive Director of the Equal Employment Opportunity Commission, and Chief Counsel to the U.S. Senate Subcommittee on Administrative Practice and Procedure. In the not-for-profit sector, Mr. Leventhal served for 17 years as President of Lincoln Center for the Performing Arts, where he is now President Emeritus and Chairman of the Avery Fisher Artist Program. Mr. Leventhal's wealth of experience in the areas of government, law, public policy and management make him well qualified to serve on our Board.

Mr. Oresman was Executive Vice President and General Counsel of Paramount Communications, Inc., a publishing and entertainment company, from December 1983 until his retirement in March 1994. Prior to joining Paramount, Mr. Oresman was engaged in the practice of law as a partner of Simpson Thacher & Bartlett, where he is

now Of Counsel. Mr. Oresmans' distinguished career at Simpson Thacher spanned several decades in which he represented major corporate clients in the areas of federal securities law, mergers and acquisitions and other general corporate matters. He has served on the Board continuously for the past 29 years and therefore has a deep knowledge of our Company's business and its history which, in addition to his expertise in the area of corporate law and corporate governance, qualifies him for continued service on the Board.

Mr. Silverstein has been engaged in the practice of law at Buchanan Ingersoll & Rooney (formerly Silverstein and Mullens), in Washington, D.C., for over 40 years. Mr. Silverstein also serves as Vice President and Director of Tax Management, Inc., a wholly owned subsidiary of BNA, Inc. He is also an officer of the French Legion of Honor, a former Vice Chairman and currently an active honorary trustee of the John F. Kennedy Center for the Performing Arts, Past President of the Alliance Francaise of Washington, formerly President and currently a

director of the National Symphony Orchestra Association, Treasurer of the Madison Council of the Library of Congress and President, French-American Cultural Foundation. By virtue of the knowledge and experience he has gained and the contributions he has made during his tenure as a director of the Company for the past 35 years, as well as his sound judgment gained from years of experience counseling clients in his legal practice, Mr. Silverstein is qualified to serve on the Board.

THE BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

Board Leadership Structure

Prior to January 31, 2009 the positions of Chairman of the Board of Directors and Chief Executive Officer were held by two individuals. Following the retirement and passing of the Company's former Chairman, Mr. Gedalio Grinberg, the Board appointed Mr. Efraim Grinberg, who at that time was the Chief Executive Officer and a sitting Board member, to also serve as Chairman. In making the decision to combine the positions of the Chairman and Chief Executive Officer, the Board took into consideration Mr. E. Grinberg's almost 30 years of management, financial, and administrative leadership at the Company and his extensive knowledge of, and experience with, all other aspects of the Company's business. The Board does not have a lead independent director. The small size of the Board, the composition of the Board, the tenure of the directors with the Company, the overall experience of the directors and the experience that the directors have had with the Chairman and the executive management group permit and encourage each member to take an active role in all discussions, and each member does actively participate in all substantive discussions. As Chief Executive Officer, Mr. E. Grinberg is the director most familiar with our business and industry, and we believe that he is the director most capable of guiding our business, at both the strategic and operational levels. We believe that our current structure is serving the Company well at this time. However, as in the past the roles of Chairman and Chief Executive Officer were separated, they may be again in the future.

Board Meetings and Committees

In fiscal 2010, the Board of Directors held eight meetings. All directors attended at least 75% of the meetings of the Board and of the committees on which they served.

The Board of Directors has three committees:

- Audit
- Compensation
- Nominating/Corporate Governance.

The members of the committees and their chairs are appointed by the Board annually. Each committee is comprised entirely of independent directors in accordance with NYSE listing standards. Each committee operates under a written charter which is available at the Company's website at www.movadogroup.com by clicking on "Investor Center", "Corporate Governance", "Committee Composition" and then the name of the respective committee. Committee charters are also available in print upon the written request of any shareholder. The current committee membership is as follows:

| Audit Committee | Compensation Committee | Nominating/Corporate Governance Committee |
|--------------------|---------------------------|---|
| Richard Isserman * | Alan H. Howard * | Nathan Leventhal * |
| Alan H. Howard | Margaret Hayes Adame | Margaret Hayes Adame |
| Donald Oresman | Donald Oresman | Leonard L. Silverstein |

Leonard L. Silverstein

* Committee Chair

Audit Committee

The Board of Directors has determined that each member of the Audit Committee is an “audit committee financial expert” as defined under the rules adopted by the SEC and, therefore, has accounting or related financial expertise in accordance with the NYSE listing standards. The Audit Committee held four meetings in fiscal 2010.

The principal functions of the Audit Committee are to (i) appoint, approve the compensation of, terminate and oversee the work of the Company’s independent auditors; (ii) approve in advance all audit and permissible non-

audit services provided to the Company by independent auditors; (iii) review, in consultation with the Company's independent auditors, management and the Company's internal auditors, the Company's financial reporting process, including its internal controls; (iv) review with management and the Company's independent auditors, the Company's annual and quarterly financial statements before the same are publicly filed, and (v) report regularly to the Board with respect to any issues that arise concerning, among other things, the quality or integrity of the Company's financial statements, the performance of the internal audit function, the Company's compliance with legal requirements and the performance and independence of the Company's independent auditors.

Compensation Committee

The Compensation Committee held three meetings in fiscal 2010. The principal functions of the Compensation Committee are to (i) review and approve corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives and set the CEO's compensation level based on that evaluation; (ii) review and approve compensation levels for executive non-CEO officers and key employees of the Company; (iii) review significant employee benefit programs and (iv) establish and administer executive compensation programs, including bonus plans, stock option and other equity-based programs, deferred compensation plans and any other cash or stock incentive programs.

For additional information concerning the operation of the Compensation Committee, including the role of outside compensation consultants and management in the process of determining the amount and form of executive compensation, see "Compensation Discussion and Analysis" below.

Compensation Committee Interlocks and Insider Participation

The Company's Compensation Committee was at all times during fiscal year 2010 comprised entirely of independent directors who at no time were executive officers or employees of the Company. Mr. Silverstein, a member of the committee, is a partner at the law firm of Buchanan Ingersoll & Rooney, P.C. That firm rendered legal services to the Company during fiscal 2010 for which it was paid \$2,806. The Board of Directors determined that such relationship was immaterial. No executive officer of the Company has ever served as a member of the board of directors or compensation committee of any company whose executive officers include a member of the Board of Directors or the Compensation Committee.

Nominating/ Corporate Governance Committee

The Nominating/Corporate Governance Committee held one meeting in fiscal 2010. The principal functions of the Nominating/Corporate Governance Committee are to (i) identify individuals qualified to become directors, consistent with criteria approved by the Board, and recommend director candidates to the Board of Directors; (ii) develop and recommend corporate governance principles to the Board of Directors; (iii) oversee the adoption of a code of ethics for directors, officers and employees of the Company and assure that procedures are in place for disclosure of any waivers of that code for directors or executive officers; and (iv) facilitate an annual assessment of the performance of the Board and each of its committees.

Identifying and Evaluating Candidates for the Board

In considering possible candidates to serve on the Board of Directors, the Nominating/Corporate Governance Committee will take into account all appropriate qualifications, qualities and skills in the context of the current make-up of the Board and will consider the entirety of each candidate's credentials. In addition, the Nominating/Corporate Governance Committee will evaluate each nominee according to the following criteria: personal character, accomplishments, integrity, and reputation in the business community; knowledge of the industry

in which the Company does business; sound business judgment; leadership ability and capacity for strategic thinking; experience working constructively with others; sufficient time to devote to Board matters; diversity of viewpoints and backgrounds and the absence of any conflict of interest that might interfere with performance as a director. While the Nominating/Corporate Governance Committee has no other policy with respect to the consideration of diversity in identifying nominees, it seeks directors who represent a diverse mix of backgrounds and experiences that will enhance the quality of the Board's deliberations and decisions.

Shareholders may recommend director candidates for consideration by the Nominating/Corporate Governance Committee. To have a candidate considered by the Nominating/Corporate Governance Committee, a shareholder must submit the recommendation in writing and must include the following information:

- The name and address of the shareholder and evidence of the shareholder's ownership of Company stock, including the number and class of shares owned and the length of time of ownership;
- A description of all arrangements or understandings between the shareholder and each candidate pursuant to which the nomination is being made;
- The name of the candidate, the candidate's resume or a listing of his or her qualifications to be a director of the Company and the person's consent to be named as a director if nominated by the Board of Directors; and
- Such other information regarding each proposed candidate as would be required to be included in a proxy statement under the rules of the SEC if such candidate had been nominated by the Board of Directors.

Each such recommendation must be sent to the Secretary of the Company at Movado Group, Inc., 650 From Road, Ste. 375, Paramus, New Jersey 07652-3556 and must be received within the time indicated above on page 4 under "When are shareholder proposals due for consideration at next year's annual meeting?". The Nominating/Corporate Governance Committee will evaluate shareholder recommended director candidates in the same manner as it evaluates director candidates identified by other means.

Corporate Governance Guidelines

The Company's Corporate Governance Guidelines and its Code of Business Conduct and Ethics are available on the Company's website at www.movadogroup.com by clicking on "Investor Center" and then "Corporate Governance". The Corporate Governance Guidelines and the Code of Business Conduct and Ethics are also available in print upon the written request of any shareholder.

Director Independence

The listing standards of the NYSE require that a majority of the Board of Directors be independent. No director qualifies as independent unless the Board of Directors affirmatively determines that the director has no material relationship with the Company (directly or as a partner, shareholder or officer of an organization that has a relationship with the Company). The Board of Directors broadly considers all relevant facts and circumstances relative to independence and considers the issue not merely from the standpoint of the director, but also from the viewpoint of persons or organizations with which the director has an affiliation. Material relationships can include commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships (among others). In accordance with the NYSE listing standards, the Board has adopted categorical standards of director independence that provide that none of the following relationships will be considered a material relationship that would impair a director's independence:

- A director who is a director, an executive officer or an employee, or whose immediate family member is a director, an executive officer or an employee, of a company that makes payments to, or receives payments from, the Company for goods or services in an amount which, in any single fiscal year, is less than the greater of \$1,000,000 and 2% of such other company's consolidated gross revenues; or
- A director who serves, or whose immediate family member serves, as an executive, officer, director, trustee or employee of a charitable organization and the Company's discretionary charitable contributions to the

organization are less than the greater of \$1,000,000 and 2% of that organization's consolidated gross revenues.

The Board of Directors has determined that all of the members of the Board of Directors, with the exception of those two members who are employees of the Company (namely Messrs. E. Grinberg and R. Coté), representing a majority of the entire Board, are independent under the NYSE listing standards and satisfy the Company's categorical standards set forth above.

In addition, in accordance with the NYSE listing standards, the Board of Directors has determined that the Compensation Committee and Nominating/Corporate Governance Committee are composed entirely of independent directors. The Board of Directors has also determined that each member of the Audit Committee is independent under the applicable rules of the SEC and under the NYSE listing standards.

Executive Sessions of Non-Management Directors

The non-management directors hold regular executive sessions without management at least once each quarter. The chairman of the Nominating/Corporate Governance Committee is designated to chair these executive sessions under the Company's Corporate Governance Guidelines.

Board Role in Risk Oversight

While management is responsible for managing the various risks that may arise in the course of the Company's business, the Board has a role in the oversight of the risk management process. The Board and, as appropriate, its committees regularly meet to receive and discuss operating and financial reports presented by the Chairman of the Board and Chief Executive Officer, the President and Chief Operating Officer, the Chief Financial Officer, the Company's General Counsel, the Senior Vice President of Human Resources, the Senior Vice President of Global Business Processes and Chief Information Officer, the Vice President of Internal Audit and Business Controls and numerous other officers and employees of the Company as well as experts and other advisors. In addition, each year management presents a budget and business plan for the following fiscal year which is reviewed by and discussed with the Board. Management also regularly discusses with the Board strategic initiatives and the associated risks. The Board also reviews specific risk areas on a regular basis. These include insured risks, disaster recovery, management authority and internal controls, litigation risks, foreign currency risks, risks associated with the Company's customer mix, supply chain and credit risks, inventory risks and other operational and financial risks. The Audit Committee has particular oversight responsibility with respect to the preparation and audit of the Company's financial statements and internal audit issues and is specifically charged in its charter to, and does, discuss with management and the independent auditor the Company's policies with respect to risk assessment and risk management. The Audit Committee concerns itself most specifically with the integrity of the financial reporting process, but also with personnel, asset and information security risk. All committee meetings are open to the other directors and many regularly attend because the committee meetings are regularly scheduled on the same day as Board meetings.

Compensation Risk Assessment

We believe that the performance goals and incentive plan structures generally established under the Company's executive, annual and long-term incentive programs would not contribute to excessive risk by our senior executives or employees. The approved goals under our incentive programs are consistent with our financial operating plans and strategies, and these programs are discussed and reviewed by the Committee. The Company's compensation systems are balanced, rewarding both short-term and long-term performance. Company results are team oriented rather than individually focused, and tied to measurable factors that are both transparent to shareholders and drivers of their returns. The Committee is actively engaged in setting compensation systems, monitoring these systems during the year and using discretion in making rewards, as necessary. As a result of the procedures and practices described above, the Committee believes that the Company's compensation policies and practices for its employees do not encourage risk taking that is reasonably likely to have a material adverse effect on the Company.

Communications with the Board of Directors

Shareholders and other interested parties desiring to communicate directly with the full Board of Directors, the Audit Committee of the Board of Directors, the non-management directors as a group or with any individual director or directors may do so by sending such communication in writing addressed to the attention of the intended recipient(s), c/o Secretary and General Counsel, Movado Group, Inc., 650 From Road, Ste. 375, Paramus, NJ 07652-3556. Interested parties may communicate anonymously and/or confidentially if they desire. All communications received that relate to accounting, internal accounting controls or auditing matters will be referred to the chairman of the Audit Committee unless the communication is otherwise addressed. All other communications received will be forwarded to

the appropriate director or directors.

Director Attendance at Annual Meeting

The Company encourages all of the directors to attend each annual meeting of shareholders. To the extent reasonably practicable, the Company regularly schedules a meeting of the Board of Directors on the same day as the Annual Meeting of Shareholders. All members of the Board of Directors attended the 2009 Annual Meeting of Shareholders.

EXECUTIVE OFFICERS

For detailed information concerning Richard Coté and Efraim Grinberg, see the listing for each under the heading "Election of Directors" above. The names of the other executive officers of the Company (and their respective ages as of the date of this proxy statement) are set forth below, together with the positions held by each during the past five years.

| Name | Age | Position |
|----------------------|-----|---|
| Sallie A. DeMarsilis | 45 | Chief Financial Officer; Principal Accounting Officer |
| Frank A. Morelli | 59 | Senior Vice President Global Business Processes and Chief Information Officer |
| Timothy F. Michno | 53 | Secretary and General Counsel |

Ms. DeMarsilis joined the Company in January 2008 as a Senior Vice President of Finance and was appointed Chief Financial Officer and Principal Accounting Officer effective March 31, 2008. From December 2004 through December 2007, she served as Senior Vice President of Finance with The Warnaco Group, Inc., a publicly traded global wholesaler and retailer of apparel. Prior to that, Ms. DeMarsilis held several senior financial positions with AnnTaylor Stores Corporation from November 1994 through December 2004, including Controller and Senior Vice President of Finance. AnnTaylor Stores Corporation is a publicly traded specialty retailer in the United States of women's apparel, shoes and accessories. Ms. DeMarsilis is a certified public accountant and worked in public accounting with Deloitte & Touche LLP for eight years before joining AnnTaylor Stores Corporation.

Mr. Morelli began with the Company in February 2006 as Senior Vice President Business Processes and Chief Information Officer. Immediately prior to joining the Company and since 1995, Mr. Morelli was the Vice President – Global Information Technology at Colgate-Palmolive, a global consumer goods company, which he joined in 1973. Prior to 1995, Mr. Morelli held a number of different positions of increasing responsibility in the areas of information technology, finance, customer service, distribution/logistics and marketing.

Mr. Michno joined the Company in 1992 and since then has served as its Secretary and General Counsel. He has practiced law since 1983. Immediately prior to joining the Company and since 1986, he was an associate at the New York firm of Chadbourne & Parke. From 1988 to 1991, he served as a resident outside counsel to Fortune Brands, Inc. (formerly known as American Brands, Inc.), a consumer products company.

EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

Role of the Compensation Committee

The Compensation Committee of the Board of Directors (for purposes of this analysis, the "Committee") is responsible for reviewing and approving annually corporate goals relative to the compensation of the Company's Chief Executive Officer ("CEO"), evaluating the performance of the CEO against those goals and determining the CEO's compensation based on that evaluation. In addition, the Committee also reviews and approves the structure and levels of compensation for the Company's other executive officers and senior management; reviews and approves significant compensation programs generally, including performance goals under annual and long-term incentive plans; and

reviews and administers the Company's 2004 amended and restated Stock Incentive Plan. Throughout this proxy statement, the individuals who served as the Company's CEO or Chief Financial Officer during fiscal 2010, as well as the other individuals included in the Summary Compensation Table on page 22, are referred to as the "named executive officers".

Compensation Objectives

The fundamental purpose served by every compensation decision made by the Company and approved by the Committee is to attract, retain, motivate and appropriately reward a group of highly qualified individuals who are expected to contribute to the Company's continued success, with the ultimate objective of enhancing shareholder value. This is the underlying rationale for all of the Company's compensation arrangements and is evident in its compensation programs that were in effect during fiscal year 2010. The three most significant elements of compensation used by the Company in fashioning specific compensation packages offered to its executives and management level employees generally are: (1) base salary, (2) annual incentive cash bonuses and (3) long term equity participation. Of these, the variable elements - incentive cash bonuses and equity compensation - are performance-based and, as such, most closely link executives' interests with those of the Company's shareholders by rewarding performance meeting or exceeding the established goals. The Company and the Committee believe that the most effective executive compensation programs are those designed to reward the achievement of specific annual and long-term strategic goals set by the Company and therefore a significant portion of the total compensation that may be earned by the named executive officers is determined by these variable elements.

Setting Executive Compensation

With the foregoing objectives in mind, the Company targets overall compensation levels for the named executive officers and senior management between the median and the 75th percentile for similar positions. Exceptions to this may occur as dictated by Company performance, the experience level and performance of the individual and market factors. For example, for certain positions that are particularly important for the Company's ability to achieve its strategic goals and for which the competition for experienced, highly successful executives is especially acute, the Committee targets compensation as high as the 75th percentile.

To assist it in assessing the competitiveness of the Company's executive compensation programs, the Committee periodically engages the services of independent executive compensation and benefits consulting firms. In fiscal 2010 the Committee consulted with Frederic W. Cook & Co., Inc. ("FW Cook") in connection with the Committee's consideration of a one year, performance-based equity incentive plan for fiscal 2010 .

The Committee does not rely solely or even primarily on available compensation data from any single group of companies because the Committee believes that the Company competes for top executive-level talent not only with other companies that may be considered as included within the Company's peer group, but also with many other, larger companies. Accordingly the Committee considers compensation trends and practices prevailing generally in other industries and other companies but does not engage in any formal benchmarking with respect to these other industries or companies.

Consistent with the Company's compensation philosophy, a significant percentage of total compensation, particularly in the case of the named executive officers, is allocated to variable incentive compensation. There is no pre-established policy or target for the allocation between either cash and non-cash or short-term and long-term incentive compensation. Rather, the Committee reviews all information made available to it periodically from outside compensation consultants and annually from the Company's Senior Vice President of Human Resources to determine the appropriate level and mix of incentive compensation. In approving compensation for the CEO and the other named executive officers for fiscal 2010, the Committee considered the financial performance of the Company in fiscal 2009, the Company's projected financial performance in fiscal 2010, historical equity grant data with respect to the named executive officers and general information obtained from FW Cook.

The Committee makes all compensation decisions in respect of the compensation awarded to the CEO. With respect to the compensation of the Chief Operating Officer ("COO"), the Committee considers the recommendation of the CEO

and the Company's Senior Vice President of Human Resources. With respect to the compensation of the other named executive officers and other senior executives, the Committee considers the recommendations of the CEO, the COO and the Senior Vice President of Human Resources, including recommendations regarding salary adjustments and annual award amounts. Subject to any applicable plan limitations, the Committee can exercise its discretion in modifying any recommended adjustments or awards to executives. The Committee also takes into account total compensation earned by and awarded to the named executive officers for the prior three years.

Fiscal 2010 Executive Compensation Components

For the fiscal year ended January 31, 2010, the principal components of compensation for the named executive officers were:

- base salary;
- performance-based annual cash compensation;
- performance-based equity incentive compensation;

- retirement and other post-employment benefits; and
- perquisites and other personal benefits.

Base Salary

The Company provides named executive officers and other employees with base salary to compensate them for services rendered during the fiscal year. Base salaries for named executive officers are determined by the Committee for each individual in light of the Committee's assessment of the responsibilities relative to the position under consideration, as well as each individual's background, training, experience and by reference to the competitive marketplace for comparable talent. Annual increases in base salary levels, if warranted, are reviewed with reference to the individual's performance, the performance of the Company as a whole and the prevailing rate of increase in base salary levels generally in the competitive marketplace with respect to similar executive positions. During its review of base salaries for executives, the Committee primarily considers:

- market data with respect to average merit and cost of living increases for similar positions;
- internal review of the executive's compensation, both individually and relative to other executive officers; and
 - individual performance of the executive.

For the fiscal year ending January 31, 2010, the Committee approved management's recommendation for the second consecutive year, based on the continuing distressed economic conditions in the United States at the time, not to increase the base salaries of any of the named executive officers, each of whom agreed to and did take a voluntary reduction in base salary commencing in May 2009 through February 2010 (a 10% reduction by Mr. E. Grinberg and Mr. Coté and a 5% reduction by each of the others).

Performance-Based Annual Cash Compensation

The Company has two plans under which it provides its named executive officers, other executives and key management level employees annual performance-based opportunities for cash bonuses: the Movado Group, Inc. Executive Performance Plan (the "EPP") in which only the named executive officers participate and the Annual Incentive Compensation Plan, in which the remaining bonus-eligible employees (except the named executive officers) participate. Both plans are designed to tie a significant portion of participants' annual cash compensation to the Company's annual financial performance.

Under the EPP and consistent with the requirements of Section 162(m) of the Internal Revenue Code, as amended (the "Code"), within 90 days after the beginning of each fiscal year the Committee establishes target and maximum cash incentive levels for the named executive officers that are expressed as a percentage of their respective base salaries. At the same time it sets cash incentive targets, the Committee also establishes an earnings per share objective that must be met before any cash incentive payments can be made under the EPP to any of the named executive officers.

For fiscal 2010, the Committee set the target cash incentive payments (based on 100% bonus pool funding of the Annual Incentive Compensation Plan) for each of the CEO and COO at 75% of their respective base salaries; for Mr. Morelli and for Ms. DeMarsilis at 50% of their respective base salaries and for Mr. Michno at 30% of his base salary. In addition, the Committee established the maximum cash incentives payable under the EPP to any of the named executive officers at 150% of their target cash incentive amounts. The EPP provides that total cash incentives payable thereunder to all the named executive officers in any year may not exceed \$5 million. Please see the Grants of Plan-Based Awards Table for the target and maximum cash incentive awards payable to each of the named executive

officers in respect of fiscal 2010.

No cash incentives are paid to any of the named executive officers under the EPP unless the threshold earnings per share objective for the year, as determined by the Committee in or before each April, is achieved. For fiscal 2010, the earnings per share goal under the EPP was set at \$0.25. The Company did not achieve the threshold earnings per share goal under the EPP for fiscal 2010 so no bonuses under the EPP were paid to any of the named executive officers.

If the Company does achieve the earnings per share goal set by the Committee under the EPP, the Committee then assesses the Company's overall financial performance and the named executive officers' individual performance in exercising its discretion to determine the cash incentive actually paid to any of them under the EPP, which may not, in any event, exceed the maximum set at the beginning of the year. To assess corporate performance for the fiscal year, the Committee considers the extent to which the Company met the criteria for

funding the bonus pool under the Annual Incentive Compensation Plan, the overall level of bonus pool funding under that plan and the other criteria for measuring corporate performance that are established as financial targets under the Annual Incentive Compensation Plan as part of the annual budgeting process and approved by the Committee at the beginning of each fiscal year.

In fiscal 2010, the Annual Incentive Compensation Plan provided for funding of the bonus pool at between 15% to 20% of the normal pool level, corresponding to a total bonus pool of from \$2 million (if the Company achieved earnings per share ("EPS") of \$0.55) up to \$3 million (if the Company achieved EPS of \$0.70) with funding levels interpolated for EPS achieved between \$0.55 and \$0.70. In no event would bonus pool funding exceed \$3 million.

If the EPS funding goal is not met, the Annual Incentive Compensation Plan for fiscal 2010 provided that any funding of the bonus pool would be entirely within the discretion of the Committee. Inasmuch as the funding goal was not met in fiscal 2010, the Committee determined to fund the bonus pool only in the amount of \$140,000 in order to pay bonuses, up to 20% of the norm, to bonus-eligible employees at the manager level. No bonus was paid to any other employee in respect of fiscal 2010 under the Annual Incentive Compensation Plan.

If the bonus pool is funded, the Committee considers the extent to which the other financial criteria under the Annual Incentive Compensation Plan have been met in determining the cash incentive amount, if any, to pay to each named executive officer under the EPP. The Committee has the discretion to decrease or eliminate, but not to increase, the maximum cash incentive payable to each named executive officer under the EPP. In fiscal 2010, the Committee approved the following corporate performance criteria under the Annual Incentive Compensation Plan:

- Net Sales: \$425 million;
- Operating Expenses: \$225 million;
- Gross Margin (%): 60.0%;
- Net Income: \$13.6 million;
- Operating Cash Flow: \$20.0 million; and
- Inventory and accounts receivable: \$290 million.

However, as noted above, because the bonus pool was only funded to pay bonuses to certain employees at the manager level, none of the foregoing criteria was considered by the Committee in respect of fiscal 2010.

Equity Incentive Compensation

Stock Incentive Plan

Stock ownership is a key element of the Company's compensation program for the named executive officers, senior management generally, as well as mid level managers throughout the Company. Under the Company's amended and restated 2004 Stock Incentive Plan (the "Stock Plan"), the Committee may grant participants shares of the Company's Common Stock, restricted stock, share units, stock options, stock appreciation rights, performance units and/or performance bonuses. In granting these awards, the Committee may establish any conditions or restrictions it deems appropriate.

Most grants under the Stock Plan were in the form of stock options until March 2003. At that time, the Committee decided to utilize primarily time-vesting stock awards for most grants (pursuant to which, unrestricted shares of Common Stock are issued to the grantee when the award vests) and to use stock options primarily for grants to certain newly hired and/or newly promoted employees and to the CEO and the COO. The Committee believes that for the CEO and the COO stock options are an effective means to closely tie individual performance directly to the

Company's stock price performance, because stock options will have no value unless the Company's share price has increased from the date of grant (unlike time-vesting stock awards, which will have some value upon vesting even if the price of the Company's stock has declined since the date of grant). Option grants to the CEO and COO in fiscal years 2009 and 2008 are reflected on the Summary Compensation Table. No options were granted to any of the named executive officers in fiscal 2010. Newly hired and promoted employees who receive options are granted them by the Committee either prospectively, effective on the specified date of their hire or the date of their promotion, or after their hiring or promotion on the next regularly scheduled meeting date of the Committee.

In fiscal 2007, with input from FW Cook, the Committee decided to limit the grant of time-vesting stock awards exclusively to the Company's middle management and, except to reward specific, especially notable performance or in connection with promotions, to no longer grant such awards to the Company's senior executives. Instead, the named executive

officers and other senior executives were granted annual performance-based awards beginning in fiscal 2007 under the Stock Plan. The Committee took this action because it believes that performance-based awards are a more effective means to focus executives' efforts on the achievement of specific financial objectives. The performance-based equity incentive plans adopted each year from fiscal 2007 through fiscal 2010 are discussed below under Performance-Based Equity Incentive Plans.

Normally, the Committee makes annual grants under the Stock Plan to the named executive officers and senior management within 30 days after the release of the Company's fourth quarter and year-end earnings and generally grants annual time-vesting stock awards to the other Stock Plan participants at its regularly scheduled meeting each March when it reviews prior year corporate performance and considers compensation levels for the new year. Considering the Company's financial performance at the end of fiscal 2009 and the prevailing economic conditions at that time, the Committee made no grants under the Stock Plan in March 2009. Instead, in June 2009, the Committee adopted a performance-based equity incentive program under the Stock Plan for fiscal 2010 and made grants under that plan to the named executive officers and other executives. That plan is discussed below under Performance-Based Equity Incentive Plans.

Historically, the number of stock options and other stock awards granted to Stock Plan participants each year, other than in fiscal 2009 and fiscal 2010, has been designed to deliver relatively consistent value on a year-to-year basis. Therefore, the number of shares subject to awards is adjusted each year based primarily on changes in the Company's stock price. In fiscal 2010, the Committee reduced the total value of the awards granted from the previous year considering the financial performance of the Company in fiscal 2009 and its projected performance for fiscal 2010. In determining award levels, the Committee also looks to market data obtained from outside compensation consultants and the Company's Human Resources department (see "Setting Executive Compensation" above). Award levels vary among participants and generally reflect the position held by the grantee, contributions made by the person in the prior fiscal year as well as expectations of future contributions. The Committee considers adjustments to award levels when appropriate based on changes in the executive's performance, changes in the competitive marketplace, the financial accounting expense of the grant to the Company, or other factors. In determining equity grant amounts for certain newly hired employees, the Committee may also take into account any equity compensation that the individual is forfeiting from his or her former position.

Options, time-vesting stock grants and performance-based awards are designed to retain executive officers and management level employees by generally vesting either entirely on the third anniversary of the grant date (in the case of stock grants), incrementally over three years from the grant date (in the case of options) or upon the achievement of a predetermined performance goal after a specified period of time (in the case of performance-based awards). All of these equity awards are designed to encourage recipients to focus on enhancing shareholder value over the long term by directly aligning the grantee's financial interests with the interests of the Company's shareholders. All options granted under the Stock Plan have an exercise price equal to or greater than the fair market value of the Company's Common Stock on the grant date.

Performance-Based Equity Incentive Plans

Under each long-term, performance-based equity incentive plan ("LTIP") adopted annually from fiscal 2007 to fiscal 2009, key employees of the Company (currently approximately 40 executives worldwide) were granted "Performance Share Units" by the Committee for an award period ending on the third January 31st next following the date of grant ("Three-Year Award Period"). The first Three-Year Award Period under the LTIP adopted in fiscal 2007 ended January 31, 2009. Each Performance Share Unit represents the right to receive a share of Common Stock if the predetermined performance goal is satisfied in the applicable Three-Year Award Period. Under each LTIP, Performance Share Units vest based upon the Company's achievement of a specified operating margin (calculated as operating profit ÷ net sales), adjusted to exclude the impact of acquisitions and divestitures, for the final fiscal year in the Three Year Award

Period (the "LTIP Performance Goal"). The Committee established operating margin as the LTIP Performance Goal to support the Company's strategic plan of increasing profitability.

The objectives of each LTIP were to:

- link compensation directly to the achievement of specific corporate goals, namely improvement of operating margin;
- utilize best competitive practices in executive compensation to attract, retain and motivate key employees; and
- enhance the connection between the Company's operating performance, creation of shareholder value and long-term executive compensation.

The actual number of shares of Common Stock earned by an LTIP participant is based on the Company's actual performance at the end of the Three-Year Award Period relative to the LTIP Performance Goal and can range from 0% to 150% of the target award. No participant receives any Performance Share Units unless at least 89.5% of the LTIP Performance Goal (threshold performance) is achieved. Depending on the extent to which the LTIP Performance Goal is achieved, up to 50% of the shares of Common Stock equal to the target award will be distributed within 75 days after the completion of the Three-Year Award Period and the remainder of the earned shares will be distributed on the second anniversary of the completion of the Three-Year Award Period. Participants must be employed at the completion of the Three-Year Award Period to receive any shares. The amount deferred to the second anniversary is subject to forfeiture only in the event of the participant's voluntary resignation or termination of the participant's employment for cause. A pro-rata payout will be made for "retirement" (as defined in each LTIP), permanent disability (as determined by the Committee) or death occurring during the Three-Year Award Period based on actual performance at the end of the Three-Year Award Period. The Committee retains the right, in its discretion, to modify, cancel or suspend any LTIP and to make exceptions to any of the provisions of any LTIP on a case-by-case basis.

The LTIP Performance Goals for the Three-Year Award Periods ending January 31, 2009 and January 31, 2010 were set at an operating margin of 11.50% and 12.50 %, respectively. The Company's actual operating margin for fiscal 2009 and fiscal 2010 was less than 89.5% of the relevant LTIP Performance Goal each such year so all Performance Share Units granted in respect of both of the corresponding Three-Year Award Periods were forfeited.

For fiscal 2010, the Committee adopted a performance-based equity incentive program ("FY2010 EIP") under the Stock Plan, under which the Committee granted key employees of the Company Performance Share Units in respect of an award period concurrent with that fiscal year ending January 31, 2010. Under the FY2010 EIP, Performance Share Units would have vested if the Company had achieved operating profit (defined as earnings before interest and taxes determined in accordance with generally accepted accounting principles consistently applied by the Company) of \$19.8 million, provided that cash flow from operations was positive (the "FY2010 EIP Performance Goal"). The Committee established operating profit as the performance goal under the FY2010 EIP to support the Company's plan of achieving profitability for the year. The primary objectives of the FY2010 EIP were to:

- directly link compensation to the achievement of operating profit for fiscal 2010 ; and
- use performance-based incentive compensation to retain and incentivize key employees.

The actual number of shares of Common Stock that could have been earned by a participant under the FY2010 EIP was based on the Company's actual performance in fiscal 2010 relative to the FY2010 EIP Performance Goal and ranged from 0% to 120% of the target award, with all Performance Share Units forfeited unless the FY2010 EIP Performance Goal was met. Had the Performance Goal been achieved, shares of Common Stock equal to the Performance Share Units earned would have vested on the third anniversary of the original grant date (June 18, 2012) for participants still employed on January 31, 2010, with immediate vesting for such participants who retire, die or become permanently disabled after that date. Shares subject to vesting would have been subject to forfeiture only in the event of the participant's voluntary resignation (other than "retirement" as defined in the FY2010 EIP) or termination of the participant's employment for cause. All Performance Share Units granted under the FY2010 EIP were forfeited on January 31, 2010 because the FY2010 EIP Performance Goal was not achieved.

For further discussion of dividend rights, if any, and vesting of the Performance Share Units granted under the LTIP established in fiscal 2009 and the FY2010 EIP, in the event of a change in control, see the discussion following the Grants of Plan-Based Awards Table below. LTIP grants to the named executive officers in fiscal 2008 and 2009 and grants under the FY2010 EIP are reflected in the Summary Compensation Table on page 22. Grants under the FY2010 EIP are also reflected on the Grants of Plan-Based Awards Table on page 24.

Retirement and Other Post Employment Benefits

401(k) Plan

All employees in the United States including the named executive officers are eligible to participate in the Company's Employee Savings and Investment Plan ("401(k) Plan"). In addition, the named executive officers as well as certain other executives selected by the Committee are eligible to participate in the Deferred Compensation Plan for Executives.

Deferred Compensation Plan

The Company's Deferred Compensation Plan for Executives ("DCP") was originally adopted effective June 1, 1995, and was approved by the Company's shareholders on June 14, 1996. It was amended at the annual shareholders meeting in 2004 to extend its term through June 17, 2014 and was further amended and restated effective January 1, 2008 to reflect Section 409A of the Code. The plan is designed to offer retirement benefits to the named executive officers, senior management and key employees, consistent with overall market practices to attract and retain the talent needed in the Company. Under the DCP, participants may defer up to 25% of their base salary and cash bonus (if any) annually, and the Company will credit to the account of each participant a matching contribution in an amount equal to one hundred percent of the compensation deferral, up to a maximum match equal to either 10% (for "group I" participants) or 5% (for "group II" participants) of the participant's base salary. Of the named executive officers, Mr. E. Grinberg and Mr. Coté are group I participants. Messrs. Morelli and Michno and Ms. DeMarsilis are group II participants. Twenty percent of the Company's matching contribution is in the form of rights to Common Stock vesting ratably in annual installments over five years. As authorized by the Board of Directors, the Company suspended all matching contributions under the DCP in calendar year 2009 and for the current calendar year. It is the Company's intention to resume making matching contributions under the DCP when economic conditions and the Company's financial performance permit. The DCP also permits the Company to make discretionary contributions to any participant's DCP account.

Participants may direct the investment of amounts in their DCP accounts (other than rights to Common Stock) among investment funds that are made available to them under the plan. Those funds and their returns for fiscal 2010 are shown and further information regarding the participation by the named executive officers in the DCP is discussed in further detail under the heading "NONQUALIFIED DEFERRED COMPENSATION" on page 26.

Severance Agreements

The Company has severance agreements with Mr. Morelli and Mr. Michno in order to prohibit them from working in the watch or jewelry business for six months after the termination of their employment for any reason (and, in the case of Mr. Morelli, for the 12 months during which the Company pays him severance) and to prevent them from soliciting Company employees for 12 months after the termination of their employment. Under the agreement with Mr. Michno, he will continue to be paid his then current base salary plus costs for COBRA coverage for up to 12 months if the Company terminates his employment without cause. In addition, the Company has a change-in-control agreement with each of Mr. Coté and Mr. Morelli. Under these change-in-control agreements, each of Mr. Coté and Mr. Morelli, will continue to be paid his then current base salary (for 24 months in the case of Mr. Coté and for 18 months in the case of Mr. Morelli) after the termination of his employment following a change in control unless termination was by the Company for cause (or as a result of his death or disability) or was voluntary by the employee without good reason.

For a detailed description of the agreements between the Company and each of Messrs. Coté, Morelli and Michno, please refer to the discussion under the heading "Severance Agreements" on page 28.

Perquisites and Other Personal Benefits

As part of providing a competitive executive compensation program, the Company provides to the CEO and the CFO certain perquisites, described below, that the Company and the Committee believe are reasonable and consistent with its overall compensation program. The Committee reviews annually the levels of perquisites provided to these named executive officers.

The Company pays the CFO a taxable housing allowance for the rental of an apartment located near the Company's New Jersey headquarters.

The Company has purchased life insurance policies insuring the CEO and pays the premiums for that insurance. Under the Company's arrangement with the CEO, the named insured is entitled to the cash surrender value in respect of these life insurance policies and the respective beneficiaries are entitled to the applicable death benefits without, in either event, reimbursement to the Company.

Attributed costs of the perquisites described above for the named executive officers for the fiscal year ended January 31, 2010, are included in column (i) of the Summary Compensation Table on page 22.

Tax and Accounting Implications

Deductibility of Executive Compensation

As part of its role, the Committee reviews and considers the deductibility of executive compensation under Section 162(m) of the Code, which provides that the Company may not deduct compensation of more than \$1,000,000 that is paid to the chief executive officer and the three other highest paid executives (other than our chief financial officer) unless the compensation meets certain requirements relating to performance-based compensation. The Company believes that compensation paid under the management incentive plans is generally fully deductible for federal income tax purposes. However, in certain situations, the Committee may approve compensation that may not meet these requirements in order to ensure competitive levels of total compensation for its executive officers.

Accounting for Stock-Based Compensation

Beginning on February 1, 2006, the Company began accounting for stock-based payments in accordance with the requirements of FASB Statement 123(R) (currently FASB ASC Topic 718). The Committee considers the expense implications of the equity compensation awards in determining the aggregate annual award levels.

COMPENSATION COMMITTEE REPORT

The Compensation Committee of the Company has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement and the Company's Annual Report on Form 10-K for the year ended January 31, 2010.

THE COMPENSATION COMMITTEE

Alan H. Howard, Chairman
Margaret Hayes Adame

Donald Oresman
Leonard L. Silverstein

SUMMARY COMPENSATION TABLE FOR FISCAL 2010

The following Summary Compensation Table sets forth information about the compensation paid in respect of fiscal 2010 by the Company to the CEO, the Chief Financial Officer (the “CFO”) and the three most highly compensated executive officers of the Company other than the CEO and the CFO who were serving as executive officers at January 31, 2010. The foregoing individuals are referred to in this proxy statement as the “named executive officers”.

| (a) Name and Principal Position | (b) Year | (c) Salary \$(1) | (d) Bonus (\$) | (e) Stock Awards \$(2) | (f) Option Awards \$(3) | (g) Non-Equity Incentive Plan Compensation \$(4) | (h) Change in Pension Value and Nonquali- fied Deferred Compensation Earnings (\$) | (i) All Other Compensation (\$) | (j) Total (\$) |
|---|-------------|------------------------|----------------------|---------------------------------|----------------------------------|---|---|--|----------------------|
| Efraim Grinberg, Chairman and Chief Executive Officer | 2010 | 880,578 | - | 386,050 | - | - | - | 57,470(5) | 1,324,098 |
| | 2009 | 950,000 | - | 595,080 | 496,480 | - | - | 154,374 | 2,195,934 |
| | 2008 | 949,734 | - | 617,250 | 518,400 | 425,500 | - | 157,280 | 2,668,164 |
| Sallie A. DeMarsilis, Chief Financial Officer | 2010 | 409,472 | - | 88,240 | - | - | - | 34,138(6) | 531,850 |
| | 2009 | 425,000 | - | 121,200 | - | - | - | 54,815 | 601,015 |
| Richard Coté, President, Chief Operating Officer | 2010 | 533,357 | - | 333,658 | - | - | - | 14,654(7) | 881,669 |
| | 2009 | 575,000 | - | 451,820 | 299,600 | - | - | 74,162 | 1,400,582 |
| | 2008 | 574,999 | - | 452,650 | 311,040 | 259,000 | - | 74,104 | 1,671,793 |
| Frank A. Morelli Senior Vice President Global Business Processes, CIO | 2010 | 400,800 | - | 88,240 | - | - | - | 8,700(8) | 497,740 |
| Timothy F. Michno Secretary and General Counsel | 2010 | 300,600 | - | 58,459 | - | - | - | 6,000(9) | 365,059 |
| | 2009 | 312,000 | - | 79,344 | - | - | - | 25,000 | 416,344 |
| | 2008 | 309,462 | - | 82,300 | - | 56,000 | - | 24,862 | 472,624 |

(1) Salary amounts include amounts deferred at the election of the executive under the Company’s DCP and under the 401(k) plan. Amounts deferred under the DCP are also shown in the Nonqualified Deferred Compensation Table.

(2) Amounts shown under the “Stock Awards” column do not reflect compensation actually received by the named executive officers. Instead the dollar value of these awards represents the fair value of the performance-based

stock awards on the date of grant calculated in accordance with FASB ASC Topic 718 (previously FAS 123(R)). Performance-based stock awards are valued at the grant date based upon the probable outcome of the performance metrics, assuming in each case, that the probable outcome will be achievement of the target level performance goal. Assumptions used in calculating these amounts are described in Note 11 to the Company's audited financial statements for the fiscal year ended January 31, 2010, included in our Annual Report on Form 10-K filed with the SEC on April 1, 2010. The maximum grant date value of these performance-based stock awards, assuming the maximum level of performance conditions is achieved, would be as follows:

| Name | Year | Grant Date Value (\$) of Stock Awards Assuming Maximum Performance Level Achieved |
|-------------------------|------|--|
| Efraim Grinberg | 2010 | 463,260 |
| | 2009 | 892,620 |
| | 2008 | 925,875 |
| Sallie A. DeMarsilis | 2010 | 105,888 |
| | 2009 | 181,830 |
| Richard Coté | 2010 | 400,390 |
| | 2009 | 677,730 |
| | 2008 | 678,975 |
| Frank A. Morelli | 2010 | 105,888 |
| Timothy F. Michno | 2010 | 70,151 |
| | 2009 | 119,016 |
| | 2008 | 123,450 |

As of January 31, 2010, the fiscal 2008 and fiscal 2010 awards were forfeited because the minimum requisite performance goals were not achieved. Moreover, achievement of the performance goal that is a condition to the fiscal 2009 awards has been determined to be no longer probable.

- (3) Amounts shown under the “Option Awards” column do not reflect compensation actually received by the named executive officers. Instead the dollar value of these awards represents the fair value of the award on the date of grant calculated in accordance with FASB ASC Topic 718 (previously FAS 123(R)). Amounts for 2008 and 2009 have been recomputed using the same methodology in accordance with SEC rules. For a discussion of the assumptions underlying this valuation please see Note 11 to the Consolidated Financial Statements included in the Company’s Annual Report on Form 10-K for fiscal year 2010.
- (4) Annual incentive payments for the named executive officers under the EPP. No annual incentive payments were made under the EPP in respect of fiscal 2009 or fiscal 2010. See “Fiscal 2010 Executive Compensation Components – Performance-Based Annual Cash Compensation” on page 16.
- (5) Includes a taxable car allowance and automobile insurance reimbursement of \$21,964 and reimbursement of automobile fuel expenses. Includes \$32,106 for premiums paid in respect of certain life insurance policies purchased for Mr. E. Grinberg by the Company. Under his arrangement with the Company, Mr. E. Grinberg is entitled to the cash surrender value in respect of certain of these life insurance policies and his beneficiaries are entitled to the applicable benefit without, in either event, reimbursement to the Company of any premiums paid by the Company under such policies. Also includes a \$3,400 matching contribution made by the Company for the account of Mr. E. Grinberg under the Company's 401(k) Plan.
- (6) Includes a taxable car allowance of \$6,600 and a taxable housing allowance of \$25,200. Also includes a \$2,338 matching contribution made by the Company for the account of Ms. DeMarsilis under the Company’s 401(k) Plan.
- (7) Includes a taxable car allowance and automobile insurance reimbursement of \$12,000 and reimbursement of automobile fuel expenses. Also includes a \$2,654 matching contribution made by the Company for the account of Mr. Coté under the Company’s 401(k) Plan.
- (8) Includes a taxable car allowance of \$6,600 and a \$2,100 matching contribution made by the Company for the account of Mr. Morelli under the Company’s 401(k) Plan.
- (9) Includes a taxable car allowance of \$6,000.

GRANTS OF PLAN-BASED AWARDS IN FISCAL 2010

| Name (a) | Grant Date (b) | Estimated Possible Payouts Under Non-Equity Incentive Plan Awards | | | Estimate Future Payouts Under Equity Incentive Plan Awards | | | All Other Option Awards: Number of Securities Underlying Options (j) | Exercise or Base Price of Option Awards (\$/sh) (k) | Grant Date Fair Value of Stock and Option Awards (\$)(3) (l) |
|----------------------|----------------------|---|-------------------|--------------------|--|------------------|-------------------|--|--|---|
| | | Threshold (\$) (1) | Target (\$)(1) | Maximum (\$)(1) | Threshold (#) (2) | Target (#)(2) | Maximum (#)(2) | | | (1) |
| Efraim Grinberg | 06/18/09 | - | 712,500 | 1,068,750 | - | 35,000 | 42,000 | | | 386,050 |
| Sallie DeMarsilis | 06/18/09 | - | 212,500 | 318,750 | - | 8,000 | 9,600 | | | 88,240 |
| Richard Coté | 06/18/09 | - | 431,250 | 646,875 | - | 30,250 | 36,300 | | | 333,658 |
| Frank Morelli | 06/18/09 | - | 208,000 | 312,000 | - | 8,000 | 9,600 | | | 88,240 |
| Timothy Michno | 06/18/09 | - | 93,600 | 140,400 | - | 5,300 | 6,360 | | | 58,459 |

- (1) Includes annual cash incentive opportunities for the named executive officers in fiscal 2010 under the Company's EPP. See "Fiscal 2010 Executive Compensation Components – Performance Based Annual Cash Compensation" on page 16. There is no threshold performance level under the EPP.
- (2) Reflects Performance Share Units, each of which represents the right to receive a share of Common Stock if the predetermined performance goal under the Company's FY2010 EIP had been met in fiscal 2010. There was no threshold performance level under the FY2010 EIP. The FY2010 EIP is discussed on page 19 under "Fiscal 2010 Executive Compensation Components – Equity Incentive Compensation". See also the discussion following this table for more information regarding the Performance Share Units.
- (3) The amounts in column (l) represent the grant date fair value of the Performance Share Unit awards (\$11.03/share) assuming target level performance under the FY2010 EIP, computed in accordance with FASB ASC Topic 718 (previously FAS 123(R)).

Upon the occurrence of a "Change in Control" (as defined in the Stock Plan), the Performance Share Units awarded would have been converted, without pro-rata, on a one-for-one basis at 100% of the target Award to time-based Phantom Stock Units, which would have vested on the third anniversary of the grant date (June 18, 2012). Upon vesting, one share of Stock would have been distributed for each Phantom Share Unit not previously forfeited. If a participant's employment is terminated without cause within 24 months after the Change in Control, any unvested phantom stock units will become immediately vested and payable.

OUTSTANDING EQUITY AWARDS AT FISCAL 2010 YEAR-END

| (a) | (b) | Option Awards | | | | Stock Awards | | | |
|-------------------|---|---|---|----------------------------|------------------------|---|--|--|--|
| | | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) |
| Name | Number of Securities Underlying Unexercised Options (#) Exercisable | Number of Securities Underlying Unexercised Options (#) Unexercisable (1) | Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#) | Option Exercise Price (\$) | Option Expiration Date | Number of Shares or Units of Stock that Have Not Vested (2) (#) | Market Value of Shares or Units of Stock That Have Not Vested (\$) | Number of Shares, Units or Other Rights That Have Not Vested (3) (#) | Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (3) (\$) |
| Efraim Grinberg | 303,898 | - | - | 15.02 | 3/16/11 | - | - | 27,000 | 295,110 |
| | 94,962 | | | 15.57 | 3/16/11 | | | | |
| | 177,542 | | | 18.48 | 3/16/11 | | | | |
| | 100,000 | | | 18.34 | 3/22/15 | | | | |
| | 50,000 | | | 18.41 | 5/31/16 | | | | |
| | 26,667 | 13,333 | | 32.92 | 4/30/17 | | | | |
| | 19,333 | 38,667 | | 22.04 | 4/28/18 | | | | |
| Sallie DeMarsilis | 6,667 | 3,333 | - | 23.77 | 1/07/18 | 12,000 | 131,160 | 5,500 | 60,115 |
| Richard Coté | 60,000 | - | - | 4.25 | 5/17/10 | - | - | 20,500 | 224,065 |
| | 173,882 | | | 15.57 | 3/16/11 | | | | |
| | 105,050 | | | 18.47 | 3/16/11 | | | | |
| | 50,000 | | | 18.34 | 3/22/15 | | | | |
| | 30,000 | | | 18.41 | 5/31/16 | | | | |
| | 16,000 | 8,000 | | 32.92 | 4/30/17 | | | | |
| | 11,666 | 23,334 | | 22.04 | 4/28/18 | | | | |
| Frank Morelli | 10,000 | - | - | 20.22 | 2/13/16 | 14,667 | 160,310 | 5,500 | 60,115 |
| Timothy Michno | 6,666 | - | - | 14.05 | 8/27/14 | - | - | 3,600 | 39,348 |

- (1) The following table lists the vesting dates (assuming continued employment on such dates) and the number of the underlying shares vesting on such dates for all unexercisable stock options based on their corresponding exercise price:

| Name | Exercise Price (\$/share) | Vesting Date | Shares (#) |
|-------------------|---------------------------|--------------|------------|
| Efraim | 32.92 | 4/30/10 | 13,333 |
| Grinberg | 22.04 | 4/28/10 | 19,333 |
| | 22.04 | 4/28/11 | 19,334 |
| Sallie DeMarsilis | 23.77 | 1/07/11 | 3,333 |
| Richard | 32.92 | 4/30/10 | 8,000 |
| Coté | 22.04 | 4/28/10 | 11,667 |
| | 22.04 | 4/28/11 | 11,667 |

- (2) Represents unvested stock awards granted under the Company's Stock Plan which is discussed on page 17 under "Fiscal 2009 Executive Compensation Components –Equity Incentive Compensation". The awards granted to Ms. DeMarsilis vest on January 7, 2011. Of the awards granted to Mr. Morelli, 7,333 vest on February 13, 2010 and 7,334 vest on February 13, 2011.
- (3) The number reported in column (i) and the value reported in column (j) reflect Performance Share Units, each of which represents the right to receive a share of Common Stock if the applicable predetermined

performance goal is met under the Company's LTIP with respect to the Three-Year Award Period ending January 31, 2011. The number of Performance Share Units scheduled to vest is based on threshold performance, however, achievement of the performance goal that is a condition to the awards has been determined to be no longer probable. The LTIP is discussed on page 18 under "Fiscal 2010 Executive Compensation Components –Equity Incentive Compensation".

OPTION EXERCISES AND STOCK VESTED DURING FISCAL 2010

| (a) Name | Option Awards | | Stock Awards | |
|-------------------|--|--|---|---|
| | (b) Number of Shares Acquired on Exercise (#) | (c) Value Realized on Exercise (\$ (1)) | (d) Number of Shares Acquired on Vesting (#) | (e) Value Realized on Vesting (\$ (2)) |
| Efraim Grinberg | - | - | - | - |
| Sallie DeMarsilis | - | - | - | - |
| Richard Coté | 400,000 | 1,226,000 | - | - |
| Frank Morelli | - | - | 7,333 | 53,458 |
| Timothy Michno | - | - | - | - |

(1) Mr. Coté took delivery of the underlying shares represented by the option, net of shares that were withheld to pay for taxes. This amount represents the difference between the market price of the Common Stock on the date of option exercise and the exercise price of the option.

(2) Value represents the mathematical product resulting from multiplying the number of shares vesting by the market price of the shares (\$7.29) on the vesting date.

NONQUALIFIED DEFERRED COMPENSATION

Under the Company's DCP, participants may defer up to 25% of their base salary and cash bonus, if any, annually. Unless the Company elects not to match participant deferrals pursuant to an amendment to the DCP (as was the case for fiscal 2010 and is presently in effect for fiscal 2011) the Company will credit to the account of each participant a matching contribution in an amount equal to the deferral, up to a maximum match of either 10% or 5% of the participant's base salary (depending on whether the participant is included in group I or group II, as defined in the DCP). Of the named executive officers, Mr. E. Grinberg and Mr. Coté are in group I and Ms. DeMarsilis and Messrs. Morelli and Michno are in group II. Deferral elections must be made no later than December 31 of the year before the year in which the salary will be deferred. Twenty percent of the Company's matching contribution is made in the form of rights to the Company's Common Stock, representing the number of shares (including fractional shares) of Common Stock that the matching contribution could purchase based upon the New York Stock Exchange's closing price of the stock on the date when the matching contribution is made. Matching contributions are made on the last business day

of each calendar quarter.

A participant's compensation deferrals and any earnings on those deferrals are immediately vested. Company matching contributions and any discretionary contributions vest at the rate of 20% per year so long as the participant remains employed by the Company. A participant who attains the age of 65 or whose employment terminates due to death or disability automatically vests in all amounts in such participant's account. A participant whose employment terminates for other reasons forfeits unvested amounts. If there is a "change in control" (as defined in the DCP) of the Company, all amounts attributable to matching contributions and discretionary Company contributions become fully vested on the date of such change in control.

Participants may direct the investment of amounts in their accounts (other than rights to Common Stock) among investment funds that are made available to them under the plan. The table below shows the funds available under the DCP and their annual rate of return for fiscal 2010 as reported by the plan administrator.

| Name of Fund | Rate of Return (%) |
|--|--------------------|
| American Funds EuroPacific Growth-R4 | 44.33 |
| American Funds Growth Fund of America-R4 | 36.01 |
| Columbia Mid Cap Value-Z | 41.91 |
| Davis New York Venture-A | 41.06 |
| First Eagle Overseas-A | 25.60 |
| JPMorgan Equity Index-Select | 33.03 |
| JPMorgan Intrepid Value-Select | 33.02 |
| JPMorgan US Real Estate-Select | 47.89 |
| Lazard Emerging Market-Open | 79.28 |
| Oppenheimer Main Street Small Cap-A | 48.32 |
| RiverSource Mid Cap Value-R4 | 46.81 |
| T Rowe Price Growth Stock-Adv | 37.34 |
| American Beacon Balanced-Plan Ahead | 27.72 |
| JPMorgan SmartRetirement 2010-Select | 26.39 |
| JPMorgan SmartRetirement-2015-Select | 30.63 |
| JPMorgan SmartRetirement2020-Select | 33.59 |
| JPMorgan SmartRetirement 2030-Select | 38.24 |
| JPMorgan SmartRetirement 2040-Select | 39.33 |
| JPMorgan SmartRetirement Income-Select | 23.66 |
| JPMorgan Prime Money Market-Morgan | 0.15 |
| JPMorgan High Yield Bond-A | 42.20 |
| PIMCO Total Return-Admin | 14.88 |

Participants in the DCP elect as part of their initial deferral election whether to receive distributions after termination of their employment in a lump sum or in 10 equal annual installments. Any subsequent election by a participant to delay payment under the DCP is only permitted if the new payment election does not take effect until at least 12 months after the date on which the new election is made and the new payment election delays payment for at least five years. Payments are made in Common Stock to the extent a participant's vested account balance is denominated in Common Stock, except for any fractional shares which are paid in cash. All other payments are made in cash. Payments generally are made or begin only upon the expiration of six months following the participant's separation of service from the Company except to the extent that the payments are payable during the short-term deferral period set forth in Treasury Regulation Section 1.409A-1(b)(4) or do not exceed 200% of the lesser of (a) the Participant's annualized compensation from the Company in the year prior to the year in which his or her separation from service occurs or (b) the maximum amount of compensation that may be taken into account under a tax qualified plan pursuant to Section 401(a)(17) of the Code for the calendar year in which the participant's separation from service occurs. In the event that an exception to the six month delay provision applies, payments are made or begin within 90 days after a participant's employment terminates.

The following table shows the deferrals made by the named executive officers and the contributions made by the Company under the DCP in fiscal 2010.

NONQUALIFIED DEFERRED COMPENSATION IN FISCAL 2010

| (a) Name | (b) Executive Contributions in Last FY (\$ (1)) | (c) Registrant Contributions in Last FY (\$ (1)) | (d) Aggregate Earnings in Last FY (\$) | (e) Aggregate Withdrawals/ Distributions (\$) | (f) Aggregate Balance at Last FY (\$) (2) |
|-------------------|---|--|---|---|---|
| Efraim Grinberg | 0 | 0 | 354,985 | 0 | 2,395,355 |
| Sallie DeMarsilis | 70,771 | 0 | 909 | 0 | 139,844 |
| Richard Coté | 55,421 | 0 | 695,938 | 0 | 2,680,638 |
| Frank Morelli | 104,040 | 0 | 14,900 | 0 | 338,848 |
| Timothy Michno | 0 | 0 | 85,159 | 42,858 | 268,765 |

(1) The amounts reported in columns (b) and (c) are also reported as compensation to the named executive officer in column (i) of the Summary Compensation Table on page 22.

- (2) The amounts reported in column (f), other than earnings on deferred compensation, have all been previously disclosed in Summary Compensation Tables in our prior proxy statements, except for Mr. Morelli. Mr. Morelli was not a named executive officer prior to fiscal 2010. Therefore, except for the executive contributions and contributions by the Company that are reported in the Summary Compensation Table for fiscal 2010, the remainder of the aggregate balance for Mr. Morelli relates to prior year contributions and earnings not previously disclosed in Summary Compensation Tables in our prior proxy statements.

POTENTIAL PAYMENTS ON TERMINATION OR CHANGE IN CONTROL

None of the named executive officers have employment agreements. The Company has entered into severance agreements with Messrs. Coté, Morelli and Michno, which are described below. In addition, the DCP and the Stock Plan provide for accelerated vesting, respectively, of Company matching contributions and of equity compensation (stock options and stock awards) in the event of a change in control. The Stock Plan also provides for accelerated vesting of equity awards in the event of a participant's death, disability or retirement.

Severance Agreements

Mr. Coté and Mr. Morelli each have an agreement providing for the continuation of his then applicable annual base salary, paid bi-weekly (to Mr. Coté for 24 months and to Mr. Morelli for 18 months) following the termination of his employment within two years after a change in control (defined as the acquisition by a person or group of more than 50% of the combined aggregate voting power represented by the Company's then outstanding shares; or certain mergers and asset sales; or a liquidation or dissolution), except that nothing is due if his termination is because of his death or disability, or is by the Company for cause or is by Mr. Coté or Mr. Morelli, respectively, other than because of an "adverse change" in the conditions of his employment. Their agreements define such an adverse change as any of the following by the Company:

- altering his duties or responsibilities so that his position becomes one of substantially less importance, dignity or scope;
- reducing his base salary;
- discontinuing his participation in any compensation or benefit plan in which (and on at least as favorable a basis as) he was participating before the change in control or barring him from participating in any other plan that may be adopted in which other key employees are entitled to participate;
- requiring that he be based more than 50 miles from the principal office location where he worked before the change in control.

"Cause" is defined as gross negligence or willful misconduct that has resulted in or is likely to result in material economic damage to the Company. The agreements also obligate each of Mr. Coté and Mr. Morelli to keep confidential and to not use any confidential information pertaining to the Company obtained by him in the course of his employment.

If there had been a change in control of the Company on January 31, 2010, and Mr. Coté's employment had been terminated immediately thereafter by the Company without cause, then he would have been entitled to the continuation of his then current annual base salary of \$575,000, paid in bi-weekly installments through January 31, 2012. If there had been a change in control of the Company on January 31, 2010, and Mr. Morelli's employment had been terminated immediately thereafter by the Company without cause, then he would have been entitled to the continuation of his then current annual base salary of \$416,000 through June 30, 2011.

Mr. Morelli and Mr. Michno each have a severance agreement with the Company providing that, although each is employed at will, he will be entitled to receive severance payments in the form of salary continuation upon

termination of his employment by the Company without cause. For this purpose, “cause” is defined as conviction of a felony, the knowing violation of a material Company policy, the failure to perform any material obligation owed to the Company or the gross negligence in the performance of duties or breach of fiduciary duty as determined by the CEO. The severance payments will be paid for 12 months after termination, in bi-weekly installments. Mr. Michno’s agreement also provides that he will also be entitled to post-termination medical benefit coverage continuation under COBRA for the 12 month severance period or, if shorter, until becoming eligible for Medicare or accepting employment with another employer which provides medical benefits. Both agreements also contain a non-competition clause which proscribes employment in the watch or jewelry industry for six months after termination of employment with the Company, a twelve month non-solicitation clause and a confidentiality provision. If the Company had terminated the employment of Mr. Morelli and Mr. Michno without cause on January 31, 2010, then they would have been entitled to receive, respectively, \$416,000 and \$312,000 in

severance paid in bi-weekly installments through January 31, 2011. Mr. Michno also would have been entitled to maximum COBRA benefits, valued at \$21,000, representing total maximum COBRA payments the Company would be obligated to make for him through January 31, 2011.

Change in Control

In the event of a change in control of the Company, all unvested matching contributions under the DCP and all unvested options and time-vesting stock awards then outstanding under the Stock Plan immediately vest. Both plans have identical definitions for what is considered a “change in control” including:

- irrevocable termination and liquidation of the plan within 12 months of the dissolution of the Company taxed under Section 331 of the Code or with the approval of a bankruptcy court;
 - sale of substantially all of the Company’s business or assets;
- a change in the composition of the Board of Directors such that the individuals comprising the Board of Directors on January 1, 2008 (or their successors who were approved by at least two-thirds of the directors then on the Board) cease for any 12 month period to constitute a majority of the Board, exclusive, in any event, of any individual initially elected or nominated as a director as a result of an actual or threatened election contest or actual or threatened proxy solicitation by any person other than the Board;
- a merger, consolidation, reorganization or similar corporate transaction unless shareholders in the Company immediately before any such transaction control at least 50% of the total voting power in the resulting corporation immediately after any such transaction; and no person (meaning an individual, entity or group acting in concert) acquires at least 20% of the voting power in the resulting corporation; and a majority of the members of the Board after the transaction were Board members immediately before the transaction; and
- the acquisition by any person (with certain exceptions) of 30% or more of the combined voting power of the Company’s outstanding voting securities.

Under each LTIP and under the FY2010 EIP adopted by the Compensation Committee under the Stock Plan (discussed on page 17 under “Fiscal 2010 Executive Compensation Components –Equity Incentive Compensation” and on page 24 following the Grants of Plan-Based Awards Table), performance-based Share Units that have not previously been forfeited do not become immediately vested upon a change in control but, instead, convert one for one into time-vesting phantom stock units (without pro-ration). Under each LTIP such phantom stock units vest at the end of the applicable Award Period. Under the FY2010 EIP, such units vest on the third anniversary of the grant date (June 18, 2012). Upon vesting, one share of Common Stock is distributed for each phantom stock unit not previously forfeited.

The following table shows the value of accelerated vesting of stock options and stock awards under the Stock Plan and of Company contributions under the DCP that would have been provided to the named executive officers in the event that a change in control of the Company had occurred immediately after the close of business on January 31, 2010.

| Name | Vesting Upon Change in Control With or Without Termination of Employment | | |
|-------------------------|---|--|--|
| | Early Vesting of Deferred Compensation Plan (\$) | Early Vesting of Stock Options (\$ (1)) | Early Vesting Of Stock Awards (\$ (2)) |
| E f r a i m Grinberg | 12,692 | - | - |

| | | | |
|---------------|-------|---------|---------|
| | | | |
| S a l l i e | | | |
| DeMarsilis | | | |
| | 1,643 | - | 131,160 |
| Richard Coté | | | |
| | 6,640 | 400,800 | - |
| Frank Morelli | | | |
| | 2,447 | - | 160,310 |
| T i m o t h y | | | |
| Michno | | | |
| | 3,553 | - | - |

(1) The value of early vesting of stock options was determined as the amount by which \$10.93/share (which was the closing price of the Company's Common Stock as reported on the NYSE on January 31, 2010) exceeded the exercise price of such options.

(2) The value of early vesting of stock awards was determined based on a value of \$10.93/share (which was the closing price of the Company's Common Stock as reported on the NYSE on January 31, 2010).

Death or Disability; Retirement

If any of the named executive officers had died, become permanently disabled or retired on January 31, 2010, their unvested stock options and stock awards granted under that plan would have immediately vested on that date. Under the Stock Plan, retirement triggers immediate vesting when an employee reaches the age of 65 or upon reaching the age of 55, provided, in that case, the employee has been employed continuously by the Company for at least 10 years and the Compensation Committee approves. As part of its approval, the Compensation Committee may impose any conditions as it deems to be appropriate which are not inconsistent with the express terms of the Stock Plan, including covenants dealing with non-competition, non-disparagement, non-solicitation and confidentiality. The values of such early vesting are shown in the table above under the columns "Early Vesting of Stock Options" and "Early Vesting of Stock Awards".

Under the LTIP, in the event of a participant's death, permanent disability or retirement during any Three-Year Award Period, his or her award is only determined at the end of that Three-Year Award Period based on actual performance and will be prorated based on the time employed during the Three-Year Award Period. After the prorated award is determined, it will be paid out within 75 days after the end of the Three-Year Award Period. The definition of retirement under the LTIP is the same as the definition under the Stock Plan.

DIRECTOR COMPENSATION

No executive officer of the Company receives any additional compensation for serving on the Board of Directors. Effective May 1, 2008, upon the advice of FW Cook, the annual compensation paid to the independent directors was set at a value of \$100,000, comprised of a \$50,000 cash component and a \$50,000 equity component in the form of a stock award, vesting in one year. In addition, the annual fees paid to the committee chairpersons were established as follows: Audit: \$10,000; Compensation: \$6,500 and Nominating/Corporate Governance: \$5,000. The cash compensation is paid quarterly and the equity grant is made once each year, usually in April, except that last year the equity grant was delayed until June 2009.

At its meeting on June 18, 2009, the Compensation Committee of the Board of Directors unanimously approved a recommendation to reduce the remaining cash component of each independent director's annual compensation for the period of July 1, 2009 through January 31, 2010 from \$25,000 to \$22,500 and to reduce the equity component for the full year from a value of \$50,000 to approximately \$45,000. The Board unanimously approved the recommendation.

The following chart shows the cash amounts and the value of other compensation paid to each non-employee director in respect of fiscal 2010:

| Name | Fees Earned or Paid in Cash ____(\$)_ | Stock | | Awards Total ____(\$)_ |
|----------------------|---|----------------------------|-------------------------|---------------------------|
| | | Awards (1) ____(\$)_ | Option Awards (d) | |
| (a) | (b) | (c) | (d) | (h) |
| Margaret Hayes Adame | 48,333 | 45,223 | - | 93,556 |

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| | | | | |
|---------------------------|--------|--------|---|---------|
| Alan H. Howard | 54,833 | 45,223 | - | 100,056 |
| Richard Isserman | 58,333 | 45,223 | - | 103,556 |
| Nathan Leventhal | 53,333 | 45,223 | - | 98,556 |
| Donald Oresman | 48,333 | 45,223 | - | 93,556 |
| Leonard L. Silverstein | 48,333 | 45,223 | - | 93,556 |

(1) Amounts shown do not reflect compensation actually received by the director. Instead the dollar value of these awards represents the fair value of the stock award on the date of grant calculated in accordance with FASB

ASC Topic 718 (previously FAS 123(R)). Assumptions used in calculating these amounts are described in Note 11 to the Company's audited financial statements for the fiscal year ended January 31, 2010, included in our Annual Report on Form 10-K filed with the SEC on April 1, 2010. Each non-employee director was granted one stock award in fiscal 2010 for 4,100 shares of the Company's Common Stock. At January 31, 2010 each non-employee director held no other stock awards except this one, unvested stock award.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Mr. Alex Grinberg, a beneficial owner of more than five percent of the Company's Class A Common Stock and the brother of Efraim Grinberg, is the President of the Company's Ebel and Concord brand in the United States and earned \$263,372 in salary in fiscal 2010. In addition, as a participant in the Company's FY2010 EIP, Mr. Alex Grinberg received an award of 2,700 Performance Share Units last year, subject to the same terms and conditions applicable to similar awards made to the other participants in that plan.

Mr. David Phalen is the spouse of Miriam Phalen, a beneficial owner of more than five percent of the Company's Class A Common Stock, and the brother-in-law of Efraim Grinberg. Mr. Phalen is President of Movado Company Stores and earned \$363,998 in salary in fiscal 2010. In addition, as a participant in the Company's FY2010 EIP, Mr. Phalen received an award of 8,000 Performance Share Units last year, subject to the same terms and conditions applicable to similar awards made to the other participants in that plan.

In fiscal 1996, the Company entered into an agreement with a trust which, at that time, owned an insurance policy issued on the lives of Mr. G. Grinberg and his spouse. The insurance policy provides for a death benefit of \$27 million. The trustees of the trust are the three children of Mr. G. Grinberg and his spouse, namely, Efraim Grinberg, Alexander Grinberg and Miriam Phalen. Under the agreement, the trust assigned the insurance policy to the Company as collateral to secure repayment by the trust of interest-free loans made by the Company to the trust in amounts equal to the premiums on the insurance policy (approximately \$740,000 per annum). The agreement required the trust to repay the loans from the death benefit proceeds of the policy. At January 31, 2003, the Company had loaned the trust \$5,186,860 under this agreement. On April 4, 2003, the agreement was amended and restated to transfer the policy (which at that time had a cash surrender value of \$4,595,591) from the trust to the Company in partial repayment of the then outstanding loan balance which, as of that date, was reduced to \$591,269. If the policy is terminated prior to the death of the insureds, the trust must repay the Company the amount of the accumulated premiums which the Company would also recover from the death benefit in the event it is paid.

The Board of Directors has adopted a code of business conduct and ethics which provides for the review, approval and ratification of transactions with the Company (or any of its subsidiaries) in which any officer or employee of the Company or any of its subsidiaries or any director has any direct or indirect material interest. Such transactions involving any executive officer of the Company or any member of the Board of Directors are referred to the Nominating/Corporate Governance Committee. Other transactions are referred to the Company's General Counsel. In each case, the standard applied under the Company's code is whether the transaction, when considered in the context of all the relevant facts and circumstances, including the person's position with the Company, the nature of the transaction and the amount involved, could reasonably appear to present a conflict of interest.

See "THE BOARD OF DIRECTORS AND CORPORATE GOVERNANCE - Compensation Committee Interlocks and Insider Participation" for information regarding certain business relationships between the Company and Mr. Silverstein's law firm.

EQUITY COMPENSATION PLAN INFORMATION

The table below sets forth information with respect to shares of Common Stock that may be issued under the Company's equity compensation plans as of January 31, 2010.

| Plan category | Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a) | Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b) | Number of securities Remaining Available For Future Issuance Under Equity Compensation Plans (Excluding securities Reflected in Column (a)) (c) |
|---|--|--|--|
| Equity compensation plans approved by security holders (1) | 2,546,335 | (2) \$ 16.48 | (3) 3,557,791 (4) |
| Equity compensation plans not approved by security holders (5). | 0 | Not applicable | 0 (5) |
| Total | 2,546,335 | \$ 16.48 | 3,557,791 |

(1) Includes the Stock Plan and the DCP.

(2) Includes 2,473,809 shares of Common Stock issuable upon the exercise of options and the vesting of stock awards outstanding under the Stock Plan and 72,526 phantom stock units issuable as 72,526 shares of Common Stock under the DCP.

(3) Weighted average exercise price of options outstanding under the Stock Plan.

(4) Number of shares available for issuance under the Stock Plan as options and as other share based awards. The DCP does not provide for a limit on the number of phantom stock units available for issuance.

(5) The Company's former Stock Bonus Plan described in Note 12 to the Company's consolidated financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2010, was merged into the Company's 401(k) in fiscal 2010.

REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

Notwithstanding anything to the contrary set forth in any of the Company's previous or future filings under the Securities Act of 1933 or the Exchange Act, the following report of the Audit Committee shall not be deemed to be incorporated by reference into any such filing and shall not otherwise be deemed filed under such acts.

The Audit Committee has reviewed and discussed with the Company's management and with PricewaterhouseCoopers LLP ("PWC"), the evaluation by PWC of the Company's internal control over financial reporting and the audited financial statements of the Company for the fiscal year ended January 31, 2010. The Audit Committee has discussed with PWC the matters required to be discussed under standards of the Public Company Accounting Oversight Board (United States).

The Audit Committee has also received the written disclosures and the letter from PWC required by the applicable requirements of the Public Company Accounting Oversight Board and the Audit Committee has discussed the independence of PWC with that firm.

Based on the Audit Committee's review and discussions noted above, the Committee recommended to the Board of Directors that the Company's audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2010 for filing with the SEC.

The Committee and the Board also have recommended, subject to shareholder approval, the selection of PWC as the Company's independent auditors for fiscal 2011.

Members of the Audit Committee:

Richard Isserman (chairman)

Alan H. Howard

Donald Oresman

FISCAL 2010 AND 2009 AUDIT FIRM FEE SUMMARY

The following table presents the aggregate fees billed for professional services rendered by the Company's independent auditors, PricewaterhouseCoopers LLP, in the "audit fees", "audit related fees", "tax fees", and "all other fees" categories, in each case as such terms are defined by the SEC, for the fiscal years ended January 31, 2009 and 2010.

| Year | Audit (\$) | Audit Related (\$) | Tax (\$) | All Other (\$) | Total (\$) |
|------|------------|--------------------|----------|----------------|------------|
| 2009 | 1,572,958 | 240,000 | - | 1,605 | 1,814,563 |
| 2010 | 1,606,727 | 35,000 | - | 1,605 | 1,643,332 |

Audit fees include fees for audit or review services in accordance with generally accepted auditing standards and fees for services that generally only the Company's auditors provide, such as statutory audits and review of documents filed with the SEC.

Audit related fees include fees for assurance and related services that are traditionally performed by the Company's auditors. The services include consultation in connection with financial and accounting standards and the performance of certain procedures in connection with the implementation of the Company's new information technology system.

Tax fees include fees for services that are performed by professional tax staff other than in connection with the audit. The services include tax compliance, tax advice and tax planning services.

All other fees are subscription fees for the use of the independent auditors' database of authoritative literature and accounting and financial guidance.

The Audit Committee reviews and approves all audit and non-audit services to be rendered in every instance by the Company's independent auditors before such auditors are engaged to render any such services. Therefore the Audit Committee has not adopted a pre-approval policy with respect to such services.

PROPOSAL 2 - RATIFICATION OF APPOINTMENT OF ACCOUNTANTS

The Audit Committee has appointed PricewaterhouseCoopers LLP to be the Company's independent accountants for the year ending January 31, 2011, subject to ratification of such appointment by the Company's shareholders. PricewaterhouseCoopers LLP has served as the Company's independent accountants since fiscal year 1977 and is considered by the Audit Committee and the Board to be well qualified. Representatives of PricewaterhouseCoopers LLP are expected to be present at the Annual Meeting. Such representatives will have the opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions. The Board recommends that the shareholders vote FOR such ratification. Proxies solicited by the Board will be so voted unless shareholders specify in their proxies a contrary choice.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires the Company's executive officers, directors, and persons who own more than 10% of a registered class of the Company's equity securities (the "10% Stockholders") to file reports of ownership and changes of ownership with the SEC. The Company assists its directors, officers and certain 10% Stockholders by assisting in their completion of Section 16 reports and filing these reports on their behalf. The Company's executive officers, directors and 10% Stockholders timely complied with all such filing requirements applicable to them last fiscal year with respect to their beneficial ownership of the Company's securities.

OTHER MATTERS

The Board of Directors, at the time of the preparation of this proxy statement, knows of no business to come before the Annual Meeting other than that referred to herein. If any other business should come before the Annual Meeting, the persons named in the enclosed proxy will have discretionary authority to vote all proxies received and not theretofore revoked in accordance with their best judgment.

Upon the written request of any record holder or beneficial owner of Common Stock or Class A Common Stock entitled to vote at the Annual Meeting, the Company, without charge, will provide a copy of its Annual Report on Form 10-K for the fiscal year ended January 31, 2010, as filed with the SEC. Requests should be directed to Timothy F. Michno, Secretary, Movado Group, Inc., 650 From Road, Ste. 375, Paramus, New Jersey 07652-3556.

May 7, 2010

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VOTE BY INTERNET -

www.proxyvote.com

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

Electronic Delivery of Future PROXY MATERIALS

If you would like to help us reduce our costs for mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

VOTE BY PHONE - 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

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