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MOVADO GROUP INC
Form PRE 14A
May 04, 2004

SCHEDULE 14A INFORMATION

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 []

Check the appropriate box:

[X] Preliminary Proxy Statement

[] Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

[] Definitive Proxy Statement

[] Definitive Additional Materials

[] Soliciting Material Pursuant to Section 240.14(a)-11(c) or Section 240.14a-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.

[] Fee computed on table below per Exchange Act Rules 14a-6(i)(4) 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:

[] Fee paid previously with preliminary materials.

[] 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
PARAMUS, NEW JERSEY 07652

May 17, 2004

Dear Fellow Shareholder:

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You are cordially invited to attend the 2004 Annual Meeting of the shareholders of Movado Group, Inc. to be held on Thursday, June 17, 2004 at 10:00 a.m., Eastern Daylight Time, at the Company's executive offices in Paramus, New Jersey. The official Notice of Meeting, Proxy Statement and form of proxy are enclosed with this letter. The matters listed in the Notice of Meeting are described in the enclosed Proxy Statement.

We sincerely hope you will be able to attend the meeting. We will report on the Company's progress and respond to questions you may have about the Company's business.

Whether or not you plan to attend, the vote of every shareholder is important and your cooperation in completing, signing and returning your proxy promptly will be appreciated.

We hope to see you at the Annual Meeting.

Sincerely,

/s/ Gedalio Grinberg

Gedalio Grinberg
Chairman of the Board of Directors

/s/ Efraim Grinberg

Efraim Grinberg
President and Chief Executive Officer

WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE COMPLETE,
SIGN AND RETURN YOUR PROXY CARD PROMPTLY IN THE ENCLOSED ENVELOPE
WHICH REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES.

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MOVADO GROUP, INC.
650 FROM ROAD
PARAMUS, NEW JERSEY 07652

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

June 17, 2004

Notice is hereby given that the Annual Meeting of Shareholders of Movado Group, Inc. will be held on Thursday, June 17, 2004 at 10:00 a.m., Eastern Daylight Time, at the Company's executive offices located at 650 From Road, Paramus, New Jersey for the following purposes:

1. To elect eight directors to serve until the next Annual Meeting and until their successors are elected and qualified; and
2. To ratify the selection of PricewaterhouseCoopers LLP as the

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Company's independent accountants for the fiscal year ending January 31, 2005;

3. To approve extending the term of the Company's Deferred Compensation Plan for Executives, as amended and restated;
4. To approve the adoption of an amendment and restatement of the Company's 1996 Stock Incentive Plan;
5. To approve an amendment to the Company's Restated Certificate of Incorporation to increase the number of authorized shares of Common Stock and Class A Common Stock; and
6. 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 May 10, 2004 are entitled to notice of and to vote at the Annual Meeting of Shareholders or any postponements or adjournments thereof.

Dated: May 17, 2004

By order of the Board of Directors

/s/ Timothy F. Michno

Timothy F. Michno
Secretary and General Counsel

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MOVADO GROUP, INC.
650 FROM ROAD
PARAMUS, NJ 07652

PROXY STATEMENT

INFORMATION CONCERNING THE SOLICITATION

This proxy statement and the accompanying proxy are being furnished to the shareholders of Movado Group, Inc. (the "Company") in connection with the solicitation of proxies by the Board of Directors of the Company to be used for voting at the Annual Meeting of Shareholders (the "Annual Meeting") to be held on Thursday, June 17, 2004 at 10:00 a.m., Eastern Daylight Time, at the Company's executive offices located at 650 From Road, Paramus, New Jersey and at any adjournments thereof. It is expected that this proxy statement and the form of proxy will first be sent to shareholders on or about May 17, 2004.

At the Annual Meeting, the holders of the Company's Common Stock and Class A Common Stock (together the "Capital Stock") will be asked to consider and vote upon the following proposals:

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

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Company's independent accountants for the fiscal year ending January 31, 2005;

3. To approve extending the term of the Company's Deferred Compensation Plan for Executives, as amended and restated;
4. To approve the adoption of an amendment and restatement of the Company's 1996 Stock Incentive Plan;
5. To approve an amendment to the Company's Restated Certificate of Incorporation to increase the number of authorized shares of Common Stock and Class A Common Stock; and
6. To transact such other business as may properly come before the Annual Meeting or any postponement or adjournment thereof.

The Board of Directors knows of no other business to be presented at the Annual Meeting. If any other business is properly presented, the persons named in the enclosed proxy will have the power to vote all proxies received, and not theretofore revoked, in accordance with the recommendations of the Board of Directors. If the enclosed proxy is properly executed, returned to the Company in time for the Annual Meeting and not revoked, your shares will be voted in accordance with the instructions contained thereon. Where a signed proxy is returned, but no specific instructions are indicated, your shares will be voted as follows: FOR the nominees for Directors identified below; FOR the ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent accountants for fiscal year 2005 and FOR proposals 3, 4 and 5.

Abstentions will be treated as present for purposes of determining a quorum for the Annual Meeting. Proxies returned by brokers as "non-votes" will not be treated as present for purposes of determining the presence of a quorum.

Any shareholder who executes and returns a proxy may revoke it in writing at any time before it is voted at the Annual Meeting by: (i) filing with the Secretary of the Company, at the above address, written notice of such revocation bearing a later date than the proxy or a subsequent proxy relating to the same shares or (ii) attending the Annual Meeting and voting in person (although attendance at the Annual Meeting will not in and of itself constitute revocation of a proxy).

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The solicitation of proxies in the enclosed form is made on behalf of the Board of Directors. The entire cost of soliciting these proxies will be borne by the Company. In addition to use of the mails, proxies may be solicited personally or by telephone by officers, directors and employees of the Company, who will receive no additional compensation for such activities. Arrangements will be made with brokerage houses and other custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of shares held of record by such persons, who will be reimbursed for their reasonable expenses incurred in such connection.

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OUTSTANDING VOTING SECURITIES

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The Board of Directors has fixed the close of business on May 10, 2004 as the record date for the determination of shareholders entitled to notice of and to vote at the Annual Meeting (the "Record Date"). Only holders of record of the Capital Stock at the close of business on the Record Date are entitled to notice of and to vote at the Annual Meeting or any and all adjournments thereof. On April 16, 2004 there were 8,863,658 shares of Common Stock outstanding and 3,400,906 shares of Class A Common Stock outstanding. Each share of Common Stock is entitled to one vote, and each share of Class A Common Stock is entitled to 10 votes. The holders of a majority in voting power of the outstanding shares of Capital Stock entitled to vote at the Annual Meeting, present in person or represented by proxy, constitute a quorum at the Annual Meeting. 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 2005 requires the affirmative vote of a majority of the votes cast at the Annual Meeting. The approval of each of proposal nos. 3 and 4 requires the affirmative vote of a majority of the votes cast on the proposal, provided that a majority in voting power of the outstanding shares of Capital Stock vote on the proposal. The approval of proposal no. 5 requires the affirmative vote of the holders of at least sixty-six and two-thirds percent (66-2/3 %) of the voting power of the outstanding shares of Capital Stock entitled to vote at the Annual Meeting.

SECURITY OWNERSHIP
OF CERTAIN BENEFICIAL
OWNERS AND MANAGEMENT

The following table sets forth certain information with respect to the beneficial ownership of the Class A Common Stock and the Common Stock as of April 30, 2004 (except as otherwise noted in footnotes 3, 4, 5, 7 and 8) by (i) each shareholder who is known by the Company to beneficially own in excess of 5% of the outstanding shares of Class A Common Stock or of the outstanding shares of Common Stock, (ii) each director, (iii) each Named Executive Officer (as hereinafter defined) and (iv) all executive officers and directors as a group. Unless otherwise noted, all shares are beneficially owned by the persons indicated.

NAME OF BENEFICIAL OWNER	SHARES OF CLASS A COMMON STOCK BENEFICIALLY OWNED	PERCENT OF OUTSTANDING SHARES OF CAPITAL STOCK	
		SHARES OF COMMON STOCK BENEFICIALLY OWNED	CLASS COMM STOCK
Margaret Hayes Adame (2)	-	6,875	-
David L. Babson & Co.Inc. (3)	-	721,950	-
Barclays Global Investors, NA (4)	-	476,596	-
Bricoleur Capital Management LLC (5)	-	621,801	-
Richard J. Cote (6)	-	441,428	-
Dimensional Fund Advisors Inc. (7)	-	678,637	-
FMR Corp. (8)	-	895,830	-
Alexander Grinberg (9)	1,436,667	15,113	42.
Efraim Grinberg(10)	843,890	565,033	24.
Gedaliao Grinberg (11)	2,029,989	78,920	59.
Alan H. Howard (2)	-	5,937	-
Eugene J. Karpovich (12)	-	26,547	-

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Nathan Leventhal.....	-	-	
Timothy F. Michno (13).....	-	16,629	-
Donald Oresman (2).....	1,960	5,000	*
Miriam Phalen (14).....	1,448,381	-	42.
Leonard L. Silverstein (2) (15).....	456,470	51,323	13.
All executive officers and directors as a group (12) persons) (16).....	2,875,839	1,135,681	84.

* DENOTES LESS THAN ONE PERCENT

The address for Messrs. Cote, A. Grinberg, G. Grinberg, E. Grinberg, Howard, Karpovich, Leventhal, Michno, Oresman and Silverstein and Ms. Hayes Adame and Ms. Phalen is c/o Movado Group, Inc., 650 From Road, Paramus, New Jersey 07652.

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- (1) In calculating the percent of total voting power, 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 shares of Common Stock reported as beneficially owned by each of Ms. Hayes Adame and Messrs. Howard, Oresman and Silverstein includes 5,000 shares each has the right to acquire by the exercise of options under the Company's 1996 Stock Incentive Plan.
- (3) In a filing on Schedule 13G dated February 3, 2004 under the Securities Exchange Act of 1934, as amended ("Exchange Act"), David L. Babson & Co. Inc. ("Babson") reported beneficial ownership as of December 31, 2003 of 721,950 shares of Common Stock as to which it reported having sole dispositive power; shared voting power as to 301,000 shares and sole voting power as to 420,950 shares. Babson 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 Babson is One Memorial Drive, Cambridge, MA 02142.
- (4) On February 13, 2004 in a filing on Schedule 13G under the Exchange Act, Barclays Global Investors, NA ("BGI"), Barclays Global Fund Advisors ("BGF") and Barclays Capital Inc. reported beneficial ownership as of December 31, 2003, respectively, of 370,037, 70,859 and 35,700 shares of Common Stock for an aggregate total of 476,496 shares. Each of BGI, BGF and Barclays Capital Inc. reported having sole dispositive power and sole voting power over all the shares it reported as beneficially owning. Each reporting person also reported that all of the shares of Common Stock which 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 BGI and BGF is 45 Fremont Street, San Francisco, CA 94105. The address of Barclays Capital Inc. is 200 Park Avenue, New York, NY 10166.
- (5) In a filing on Schedule 13G dated February 6, 2004 under the Exchange Act, Bricoleur Capital Management LLC ("Bricoleur") reported beneficial ownership of 621,801 shares of Common Stock, as to which it has shared voting and shared dispositive power. Bricoleur also reported that all

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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 Bricoleur is 12230 El Camino Real, Suite 100, San Diego, CA 92130.

- (6) The total shares of Common Stock reported as beneficially owned by Mr. Cote includes 264,000 shares which he has the right to acquire by the exercise of options under the Company's 1996 Stock Incentive Plan and 1,100 shares held by a trust for the benefit of his children as to which shares Mr. Cote has shared dispositive power with his spouse who is the trustee with sole voting power.
- (7) On February 6, 2004 in a filing on Schedule 13G under the Exchange Act, Dimensional Fund Advisors, Inc. ("DFA") reported beneficial ownership as of December 31, 2003 of 678,637 shares of Common Stock as to all of which it has sole voting and investment power. 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 1299 Ocean Avenue, 11th Floor, Santa Monica, CA 90401.
- (8) FMR Corp., together with its wholly owned subsidiary, Fidelity Management and Research Company ("Fidelity"), and Edward C. Johnson 3rd and Abigail P. Johnson in their capacity as a controlling group of FMR Corp., in a joint filing on Schedule 13G dated February 16, 2004, under the Exchange Act, reported beneficial ownership as of December 31, 2003 of 895,830 shares of Common Stock as to which FMR Corp. reported having sole dispositive power and no voting power. The reporting persons also reported that all of the shares of Common Stock beneficially owned by them 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 each such reporting person is 82 Devonshire Street, Boston, Massachusetts 02109.
- (9) The total number of shares of Class A Common Stock beneficially owned by Mr. A. Grinberg includes 1,265,677 shares owned by Grinberg Partners L.P., a Delaware limited partnership, of which Mr. A.

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Grinberg is a limited partner, and 37,910 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 and investment power with Grinberg Partners L.P., Grinberg Group Partners, a Delaware general partnership (general partner of Grinberg Partners L.P.) and Miriam Phalen over the 1,265,677 shares owned by Grinberg Partners L.P., and shared voting and investment power with Mr. Fishman over the 37,910 shares owned by the trusts. The Common Stock owned by Mr. A. Grinberg includes 7,032 shares he has the right to acquire by the exercise of options under the Company's 1996 Stock Incentive Plan.

- (10) The total number of shares of Class A Common Stock beneficially owned by Mr. E. Grinberg includes an aggregate of 281,653 shares held by

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several trusts for the benefit of Mr. E. Grinberg's siblings and himself, of which trusts Mr. E. Grinberg is sole trustee. As sole trustee, Mr. E. Grinberg has sole investment and voting power with respect to the shares held by such trusts. In addition, the amount of shares of Class A Common Stock reported for Mr. E. Grinberg includes an aggregate of 431,470 shares of Class A Common Stock held by several trusts for the benefit of Mr. E. Grinberg's siblings and himself, of which trusts Mr. E. Grinberg is co-trustee with Mr. Leonard L. Silverstein. As a co-trustee, Mr. E. Grinberg has shared investment and voting power with Mr. Silverstein with respect to the shares of Class A Common Stock held by such trusts. The total number of shares of Common Stock owned by Mr. E. Grinberg includes 34,973 shares of Common Stock held under the Company's Employee Savings and Investment Plan ("401(k) Plan"), the trustees of which are Messrs. G. Grinberg and E. Grinberg, both of whom have shared investment and voting power as to such shares and 29,222 shares of Common Stock held under the Company's Stock Bonus Plan, for which Mr. E. Grinberg is a co-trustee and as to which shares he has shared investment and voting power. Mr. E. Grinberg disclaims beneficial ownership as to the 477,109 shares of Class A Common Stock held by the trusts for the benefit of his siblings of which he is trustee or co-trustee; the 34,973 shares of Common Stock held under the Company's 401(k) Plan and the 29,222 shares of Common Stock held under the Company's Stock Bonus Plan except to the extent of his pecuniary interest in the 35,608 shares held under the Company's 401(k) Plan. The total number of shares of Common Stock owned by Mr. E. Grinberg also includes 420,832 shares of Common Stock which he has the right to acquire by the exercise of options under the Company's 1996 Incentive Stock Plan.

(11) The total number of shares of Class A Common Stock beneficially owned by Mr. G. Grinberg includes: 25,000 shares of Class A Common Stock owned by The Grinberg Family Foundation, a non-profit corporation of which Mr. G. Grinberg, Sonia Grinberg and Leonard L. Silverstein are the directors and officers and as to which shares these three individuals have shared investment and voting power, and 1,265,677 shares owned by Grinberg Partners L.P., a Delaware limited partnership, of which Grinberg Group Partners, a Delaware general partnership ("GGP"), is the general partner. As the managing partner of GGP, Mr. G. Grinberg has shared power to direct the voting and disposition of the shares owned by Grinberg Partners L.P. Also included in the total number of shares of Class A Common Stock beneficially owned by Mr. G. Grinberg are 19,000 shares owned by CAP I Partners L.P., a limited partnership of which CAP I Partners LLC is the general partner. Mr. G. 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. G. Grinberg includes 34,973 shares of Common Stock held under the Company's 401(k) Plan, the trustees for which are Messrs. G. Grinberg and E. Grinberg, both of whom have shared investment and voting power as to such shares; 29,222 shares of Common Stock held under the Company's Stock Bonus Plan, for which Mr. G. Grinberg is a co-trustee and as to which shares he has shared investment and voting power; and 9,000 shares of Common Stock held by a charitable remainder trust for which Mr. G. Grinberg is a co-trustee together with Mr. Andrew Weiss. Mr. G. Grinberg disclaims beneficial ownership as to the shares of Class A Common Stock owned by The Grinberg Family Foundation and by CAP I Partners L.P. and the shares of Common Stock held under the Company's 401(k) Plan and under the Company's Stock Bonus Plan, except to the extent of his pecuniary interest therein.

(12) The total number of shares of Common Stock reported as beneficially owned by Mr. Karpovich includes 19,762 shares which he has the right to

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acquire by the exercise of options under the Company's 1996 Stock Incentive Plan.

- (13) The total number of shares of Common Stock reported as beneficially owned by Mr. Michno includes 16,620 shares which he has the right to acquire by the exercise of options under the Company's 1996 Stock Incentive Plan.

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- (14) The total number of shares of Class A Common Stock beneficially owned by Ms. Miriam Phalen includes 1,265,677 shares owned by Grinberg Partners L.P., a Delaware limited partnership of which Ms. Phalen is a limited partner, and 37,907 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 Grinberg Partners L.P., Grinberg Group Partners, a Delaware general partnership (general partner of Grinberg Partners L.P.) and A. Grinberg over the 1,265,677 shares owned by Grinberg Partners L.P., and sole voting and investment power over the 37,907 shares owned by the trusts.
- (15) The total number of shares of Class A Common Stock beneficially owned by Mr. Leonard L. Silverstein includes an aggregate of 431,470 shares of Class A Common Stock held by several trusts for the benefit of Mr. G. Grinberg's three children, of which trusts Mr. Silverstein is co-trustee with Mr. E. Grinberg, with whom he has shared investment and voting power as to the shares held by such trusts. The total number of shares of Class A Common Stock reported for Mr. Silverstein also includes 25,000 shares of Class A Common Stock owned by The Grinberg Family Foundation, of which Mr. G. Grinberg, his wife and Mr. Silverstein are the directors and officers and as to which shares these three individuals have shared investment and voting power. The total number of shares of Common Stock beneficially owned by Mr. Silverstein includes: 2,000 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 44,323 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 Class A Common Stock held by the trusts of which he is co-trustee with E. Grinberg, by The Grinberg Family Foundation and by The Leonard and Elaine Silverstein Family Foundation.
- (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. The Company's By-laws provide that the number of Directors constituting the Board may be changed by action of the Board of Directors, 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 of the Company should be unable to accept nomination or election as a director, which is not expected, the proxies may be voted with discretionary authority for a substitute or substitutes designated by the Board of Directors or the number of Directors constituting the Board may be reduced in accordance

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with the Company's By-laws. Directors shall be elected by the holders of a plurality of the voting power present in person or represented by proxy and entitled to vote. Abstentions and broker "non-votes" shall not be counted for purposes of the election of directors. THE BOARD OF DIRECTORS RECOMMENDS THE ELECTION OF THE NOMINEES LISTED BELOW. THE BOARD RECOMMENDS THAT SHAREHOLDERS VOTE FOR THE ELECTION OF THE NOMINEES. PROXIES SOLICITED BY THE BOARD WILL BE SO VOTED EXCEPT WHERE AUTHORITY HAS BEEN WITHHELD.

The following table lists information with respect to the nominees for election as Directors of the Company.

NAME ----	AGE ---	POSITION -----
Margaret Hayes Adame	64	Director
Richard J. Cote	49	Executive Vice President and Chief Operating Officer; Director
Efraim Grinberg	46	President and Chief Executive Officer; Director
Gedalio Grinberg	72	Chairman of the Board of Directors
Alan H. Howard	44	Director
Nathan Leventhal	61	Director

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Donald Oresman	78	Director
Leonard L. Silverstein	82	Director

There are no family relationships between any of the Company's directors with the exception of Efraim Grinberg, who is the son of Gedalio Grinberg. There are no arrangements between any director and any other person pursuant to which any of them was elected a director.

MS. HAYES ADAME was elected to the Board of Directors of the Company in September 1993. Ms. Hayes Adame is the President of the Fashion Group International, Inc. 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. She is also a member of the board of directors of International Flavors & Fragrances, Inc.

MR. COTE joined the Company in January 2000 as Executive Vice President - Finance and Administration. In May 2001 Mr. Cote's title was changed to Executive Vice President - Chief Operating Officer. Prior to joining the Company, Mr. Cote worked for Colgate-Palmolive, 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.

MR. E. GRINBERG joined the Company in June 1980 and served as the

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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. In 1988, Mr. E. Grinberg was elected to the Board of Directors of the Company. From June 1990 to October 1995, Mr. E. Grinberg served as the Company's President and Chief Operating Officer and since October 1995 served as the Company's President. In May 2001, Mr. E. Grinberg was elected to the position of President and Chief Executive Officer. Mr. E. Grinberg also serves on the Board of Directors of Lincoln Center for the Performing Arts, Inc., the American Watch Association and the Jeweler's Security Alliance.

MR. G. GRINBERG founded the Company in 1961 and is the Chairman of the Board of Directors. Mr. G. Grinberg served as the Company's Chief Executive Officer until May 2001.

MR. HOWARD was elected to the Board of Directors of the Company in September 1997. Mr. Howard is a Managing Director of Credit Suisse First Boston LLC ("CSFB"). He has been with CSFB and its predecessor companies since 1986. Prior to 1986, Mr. Howard worked with the James River Corporation and the Dixie Products Group of American Can Company.

MR. LEVENTHAL, who was appointed to the Board in November 2003, served as Chief of Staff to John Lindsay, Deputy Mayor to Ed Koch, and Transition Chairman for both Mayors David Dinkins and Michael Bloomberg. He currently chairs Mayor Bloomberg's Committee on Appointments. 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. He currently serves on the boards and is chairman of the audit committees of 16 equity and fixed income mutual funds managed by the Dreyfus Corporation. Mr. Leventhal is a former partner of the law firm Poletti Freidin Prashker Feldman & Gartner.

MR. ORESMAN has served on the Board of Directors of the Company since 1981. He 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 December 1983, Mr. Oresman was engaged in the practice of law as a partner of Simpson Thacher & Bartlett where he is now Of Counsel.

MR. SILVERSTEIN has served on the Board of Directors of the Company since 1975. He has been engaged in the practice of law at Silverstein and Mullens, a division of Buchanan Ingersoll, 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., and a director of Chevy Chase Federal Savings Bank. He is 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.

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INFORMATION REGARDING THE BOARD OF DIRECTORS AND ITS COMMITTEES

BOARD MEETINGS AND COMMITTEES

The Board of Directors held nine meetings during fiscal 2004, at all

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but one of which every director was in attendance. In fiscal 2004, the Board of Directors had two committees: a Compensation Committee and an Audit Committee. In March 2004 the Board established its Nominating/Corporate Governance Committee.

AUDIT COMMITTEE

The Audit Committee of the Board of Directors is currently composed of Ms. Hayes Adame and Messrs. Howard, Leventhal and Oresman. Mr. Oresman is the chairman of the Audit Committee. The Board of Directors believes that each member of the Audit Committee is an "audit committee financial expert" as defined under the rules adopted by the SEC. The Audit Committee held six meetings in fiscal 2004 and each member of the committee attended every meeting.

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. The Audit Committee operates under a written charter which is attached to this Proxy Statement as Appendix A. The charter of the Audit Committee is also available on the Company's website at WWW.MOVADOGROUPINC.COM.

COMPENSATION COMMITTEE

The directors serving on the Compensation Committee of the Board of Directors are Ms. Hayes Adame and Messrs. Howard, Leventhal, Oresman and Silverstein. Mr. Howard is the chairman of the Compensation Committee. The Compensation Committee held five meetings in fiscal 2004 and each member of the committee attended every meeting. 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. The Compensation Committee operates under a written charter, which is available on the Company's website at WWW.MOVADOGROUPINC.COM.

NOMINATING/ CORPORATE GOVERNANCE COMMITTEE

The Nominating/Corporate Governance Committee, currently composed of Ms. Hayes Adame and Messrs. Howard, Leventhal, Oresman and Silverstein, was established in March 2004 and therefore did not meet in fiscal 2004. 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) oversee the evaluation of the Board. The Nominating/Corporate

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Governance Committee operates under a written charter, which is available on the Company's website at WWW.MOVADOGROUPINC.COM. Mr. Leventhal is the chairman of the Nominating/Corporate Governance Committee.

In considering possible candidates for director, 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

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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.

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:

- o The name of the shareholder and evidence of the person's ownership of Company stock, including the number and class of shares owned and the length of time of ownership; and
- o 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.

Each such recommendation must be sent to the Secretary of the Company at Movado Group, Inc., 650 From Road, Paramus, New Jersey 07652 and must be received by the Secretary not less than 120 days prior to the anniversary date of the Company's most recent annual meeting of shareholders. The Nominating/Corporate Governance Committee will evaluate shareholder recommended director candidates in the same manner as it evaluates director candidates identified by other means.

Nathan Leventhal, who is a nominee for election as a director, was originally nominated for appointment to the Board in November 2003 by the Company's CEO.

EXECUTIVE SESSIONS OF NON-MANAGEMENT DIRECTORS

The non-management directors hold regular executive sessions without management, and at least once each quarter. The presiding director of these executive sessions rotates among each of the non-management directors.

COMMUNICATIONS WITH THE BOARD OF DIRECTORS

Shareholders may communicate directly with the full Board of Directors, the Audit Committee of the Board of Directors or any individual director by sending such communication in writing to the attention of the General Counsel of the Company, 650 From Road, Paramus, NJ 07652. Such communications should indicate to whom they are intended to be directed. 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

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addressed. Parties may communicate anonymously and/or confidentially if they desire. All 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 that end, and 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. Each member of the Board of Directors attended the 2003 Annual Meeting of Shareholders.

DIRECTOR INDEPENDENCE

The listing standards of the New York Stock Exchange ("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:

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- o 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
- o 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 non-management members of the Board of Directors 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 Audit Committee, 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 provisions of the Sarbanes-Oxley Act of 2002 applicable to audit committee independence, including the rules of the SEC thereunder.

DIRECTOR COMPENSATION

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No executive officer of the Company receives any additional compensation for serving the Company as a member of the Board of Directors or any of its committees. In fiscal 2004, Directors who were not employees of the Company received an annual fee of \$25,000. In addition, non-employee Directors are eligible to receive stock awards under the 1996 Stock Incentive Plan, as amended. To date, Ms. Hayes Adame and Messrs. Howard, Oresman and Silverstein have each been awarded options to purchase 8,000 shares of the Company's Common Stock under that plan. Of these, options for the purchase of 2,000 shares were immediately vested when granted in calendar 1998 and expired in calendar year 2003. The remaining options that have been granted to date to these non-employee directors vest in one-third increments on each of the first three anniversaries following the grant date, expire after 10 years and have an exercise price equal to or greater than the fair market value of the Company's Common Stock on the date of grant.

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 the audited financial statements of the Company for the fiscal year ended January 31, 2004 with the Company's management. The Audit Committee has discussed with PricewaterhouseCoopers LLP the matters required to be discussed by Statement on Auditing Standards No. 61, as amended (Communications with Audit Committees) by the Auditing Standards Board of the American Institute of Certified Public Accountants.

The Audit Committee has also received the written disclosures and the letter from PricewaterhouseCoopers LLP required by the Independence Standards Board Standard No. 1 (Independence Discussion with Audit Committees) and the Audit Committee has discussed the independence of PricewaterhouseCoopers LLP 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, 2004 for filing with the Securities and Exchange Commission. The

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Committee and the Board also have recommended, subject to shareholder approval, the selection of PricewaterhouseCoopers LLP as the Company's independent auditors for fiscal 2005.

Members of the Audit Committee:

Margaret Hayes Adame
Alan H. Howard
Nathan Leventhal
Donald Oresman

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SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Under the federal securities laws, the Company's executive officers and directors, and persons who own more than 10% of a registered class of the Company's equity securities (the "10% Stockholders"), are required to file reports of ownership and changes of ownership with the Securities and Exchange Commission. Executive officers, directors and 10% Stockholders of the Company are required by law to furnish the Company with copies of all forms so filed. Based solely on review of copies of such forms received or written representations that no other reports were required, the Company believes that, during the last fiscal year, its executive officers, directors and 10% Stockholders timely complied with all such filing requirements applicable to them with respect to their beneficial ownership of Capital Stock, except that Kathy Melita, the Company's former Controller, inadvertently filed a Form 3 ("Initial Statement of Beneficial Ownership") one day late.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Company has an agreement with Mr. Cote that provides for the continuation of his then applicable annual base salary paid bi-weekly for 24 months following Mr. Cote's termination of 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, disability or for cause.

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 Gedalio 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.

See "Compensation Committee Interlocks and Insider Participation" for information regarding certain business relationships between the Company and Mr. Silverstein's law firm.

EXECUTIVE OFFICERS

For detailed information concerning Richard Cote, Gedalio Grinberg 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 filing date of this report) are set forth below together with the positions held by each during the past five years.

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NAME ----	AGE ---	POSITION -----
Eugene J. Karpovich	57	Senior Vice President and Chief Financial Officer
Frank V. Kimick Kimick	37	Vice President, Treasurer and Assistant Secretary
Timothy F. Michno	47	Secretary and General Counsel

MR. KARPOVICH joined the Company in 1998 as CFO for the Movado brand. From 2000 to 2001 he was Vice President, Financial Planning for the Company. He was promoted to Senior Vice President and Chief Financial Officer in October 2001. Before joining the Company, Mr. Karpovich had been the CFO of the watch company Wittnauer International, Inc., a subsidiary of Westinghouse Electric Corporation, Inc., where he was employed for 23 years.

MR. KIMICK joined the Company in 1996 as Assistant Treasurer and in May 2001 was promoted to Vice President, Treasurer. Mr. Kimick is responsible for worldwide treasury operations, banking relationships and all aspects of cash and risk management. Before joining the Company, Mr. Kimick had been the Treasurer for Sunshine Biscuits, Inc. and held several treasury and consulting positions at other organizations.

MR. MICHNO joined the Company in April 1992 and since then has served as its Secretary and General Counsel. He has been engaged in the practice of 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

The following table sets forth the compensation awarded to, earned by or paid to the Chief Executive Officer and each of the four other most highly compensated executive officers of the Company who were serving as such as of the end of the Company's last fiscal year (collectively, the "Named Executive Officers") during fiscal 2004, 2003 and 2002 (each fiscal year ending January 31) for services rendered in all capacities to the Company and its subsidiaries.

SUMMARY COMPENSATION TABLE

	Annual Compensation	Other Annual	Restricted	Lo
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Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Compensation (\$)	Awards (\$ (1)
Efraim Grinberg President and Chief Executive Officer	2004	834,232	650,000	--	13,179
	2003	778,847	200,000	--	11,077
	2002	760,866	150,000	--	12,323
Gedalio Grinberg Chairman of the Board	2004	650,000	195,000	--	0
	2003	675,000	150,000	--	0
	2002	650,000	100,000	--	1,000
Richard Cote Executive Vice President Chief Operating Officer	2004	463,173	375,000	--	7,300
	2003	415,385	200,000	--	5,908
	2002	400,000	120,000 (5)	--	41,023
Eugene J. Karpovich Senior Vice President and Chief Financial Officer	2004	221,058	100,000	--	71,750
	2003	207,693	65,000	--	1,354
	2002	165,742	40,000 (5)	--	12,971
Timothy F. Michno Secretary and General Counsel	2004	223,423	81,000	--	25,780
	2003	221,385	45,000	--	1,720
	2002	208,000	35,000	--	1,664

(1) At January 31, 2004 the aggregate number of shares of restricted stock held by each of the Named Executive Officers and the aggregate value thereof (based on the closing price of the Company's Common Stock as of January 31, 2004) were as follows: Mr. G. Grinberg: none; Mr. E. Grinberg: 1,563.67 shares, \$44,595; Mr. Cote: 875.17 shares, \$24,960; Mr. Karpovich: 201.35 shares, \$5,743; and Mr. Michno: 220.73 shares, \$6,295. All of such shares are phantom stock units ("Stock Units") granted under the Company's Deferred Compensation Plan for Executives ("Deferred Compensation Plan"). The Stock Units vest 20% at the end of each calendar year beginning in the calendar year in which awarded, except that, for participants 65 years or older, vesting is 100% at the end of the calendar year in which awarded. Mr. E. Grinberg was awarded 907.56, 756.04 and 697.30 Stock Units in calendar years 2001, 2002 and 2003 respectively. Mr. Cote was awarded 479.91, 403.22 and 409.38 Stock Units in calendar years 2001, 2002 and 2003 respectively. Mr. Karpovich was awarded 98.15, 100.12 and 98.39 Stock Units in calendar years 2001, 2002 and 2003 respectively. Mr. Michno was awarded 120.20, 106.15 and 93.72 Stock Units in calendar years 2001, 2002 and 2003 respectively. No dividends accrue in respect of the Stock Units.

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(2) All the options granted to Mr. E. Grinberg and Mr. Cote in fiscal 2002 were granted March, 16 2001 subject to shareholder approval of amendments to the Company's 1996 Stock Incentive Plan, which were approved at the 2001 Annual Meeting. The exercise price for one quarter of those options was set at the market price for the Common Stock on the grant date with the balance of those options exercisable at prices between 20% and 50% more than the grant date market price. The options vest in one third increments on each of the first three anniversaries

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of the grant date and represent the total expected to be granted to them until fiscal 2006.

- (3) Includes a \$3,400 matching contribution made by the Company in respect of fiscal 2004 for the account of Mr. E. Grinberg pursuant to the Company's Employee Savings and Investment Plan ("401(k) Plan"). Also includes a matching cash contribution of \$66,026 and a non-cash contribution of 697.30 Stock Units valued at \$16,474 (based on the closing prices of the Company's Common Stock on the grant dates) for fiscal 2004 to his account under the Company's Deferred Compensation Plan. Also includes \$31,150 in total annual 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 beneficiary is entitled to the applicable benefit without, in either event, reimbursement to the Company of any premiums paid by the Company under such policies.
- (4) Includes \$191,595 in total annual premiums paid in respect of certain life insurance policies and one travel accident policy purchased for Mr. G. Grinberg by the Company. Under his arrangement with the Company, Mr. G. Grinberg is entitled to the cash surrender value under these life insurance policies and his beneficiary is 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 in respect of fiscal 2004 for the account of Mr. G. Grinberg pursuant to the Company's 401(k) Plan. Also includes \$154,939 accrued by the Company in respect of a Death and Disability Benefit Plan agreement with Mr. G. Grinberg. See "Contract with Chairman" below. Also includes a matching cash contribution of \$52,000 and a non-cash contribution of 620.99 Stock Units valued at \$13,000 (based on the closing prices of the Company's Common Stock on the grant dates) made by the Company for fiscal 2004 to Mr. G. Grinberg's account pursuant to the Company's Deferred Compensation Plan.
- (5) Mr. Cote and Mr. Karpovich each elected to receive, in lieu of 20% of the cash bonus that otherwise would have been awarded for fiscal 2002, restricted stock which is reported under the "Restricted Stock Awards" column for that fiscal year.
- (6) Includes a \$3,400 matching contribution made by the Company in respect of fiscal 2004 for the account of Mr. Cote pursuant to the Company's 401(k) Plan. Also includes a matching cash contribution of \$36,500 and a non-cash contribution of 409.38 Stock Units valued at \$9,125 (based on the closing prices of the Company's Common Stock on the grant dates) for fiscal 2004 to his account under the Company's Deferred Compensation Plan.
- (7) Includes a \$3,400 matching cash contribution made by the Company in respect of fiscal 2004 for the account of Mr. Karpovich pursuant to the Company's 401(k) Plan. Also includes a matching cash contribution of \$8,750 and a non-cash contribution of 98.39 Stock Units valued at \$2,187 (based on the closing prices of the Company's Common Stock on the grant dates) for fiscal 2004 to his account under the Company's Deferred Compensation Plan.
- (8) Includes a \$3,400 matching contribution made by the Company in respect of fiscal 2004 for the account of Mr. Michno pursuant to the Company's 401(k) Plan. Also includes a matching cash contribution of \$8,900 and a non-cash contribution of 93.72 Stock Units valued at \$2,225 (based on the closing prices of the Company's Common Stock on the grant dates)

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for fiscal 2004 to his account under the Company's Deferred Compensation Plan.

CONTRACT WITH CHAIRMAN

Under a Death and Disability Benefit Plan Agreement with Mr. G. Grinberg, dated September 23, 1994, in the event of Mr. G. Grinberg's death or disability while employed by the Company, the Company will pay to his spouse, if she is then living, an annual benefit equal, as of fiscal 2004, to \$358,530 (increased October 1 each year by an amount equal to two percent of the benefit that would have been payable in the prior year). Benefits are

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payable for the lesser of 10 years or the life of Mr. G. Grinberg's spouse, and are payable only from the general assets of the Company. Neither Mr. G. Grinberg nor his spouse may assign the Agreement or any of the benefits payable thereunder and none of the benefits are payable to the estates or any of the heirs of Mr. G. Grinberg or his spouse.

The Agreement provides that it automatically terminates in the event of the termination of Mr. G. Grinberg's employment with the Company for any reason other than his death or disability and further provides that it is not to be considered a contract of employment. For purposes of the Agreement "disability" means the inability of Mr. G. Grinberg to perform the duties pertaining to his job because of accident, sickness or other illness as determined by a majority of disinterested directors.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The Company's Compensation Committee was at all times during fiscal year 2004 comprised entirely of Directors who at no time were executive officers or employees of the Company. The Compensation Committee for fiscal year 2004 was comprised of Margaret Hayes Adame, Alan H. Howard, Donald Oresman, Leonard L. Silverstein and (as of his appointment to the Board on November 25, 2003) Nathan Leventhal. Mr. Silverstein is a partner at the law firm of Silverstein & Mullens, a division of Buchanan & Ingersoll, P.C. That firm rendered legal services to the Company during fiscal 2004. 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.

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FISCAL 2004 STOCK OPTION GRANTS

The following table provides certain information regarding grants of stock options made during fiscal 2004 to the Named Executive Officers pursuant to the Company's 1996 Stock Incentive Plan. No new discretionary option grants were made in fiscal 2004 to any of the Named Executive Officers. Rather, the only options granted to such individuals were reload options, the issuance of which resulted from rights that were granted to the option holders as part of their initial option grants made in prior years. Under the reload program, option holders may use Company Common Stock or Class A Common Stock they have

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owned for at least six months to pay the exercise price of their options and have shares withheld for the payment of income taxes due on the exercise. They then receive a new reload option to make up for the shares they used or had withheld. The reload option does not "vest" (i.e., become exercisable) for six months and expires on the expiration date of the initial grant.

INDIVIDUAL GRANTS				
NAME	NUMBER OF SECURITIES UNDERLYING OPTIONS GRANTED (#)	% OF TOTAL NUMBER OF SECURITIES UNDERLYING OPTIONS GRANTED TO EMPLOYEES IN FISCAL YEAR	EXERCISE OR BASE PRICE (\$/SH)	EXPIRATION DATE
Gedalio Grinberg	0	0	--	--
Efraim Grinberg	55,543	55.62	23.88	March 16, 2011
	151,949		30.06	March 16, 2011
	48,284		31.15	March 16, 2011
Richard Cote	62,573	38.51	23.88	March 16, 2011
	114,530		31.15	March 16, 2011
Eugene Karpovich	656	0.14	23.86	March 16, 2011
Timothy F. Michno	0	0	--	--

(1) The grant date present values set forth in the foregoing table were arrived at using the Black-Scholes option pricing model based on the following assumptions. Volatility was assumed to be 50.00% and 52.48% based on the weekly closing prices of the underlying Common Stock for the periods ending July 31, 2003 and January 31, 2004, respectively. The risk free rate of return for each option was determined based on the yield on the grant date on a U.S. Government Zero Coupon Bond with a maturity equal to the expected term of the option prior to exercise. Exercise was assumed to occur after 4.17 and 4.18 years, respectively, for the options granted with exercise prices of \$30.06 and \$31.15 and after 5.0 years for the options granted with exercise prices of \$23.88 and \$23.86. Dividend yields of 1.01%, 0.80% and 0.77% were assumed to be constant over the life of the options granted in July 2003 and on January 9 and January 14, 2004, respectively. Option grant dates were (grant date/exercise price): January 14, 2004/\$31.15; January 9, 2004/\$30.06; July 16, 2003/\$23.86 and July 14, 2003/\$23.88. This schedule does not take into account provisions of the options providing for termination of the option following termination of employment or nontransferability. The dollar amounts under this column are the result of calculations using a certain option pricing model based on the foregoing assumptions and, therefore, are not intended to forecast possible future appreciation, if any, of the Company's Common Stock price.

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VALUES

The following table sets forth information concerning exercises of stock options by the Named Executive Officers during the last fiscal year and the fiscal year-end value of shares of Common Stock represented by unexercised stock options held by each of the Named Executive Officers as of January 31, 2004.

NAME	SHARES ACQUIRED ON EXERCISE (#)	VALUE REALIZED (\$)	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS AT FISCAL YEAR END (#)		A - - EXE
			EXERCISABLE	UNEXERCISABLE	
Gedaliao Grinberg	0	0	0	0	
Efraim Grinberg	309,418	2,555,312	277,500	343,565	2,
Richard Cote	222,573	1,923,706	218,000	206,530	2,
Eugene J. Karpovich	12,967	89,330	104,797	890	
Timothy F. Michno	2,000	29,000	11,789	7,399	

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, 2004.

Plan Category	Number of Securities to be Issued Upon Exercise Of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Futu Equity (Exc Reflec
	(a)	(b)	
Equity compensation plans approved by security holders (1).....	1,963,923 (2)	\$19.41 (3)	
Equity compensation plans not approved by security holders (5).....	25,370	NOT APPLICABLE	
Total.....	1,989,294	\$19.41	

(1) Includes the 1996 Stock Incentive Plan and the Deferred Compensation Plan.

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- (2) Includes 1,925,359 options outstanding under 1996 Stock Incentive Plan and 38,564 phantom stock units issuable as 38,564 shares of Common Stock under the Deferred Compensation Plan.
- (3) Weighted average exercise price of options outstanding under the 1996 Stock Incentive Plan.
- (4) Includes 533,649 shares available for issuance under the 1996 Stock Incentive Plan as options and other share based awards, and 12,313 shares available for issuance under the Deferred Compensation Plan.
- (5) Includes the Stock Bonus Plan described in Note 11 to the Company's consolidated financial statements included in the Company's Form 10-K filed for the year ended January 31, 2004.

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COMPENSATION COMMITTEE REPORT

GENERAL

The Compensation Committee of the Board of Directors (the "Committee") is responsible for reviewing and approving the Company's compensation policies affecting senior management, reviewing significant employee benefit programs and reviewing and administering the Company's 1996 Stock Incentive Plan. The Committee is comprised of Ms. Margaret Hayes Adame, Mr. Nathan Leventhal, Mr. Donald Oresman, Mr. Leonard L. Silverstein and Mr. Alan H. Howard, all of whom are non-management members of the Board.

The compensation policies established by the Company and which were in effect during fiscal year 2004 are designed to enable the Company to attract, retain, motivate and appropriately reward a group of highly qualified individuals who are expected to contribute to the Company's continued success. The Committee believes that the relevant market for executive and management level talent includes not only those companies comprising its Industry Peer Group but also other companies engaged in other business activities in other industries. The three primary components of executive compensation are base pay, cash bonuses and stock based awards, primarily stock grants. The Committee reviews each component of executive compensation on an annual basis.

To assist the Committee in its evaluation and approval of the Company's compensation policies for fiscal 2004, the Committee analyzed historic compensation data relative to the Company's executive and mid-level management.

BASE SALARIES

Base salary levels for members of the Company's senior management team are reviewed by the Committee 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 executive officer's performance and the performance of the Company as a whole. Executive performance is evaluated by the Committee by reference to the extent to which specific individual and departmental goals and objectives are met. These goals and objectives vary from department to department and, within any single department, from individual to individual. Corporate performance is measured by the Committee by reference to the Company's achievement of pre-tax profit goals and other financial performance targets set at the beginning of the fiscal year. For

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fiscal 2004, the Committee accepted the Company's recommendation to implement a general increase in base salary levels.

CASH BONUSES

Cash bonuses, the second key component of executive compensation, are intended to provide incentives to senior management in the short term to achieve certain operating results, which are generally determined at the beginning of the fiscal year by management in consultation with the Board and, typically, tied to net income results. Concurrently with approving the annual operating objectives, the Committee establishes target bonuses for the coming fiscal year as a percentage of the base salary of each executive officer. In fiscal 2004, 75% was the target bonus for the CEO; 75% was the target bonus for Mr. Cote, with bonus targets ranging from 25% to 50 % for the other executive officers. Actual incentive compensation awards may be either more or less than targeted amounts depending on actual results compared with corporate, group and individual performance measures. By thus placing a significant percentage of each executive officer's compensation at risk, this approach creates a direct incentive for executive officers to achieve desired performance goals. Certain mid-level managers are also eligible to receive bonuses, which are used as an additional, incentive-based element of compensation dependent on corporate performance and individual merit.

Based on the Company's overall performance in fiscal 2004 and its achieving all of its key operating results, the Committee authorized funding of the bonus pool at a 100% level for the fiscal year and the payment of individual bonus amounts in-line with the achievement of those corporate results. Individual bonus amounts were also determined by reference to subjective criteria and the extent to which individual performance objectives were achieved.

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EQUITY BASED PLANS

Equity participation is the third key element of the Company's executive compensation program and is afforded to executive officers and certain employees primarily through stock based awards and, to a lesser extent, stock options granted under the Company's 1996 Stock Incentive Plan (the "Incentive Plan"). In addition to the Incentive Plan, equity participation is also afforded to executives and certain key employees who participate in the Company's Deferred Compensation Plan as well as to all other employees, not eligible to participate in the Deferred Compensation Plan through the Company's Employee Stock Bonus Plan, adopted in fiscal 1999 ("Stock Bonus Plan").

Stock awards and options have been awarded under the Incentive Plan on the basis of the position held by the grantee, contributions already made by the person meriting recognition and, more importantly, the Company's expectations of the contribution the person will make over the long term to the Company's growth. All options granted under the Incentive Plan have an exercise price equal to or greater than the market value of the stock on the date of grant, generally vest yearly over three or five years and expire ten years from the date of grant. In addition, certain options that have been granted contain a reload feature under which option holders can use Company common stock (or class A common stock) they have owned for at least six months to pay the exercise price of their options, have shares withheld for the payment of income taxes due on exercise and receive a new reload option to make up for the shares used or withheld. In fiscal 2004, in-line with management's recommendation, the Committee determined that, as a general rule, it would make grants of stock

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awards rather than options. All stock awards of Common Stock granted under the Incentive Plan in fiscal 2004 are subject to a three year vesting requirement. Thus, both option and stock grants are designed to retain executive officers and enhance shareholder value by aligning the financial interests of each executive officer or other key employee with the interests of the Company's shareholders over the long term.

Under the Deferred Compensation Plan, participants' salary deferrals, up to either five or ten percent of base salary, are fully matched by the Company. Eighty percent of the match is in the form of cash and twenty percent is in the form of rights to Common Stock representing the number of shares (including fractional shares) of Common Stock that such twenty percent portion of the matching contribution could purchase based on the closing price of the Common Stock at the end of the calendar quarter in which the contribution is made. Vesting in Company matching contributions is 20% per year. Distributions are made beginning in January following termination of the participant's employment and are in ten annual installments unless the Company determines to make them in a lump sum.

Under the terms of the Stock Bonus Plan, the Company determines after the end of each fiscal year, depending on financial performance and subject to Compensation Committee and Board approval, whether to make a contribution of shares to the plan from its treasury shares, up to an amount equivalent in value to up to 1% of the total base salaries of all participants in the plan. For fiscal 2004 the Company contributed 5,791 shares to the plan representing one percent (1.0%) of total base salaries of all plan participants. Each participant vests in 100% of their pro-rata portion (based on salary) of such contribution after five years or upon attaining retirement age if sooner. All distributions to plan participants are in the form of shares of Common Stock of the Company, with cash payments for any fractional share amounts.

COMPENSATION OF CHIEF EXECUTIVE OFFICER FOR FISCAL 2004

The compensation paid to the Company's Chief Executive Officer ("CEO") in fiscal 2004 consisted primarily of salary and bonus. No new discretionary stock options or other stock awards under the Incentive Plan were granted to the CEO last year. An increase in Mr. E. Grinberg's base salary was approved by the Committee at the beginning of the year based on its assessment of his performance in the prior year, specifically having achieved positive cash flow, reduction of operating expenses, maintenance of strong gross margin and significant sales and net income results, and considering that there was no increase in the CEO's base salary in the prior year. Under the terms of the Company's 2001 Executive Performance Plan (SEE BELOW), the bonus paid to the CEO for fiscal 2004 was approved by the Committee on the basis of the Company achieving the "Performance Criteria" for fiscal 2004 as set forth in that plan and as previously approved by the Committee, namely achieving the targeted earnings per share for that performance period.

POLICY REGARDING DEDUCTIBILITY OF COMPENSATION

Section 162(m) of the Internal Revenue Code limits the tax deduction to \$1 million for compensation paid to the CEO and the four other most highly compensated executive officers of the Company. Qualifying performance-based compensation is not subject to the deduction limit if certain requirements are met. The Company's 2001 Executive Performance Plan which was adopted in fiscal 2002 is structured such that annual incentive bonuses and long-term equity-based

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compensation paid thereunder for the Company's most senior executives should constitute qualifying performance-based compensation under Section 162(m). However, the Compensation Committee recognizes that unanticipated future events, such as a change of control of the Company or a change in executive personnel, could result in a disallowance of compensation deduction under Section 162(m). Moreover, the Compensation Committee may from time to time award compensation that is non-deductible under Section 162(m) when in the exercise of the Compensation Committee's business judgment such award would be in the best interest of the Company.

COMPENSATION COMMITTEE

Margaret Hayes Adame
 Alan H. Howard
 Nathan Leventhal
 Donald Oresman
 Leonard L. Silverstein

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PERFORMANCE GRAPH

The performance graph set forth below compares the cumulative total shareholder return of the Company's Common Stock for the last five fiscal years through the fiscal year ended January 31, 2004 with that of the Broad Market (CRSP Total Return Index for the NYSE Stock Market) and a peer group index comprised of the following four companies: Fossil Inc., Gucci Group NV, Tiffany & Co. and Friedmans Inc. (the "peer group"). The returns of each company in the peer group index have been weighted according to the respective issuer's stock market capitalization. Each graph assumes an initial investment of \$100 on January 30, 1999 and the reinvestment of dividends (where applicable).

[GRAPHIC OMITTED - LINE CHART]

Comparison of Five-Year Cumulative Total Returns Performance Report for MOVADO GROUP, INC.

Date ----	Company Index -----	Market Index -----	Peer Index -----
01/29/1999	100.000	100.000	100.000
02/26/1999	84.029	97.831	101.039
03/31/1999	98.280	100.695	118.216
04/30/1999	94.932	105.857	119.076
05/28/1999	94.932	103.893	113.587
06/30/1999	101.819	108.224	125.858
07/30/1999	95.513	104.474	132.299
08/31/1999	104.867	102.019	142.793
09/30/1999	90.589	98.743	147.393
10/29/1999	86.747	104.604	144.321
11/30/1999	93.647	105.499	162.515
12/31/1999	86.008	108.381	202.268
01/31/2000	75.001	103.516	178.032
02/29/2000	71.054	98.745	152.210
03/31/2000	39.721	108.481	173.702

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04/28/2000	34.134	108.214	160.423
05/31/2000	37.844	108.259	146.475
06/30/2000	47.491	108.053	160.679
07/31/2000	54.532	107.850	162.106
08/31/2000	55.524	113.756	184.247
09/29/2000	68.909	112.931	173.481
10/31/2000	57.113	113.488	180.850
11/30/2000	47.428	108.109	158.019
12/29/2000	60.589	112.624	148.508
01/31/2001	55.243	114.110	167.853
02/28/2001	59.971	108.323	148.988
03/30/2001	55.492	103.288	136.188
04/30/2001	61.364	110.060	155.303
05/31/2001	71.219	111.548	162.933
06/29/2001	80.595	108.549	161.808
07/31/2001	75.689	108.082	159.851
08/31/2001	72.932	103.069	145.460
09/28/2001	61.942	96.016	119.962
10/31/2001	65.246	96.313	128.266
11/30/2001	74.053	102.083	146.790
12/31/2001	76.855	104.120	155.534
01/31/2002	70.975	102.667	169.049
02/28/2002	73.782	102.798	162.949
03/28/2002	88.017	106.719	175.364
04/30/2002	91.548	102.363	190.722
05/31/2002	86.328	101.951	187.093
06/28/2002	100.984	95.394	178.543
07/31/2002	80.374	88.113	154.384
08/30/2002	73.218	89.024	156.257
09/30/2002	65.337	80.220	143.582
10/31/2002	68.731	85.330	158.104
11/29/2002	71.713	89.425	161.887
12/31/2002	75.782	85.461	156.270
01/31/2003	74.003	83.120	157.108
02/28/2003	78.684	81.087	158.167
03/31/2003	76.666	82.255	160.874
04/30/2003	82.848	88.821	166.992
05/30/2003	92.870	93.662	179.100
06/30/2003	87.899	95.079	180.154
07/31/2003	93.591	96.284	185.104
08/29/2003	96.832	98.036	194.883
09/30/2003	88.729	97.075	191.551
10/31/2003	97.684	102.401	213.146
11/28/2003	110.437	103.904	207.776
12/31/2003	114.661	109.095	207.735
01/30/2004	116.063	111.302	198.271

The index level for all series was set to 100.0 on 01/29/1999

FISCAL 2004 AND 2003 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

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fiscal years ended January 31, 2004 and 2003.

YEAR	AUDIT (\$)	AUDIT RELATED (\$)	TAX (\$)	ALL OTHERS (\$)
2003	511,000	11,000	147,000	0
2004	515,000	1,053,000	94,000	1,400

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 audits of employee benefit plans, due diligence on the Ebel acquisition and consultation in connection with financial and accounting standards.

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 represent professional services other than those covered above.

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 Board of Directors, upon the recommendation of the Audit Committee, has appointed PricewaterhouseCoopers LLP to be the Company's independent accountants for the year ending January 31, 2005, 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.

PROPOSAL 3 - APPROVAL OF EXTENSION OF THE TERM OF THE DEFERRED COMPENSATION PLAN FOR EXECUTIVES

The Movado Group, Inc. Amended and Restated Deferred Compensation Plan for Executives (the "Deferred Compensation Plan") was originally adopted effective June 1, 1995, and was approved by our shareholders on June 14, 1996. It has been amended and restated twice since then, most recently effective January 1, 2002.

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The Board of Directors further amended the Deferred Compensation Plan at a meeting held on February 12, 2004 to add a provision stating that the Deferred Compensation Plan expires on the tenth anniversary of its original date of shareholder approval, unless the term is extended by the affirmative vote of a majority of the votes cast by the Company's shareholders, present or represented by proxy, at a duly called meeting of such shareholders. (This amendment was adopted on order to comply with new listing requirements adopted by the New York Stock Exchange.) The Board further determined at that same meeting to present a proposal to the shareholders, for approval at the next annual shareholders meeting, to extend the term of the Deferred Compensation Plan for the period expiring on the tenth anniversary of such approval. Consequently, if the shareholders approve this proposal, the term of the Deferred Compensation Plan will be extended to June 17, 2014. If the shareholders do not approve this proposal, the Deferred Compensation Plan will expire on June 14, 2006.

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PLAN SUMMARY

The Company designates certain management or highly compensated employees to participate in the Deferred Compensation Plan as either a Group I participant or a Group II participant (such designation may be changed by the Company at any time). Eligible employees will be permitted to defer a percentage of their base salary, as determined by the plan administrator, and must deliver a "Salary Deferral Election" to the Company in order for salary deferrals to become effective.

The Deferred Compensation Plan is administered by a committee comprised of certain executive officers of the Company as appointed by the Company. The committee shall have authority to administer the Deferred Compensation Plan, to interpret the terms of the Deferred Compensation Plan in its sole discretion, to decide questions regarding the eligibility of any person to participate in the Deferred Compensation Plan, to compute amounts due and to authorize the distribution of payments under the Deferred Compensation Plan.

The Company shall establish for each participant a separate bookkeeping account and credit to the account an amount designated in the participant's Salary Deferral Election for each year. Such amounts shall not be made available to the participant, except as described below, and shall reduce the participant's compensation. Amounts credited to participants shall be subject to the rights of the general creditors of the Company.

Participants shall cease to contribute after their employment with the Company ends. The Salary Deferral Election and any changes thereto must be submitted before the beginning of the calendar year during which the amount to be deferred will be earned; provided, however, that in the year in which the Deferred Compensation Plan is first adopted or an employee is first eligible to participate, Salary Deferral Elections may be filed within thirty days of the date on which an employee is first eligible to participate with respect to compensation earned during the remainder of the calendar year.

The Company shall also credit to the account of each Group I participant a matching contribution in an amount equal to one hundred percent of the salary deferral contributed by such participant up to ten percent of the participant's base salary and, for each Group II participant, a matching contribution in an amount equal to one hundred percent of the salary deferral contributed by such participant up to five percent of the participant's base salary.

Twenty percent of the matching contributions for a participant shall be made in the form of rights to Common Stock of the Company representing the number of

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shares (including fractional shares) of Common Stock that the matching contribution could purchase based upon the value of the Company Stock at the end of the month in which the matching contribution is made.

When a participant or a participant's beneficiary is entitled to a distribution with respect to his or her rights to Common Stock, the Company shall issue to the participant or beneficiary the number of shares of Common Stock equal to the number of full shares then credited in such participant's account. The Company shall pay the credited dividend amounts and any fractional shares in cash.

The Company reserves the right to make discretionary contributions to participant's accounts in such amounts and in such manner as may be determined by the Company.

A participant's salary deferrals and earnings thereon are immediately vested. Company matching contributions or discretionary contributions vest at the rate of 20% per year as 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 shall be fully vested in all amounts in such participant's account. A participant whose employment terminates for other reasons shall forfeit unvested amounts. If there is a "change in control" (as defined in the Deferred Compensation Plan) of the Company, all amounts attributable to matching contributions (but not discretionary Company contributions) shall become fully vested on the date of such change in control.

A participant may direct the investment of amounts in the account (other than rights to Common Stock) among investment funds which will be made available.

Distributions from the Deferred Compensation Plan shall commence in the January following termination of the participant's employment. Benefits, including shares of Common Stock, will be paid in ten annual installments unless (i) the Company determined to pay the benefits in a lump sum or (ii) a participant who is a former employee

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provides services to a competitor within two years following termination of employment, in which case all remaining benefits will be paid to the participant in a lump sum.

The Company may modify, amend or terminate the Deferred Compensation Plan provided that no modification, amendment or termination shall adversely affect a participant's right to amounts already credited to his or her account without such participant's consent. Following any termination of the Deferred Compensation Plan, payment of any credited amounts may be made to participants in a single-sum payment at the Company's discretion. Any such decision to pay in a single sum shall apply to all participants. The Deferred Compensation Plan, if approved by the shareholders of the Company, will expire on June 17, 2014.

PLAN BENEFITS FOR YEAR 2004

DEFERRED COMPENSATION PLAN

NAME AND POSITION	DOLLAR VALUE (\$)
Efraim Grinberg President and Chief Executive Officer	84,605
Gedaliao Grinberg	65,000

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Chairman of the Board	
Richard Cote	49,080
Executive Vice President/Chief Operating Officer	
Eugene J. Karpovich	11,465
Senior Vice President/Chief Financial Officer	
Timothy F. Michno	12,500
Secretary and General Counsel	
Executive Group	171,275

The dollar values of plan benefits indicated for the individual Deferred Compensation Plan participants named above and for the Executive Group are based on the participants' salary deferral elections for calendar year 2004 and the Company's projected match.

SHAREHOLDER APPROVAL

Approval of the Deferred Compensation Plan requires the affirmative vote of the holders of a majority in voting power of the outstanding shares of the Company's Capital Stock present, or represented by proxy, and entitled to vote at the Annual Meeting.

THE BOARD RECOMMENDS THAT SHAREHOLDERS VOTE FOR THE EXTENSION OF THE TERM OF THE DEFERRED COMPENSATION PLAN. PROXIES SOLICITED BY THE BOARD WILL BE SO VOTED UNLESS SHAREHOLDERS SPECIFY IN THEIR PROXIES A CONTRARY CHOICE.

PROPOSAL 4 - PROPOSAL TO AMEND AND RESTATE THE 1996 STOCK INCENTIVE PLAN

GENERAL. At the Annual Meeting shareholders will be asked to consider and, if deemed advisable, to approve a proposal to amend and restate the Company's 1996 Stock Incentive Plan (the "Stock Plan"). The Stock Plan is being amended and restated to (i) provide for the availability of additional types of awards, (ii) increase the number of shares available for the granting of awards from 3,500,000 to 4,500,000, and (iii) generally update the Stock Plan to conform to prevailing market practices, as described in more detail below. The amendment and restatement of the Stock Plan was approved by the Board at a meeting held on April 8, 2004 (the "Effective Date"). In addition, the Stock Plan is being submitted to shareholders in view of the Company's desire that awards granted under the Stock Plan continue to qualify as "performance-based compensation" for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code").

If the holders of a majority in voting power of the Capital Stock present in person or represented by proxy and entitled to vote at the Annual Meeting approve the foregoing proposed amendments to the Plan (the "Plan Amendments"), such Plan Amendments will thereupon become effective. If such approval by the Company's shareholders is not obtained, the proposed Plan Amendments will not become effective and the Plan will continue as

it currently exists. Neither the effectiveness of the proposed Plan Amendments nor the failure to approve them will have any effect on awards outstanding under

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the Plan at the time of the Annual Meeting.

The following summary of the Stock Plan, as amended and restated, is qualified in its entirety by the specific language of the amended and restated Stock Plan, a copy of which is attached hereto as Appendix B.

PURPOSE. The purpose of the Stock Plan is to provide a means through which the Company and its affiliates may attract capable persons to enter and remain in the employ of the Company and affiliates and to provide a means whereby employees, directors and consultants of the Company and its affiliates can acquire and maintain Common Stock ownership, thereby strengthening their commitment to the welfare of the Company and its affiliates and promoting an identity of interest between shareholders and these employees. The number of persons expected to participate is approximately 150.

ADMINISTRATION. The Stock Plan will be administered by a committee of the Board of Directors (the "Committee"). It is intended, but not required, that the directors appointed to serve on the Committee shall be "Non-Employee Directors" (within the meaning of Rule 16b-3 under the Exchange Act) and "Outside Directors" (within the meaning of Section 162(m) of the Code), to the extent Rule 16b-3 and Section 162(m) are applicable; however, the fact that a Committee member shall fail to qualify under the foregoing requirements shall not invalidate any award which is otherwise validly made under the Stock Plan. The members of the Committee may be changed at any time and from time to time in the discretion of the Board of Directors of the Company. Subject to the terms of the Stock Plan, the Committee shall have authority to grant awards, to determine the number of shares for which each award shall be granted and to determine any terms and conditions pertaining to the exercise or to the vesting of each award; provided, however, that the Committee may, in its sole discretion accelerate the vesting of any award granted under the Stock Plan. The Committee shall have full power to construe and interpret the Stock Plan and any award agreement executed pursuant to the Stock Plan and to establish, amend, suspend or waive any rules for the proper administration of the Stock Plan. The determination of the Committee on all matters relating to the Stock Plan or any award agreement shall be conclusive.

ELIGIBILITY. Any officer, employee or director of, and certain types of consultants to, the Company or any of its subsidiaries or affiliates shall be eligible to be designated a participant under the Stock Plan. The Committee has the sole and complete authority to determine the participants to whom awards shall be granted under the Stock Plan.

TYPES OF AWARDS. Under the Stock Plan, the Committee may grant awards of nonqualified stock options ("NSOs"), incentive stock options ("ISOs"), stock appreciation rights ("SARs"), performance share units, restricted stock awards, phantom stock units, stock bonus awards, or any combination of the foregoing.

NUMBER OF SHARES AUTHORIZED. A maximum of 4,500,000 aggregate shares are available for granting awards under the Stock Plan. In no event may the aggregate number of shares with respect to which options and SARs are granted under the Stock Plan to any individual exceed 1,200,000 in any one calendar year. The number of shares with respect to performance share units, restricted stock, phantom share units and stock bonuses that may be granted to any individual under the Stock Plan also is limited to 1,200,000 shares in any one calendar year. As described more fully in the Stock Plan, if an award expires or terminates for any reason prior to the holder of such award receiving any economic benefit therefrom, the number of shares previously subject to but not delivered under such award shall be available to be awarded thereafter. Through April 30, 2004, total awards (including options exercised, exercisable, and unexercisable) representing 3,017,461 shares has been granted under the Stock Plan. As of April 30, 2004, the closing price of one share was \$30.00.

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If the Committee determines that certain corporate transactions or events (as described in the Stock Plan), such as a stock split, affect the shares such that an adjustment is determined by the Committee in its discretion to be consistent with such event and necessary or equitable to carry out the purposes of the Stock Plan, the Committee has the discretion to appropriately adjust or substitute the maximum number of shares subject to awards under the Stock Plan and the maximum number of shares that may be granted to any one participant under the Stock Plan as to the number, price or kind of share or other consideration subject to outstanding awards. In addition, upon the occurrence of certain corporate events or transactions (as described in the Stock Plan), such as a merger, consolidation, or reorganization, the Committee may, in its discretion and upon at least 10 days prior notice to the participants, cancel all outstanding awards and pay the holders thereof the value of such awards in a form and an amount equal to what other shareholders received or will receive in connection with such event. In the event of a "change in control" (as defined in the Stock Plan) of the Company, all options and SARs shall become immediately exercisable prior to such change in control and the restricted period with respect to phantom stock units or shares of restricted stock shall immediately expire to the extent that participants can participate in the change in control.

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transaction with respect to shares that are subject to outstanding awards. The Committee has the discretion, in the event of a change in control and upon at least 10 days prior notice to the participants, to cancel all outstanding awards and pay the holders thereof the value of such awards in a form and an amount equal to what other shareholders received or will receive in connection with such change in control.

OPTIONS. An option granted under the Stock Plan provides a participant with the right to purchase, within a specified period of time, a stated number of shares at the price specified in the award agreement. Options granted under the Stock Plan will be subject to such terms, including the exercise price and the conditions and timing of exercise, not inconsistent with the Stock Plan, as may be determined by the Committee and specified in the applicable award agreement or thereafter. The maximum term of an option granted under the Stock Plan shall be 10 years from the date of grant (or five years in the case of an ISO granted to a 10% shareholder).

The price per share of Common Stock paid by the participant shall be determined by the Committee at the time of grant but shall not be less than 100% of the fair market value of one share on the date the option is granted (or no less than 110% of such fair market value in the case of an ISO granted to an employee who is a 10% shareholder). Payment in respect of the exercise of an option may be made (i) in cash and/or shares of Common Stock valued at fair market value at the time the option is exercised, provided that such shares are "mature" shares for accounting purposes, (ii) in the discretion of the Committee, either (A) in other property having a fair market value on the date of exercise equal to the option price or (B) by delivery to the Committee a copy of irrevocable instructions to a broker to deliver the proceeds of a loan or proceeds from the sale of shares subject to the option, sufficient to pay the exercise price, (iii) to the extent provided in the applicable award agreement, by delivery of, or attestation as to ownership of, shares of the Company's Class A Common Stock convertible into an equivalent number of shares of Common Stock with a fair market value equal to the option price, or (iv) by such other method as the Committee may determine. The Committee may also establish rules permitting the deferral of the delivery of shares upon the exercise of options for tax planning purposes.

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The Committee may provide, in connection with the grant of NSOs, for the grant to any participant of reload options upon the exercise of such NSOs, including reload options, through the delivery of shares of Common Stock or shares of Class A Common Stock of the Company; PROVIDED, HOWEVER, that the reload options (i) may only be granted with respect to the same number of shares of Common Stock or Class A Common Stock as were surrendered to exercise the NSOs and the number of shares withheld for tax purposes, (ii) have an exercise price per share not less than the greater of (A) five dollars more than the exercise price of the NSOs (the exercise of which resulted in the reload option grant) or (B) 110% of the fair market value of a share of Common Stock on the date of exercise of the NSOs (which resulted in the reload option grant), (iii) are not exercisable until six months after the exercise of the NSOs (which resulted in the reload option grant) (iv) are not exercisable after the expiration of the term of the NSOs (the exercise of which resulted in the reload option grant), and (v) otherwise are subject to the same terms and conditions of the NSOs (which resulted in the reload option grant).

SARS. A SAR is a contractual right that allows a participant to receive, either in the form of cash, shares or any combination of the foregoing, the appreciation, if any, in the value of a share over a certain period of time. An option granted under the Stock Plan may include SARs, either on the date of grant or, except in the case of an ISO, by subsequent amendment. The Committee may also award SARs to a participant independent of the grant of an option. SARs granted in connection with an option shall become exercisable, be transferable and shall expire according to the same vesting schedule, transferability rules and expiration provisions as the corresponding option. If SARs are granted independent of an option, the SARs shall become exercisable, transferable and expire in accordance with the vesting schedule, transferability rules and the expiration provisions established by the Committee and reflected in the award agreement.

PERFORMANCE SHARE AWARDS. The Committee is authorized to establish a performance share program to be effective over a designated period of time (an "award period") to be determined by the Committee in its discretion. At the beginning of each award period the Committee shall establish performance goals for the award period. The Committee shall also determine the participants who shall be eligible to receive an award of performance shares and the number of performance shares each participant is eligible to receive. At the completion of the award period, or at other times as specified by the Committee, the Committee shall determine the number of shares earned with respect to each participant's performance share award by multiplying the number of performance shares granted to the participant by the performance factor representing the degree of attainment of the performance goals. Performance share awards shall be payable in the form of shares, provided that the Committee may, in its discretion, provide for payment in the form of cash. During an award period, the Committee may equitably adjust the performance goals to reflect extraordinary or non-recurring corporate events, or any significant changes in the accounting rules, tax laws or other laws or regulations that affect the calculation of the performance goals. With respect to an award of

performance shares that are intended to qualify as "performance-based compensation" under Section 162(m) of the Code, the timing, establishment and adjustment of performance goals shall be implemented by the Committee in a manner designed to preserve the treatment of such awards as "performance-based compensation" for purposes of Section 162(m) of the Code.

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RESTRICTED STOCK. An award of restricted stock is a grant of shares at price determined by the Committee, which may be zero. The grant or the vesting of an award of restricted stock may be conditioned upon service to the Company or its affiliates or the attainment of performance goals or other factors, as determined in the discretion of the Committee. The Committee may, in its discretion, provide for the lapse of restrictions imposed upon an award of restricted stock. Holders of an award of restricted stock will have, with respect to the restricted stock granted, all of the rights of a shareholder of the Company, including the right to vote and to receive dividends; provided that, at the discretion of the Committee, dividends may either be paid currently to the participant or withheld by the Company for the participant's account and paid, along with interest at a rate determined by the Committee, upon the vesting the restricted stock to which the dividends relate. With respect to an award of restricted stock which is intended to qualify as "performance-based compensation" under Section 162(m) of the Code, the timing, establishment and adjustment of performance goals shall be implemented by the Committee in a manner designed to preserve the treatment of such award as "performance-based compensation" for purposes of Section 162(m) of the Code.

PHANTOM STOCK UNITS. The Committee is authorized to award phantom stock units to participants. The Committee shall establish the terms, conditions and restrictions applicable to each award of phantom stock units, including the time or times at which phantom stock units shall be granted or vested and number of units to be covered by each award. The terms and conditions of each phantom stock award shall be reflected in a phantom stock unit agreement. Each phantom stock unit (representing one share) awarded to a participant may be credited with an amount equal to the cash dividends paid by the Company in respect of one share ("dividend equivalents"). At the discretion of the Committee, dividend equivalents may either be paid currently to the participant or withheld by the Company for the participant's account and interest shall be credited on the amount of cash dividend equivalents withheld at rate determined by the Committee. Upon expiration of the vesting period with respect to any phantom stock units covered by a phantom stock award the Company shall deliver to the participant or his beneficiary one share for each phantom stock unit with respect to which the vesting period has expired and cash equal to the dividend equivalents credited to such phantom stock unit and any interest accrued thereon; provided, however, if the phantom stock unit award agreement so provides, the Committee may, in its discretion, elect to settle an award in the form of cash, shares or any combination of the foregoing. With respect to an award of phantom stock units which is intended to qualify as "performance-based compensation" under Section 162(m) of the Code, the timing, establishment and adjustment of performance goals shall be implemented by the Committee in a manner designed to preserve the treatment such of award as "performance-based compensation" for purposes of Section 162(m) of the Code.

STOCK BONUS AWARDS. The Committee may, in its discretion, grant an award of unrestricted shares, or other awards denominated in stock, either alone or in tandem with other awards, under such terms and conditions as the Committee in its sole discretion may decide. A stock bonus award shall be granted as, or in payment of, a bonus, or to provide special incentives or recognize special achievements or contributions. With respect to a stock bonus award which is intended to qualify as "performance-based compensation" under Section 162(m) of the Code, the timing, establishment and adjustment of performance goals shall be implemented by the Committee in a manner designed to preserve the treatment such of award as "performance-based compensation" for purposes of Section 162(m) of the Code.

PERFORMANCE CRITERIA. The Committee may, in its discretion, condition the vesting of any award granted under the Stock Plan on the satisfaction of certain performance goals. To the extent an award is intended to qualify as "performance-based compensation" under Section 162(m) of the Code, the performance goals shall be established by the Committee with reference to one or

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more of the following, either on a Company-wide basis or, as relevant, in respect of one or more affiliates, divisions or operations of the Company: (i) earnings (gross, net or per share), (ii) stock price, (iii) market share, (iv) gross or net profit margin, (v) return on equity, (vi) sales or (vii) costs or expenses.

TRANSFERABILITY. Subject to the following paragraph, each award may be exercised during the participant's lifetime only by the participant or, if permissible under applicable law, by the participant's guardian or legal representative, and may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by a participant other than by will or by the laws of descent and distribution, provided that the designation of a beneficiary will not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance for purposes of the Stock Plan.

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Notwithstanding the foregoing, the Committee may, in its discretion, provide that awards granted under the Stock Plan may be transferred by a participant without consideration to certain Permitted Transferees (as defined in the Stock Plan), pursuant to the terms of the Stock Plan and subject to such rules as the Committee may adopt to preserve the purposes of the Stock Plan.

AMENDMENT AND TERMINATION. The Board may amend, alter, suspend, discontinue, or terminate the Stock Plan or any portion thereof at any time; provided, that no such action may be taken without shareholder approval if such approval is necessary to comply with any regulatory requirement and provided, further, that no such action that would impair any rights under any previous award shall be effective without the consent of the person to whom such award was made. In addition, the Committee is authorized to amend the terms of any award granted under the Stock Plan, provided that the amendment would not impair the rights of any participant without his consent, and further provided that, without shareholder approval, (i) no such amendment may reduce the exercise price of an option, (ii) the Committee may not cancel an existing option and replace it with a new option (with a lower exercise price) in a manner would result in such option being considered "repriced" for purposes of the Company's proxy statement, or result in any option being accounted for under the variable method of accounting, and (iii) the Committee may take no other action which is considered a repricing for purposes of the shareholder approval rules of any applicable stock exchange. The Stock Plan expires on the day prior to the tenth anniversary of the Effective Date (April 7, 2014).

FEDERAL INCOME TAX CONSEQUENCES.

The following summary of the federal income tax consequences of the grant and exercise of awards under the Stock Plan and the disposition of shares purchased pursuant to the exercise of such awards is intended to reflect the current provisions of the Internal Revenue Code and the regulations thereunder. This summary is not intended to be a complete statement of applicable law, nor does it address state and local tax considerations. Moreover, the federal income tax consequences to any particular participant may differ from those described herein by reason of, among other things, the particular circumstances of such participant. FOR THESE REASONS, PARTICIPANTS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE CON