

INTER PARFUMS INC

Form DEF 14A

June 30, 2003

\_JEAN PHILIPPE FRAGRANCES, INC

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14 (a) of the Securities Exchange

Act of 1934

(Amendment No. \_\_\_\_)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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 SS.240.14a-12

**INTER PARFUMS, 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):

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:

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2) Aggregate number of securities to which transaction applies:

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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:  
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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:  
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Inter Parfums, Inc.

551 Fifth Avenue

New York, New York 10176

Notice of Annual Meeting of Stockholders

to be Held on August 8, 2003

To the Stockholders of Inter Parfums, Inc.:

The annual meeting of stockholders of Inter Parfums, Inc. (the "Company") will be held at the Company's offices at 551 Fifth Avenue, New York, New York 10176 on Friday, August 8, 2003 at 10:00 A.M., New York City Time, for the following purposes:

1. To elect a Board of Directors consisting of eleven (11) directors to hold office until the Company's next annual meeting and until their successors shall have been elected and qualified; and
2. To consider and transact such other business as may properly come before the annual meeting or any adjournments of the annual meeting.

The Board of Directors has fixed the close of business on June 26, 2003 as the record date for the determination of the stockholders entitled to notice of, and to vote at, the annual meeting and any adjournments of the annual meeting. The

list of stockholders entitled to vote at the annual meeting may be examined by any stockholder at the Company's offices at 551Fifth Avenue, New York, New York 10176, during the ten day period prior to August 8, 2003.

By Order of the Board of Directors

Michelle Sharno, *Secretary*

Dated: June 30, 2003

WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING, PLEASE FILL IN, SIGN, AND DATE THE PROXY SUBMITTED HERewith AND RETURN IT IN THE ENCLOSED STAMPED ENVELOPE. THE GIVING OF SUCH PROXY WILL NOT AFFECT YOUR RIGHT TO REVOKE SUCH PROXY IN PERSON SHOULD YOU LATER DECIDE TO ATTEND THE MEETING. THE ENCLOSED PROXY IS BEING SOLICITED BY THE BOARD OF DIRECTORS.

Inter Parfums, Inc.

Proxy Statement

#### GENERAL

This proxy statement is furnished by the Board of Directors of Inter Parfums, Inc., a Delaware corporation, with offices located at 551 Fifth Avenue, New York, New York 10176, in connection with the solicitation of proxies to be used at the annual meeting of stockholders of Inter Parfums, Inc. being held on August 8, 2003 and at any adjournments of the annual meeting. For purposes of this proxy statement, unless the context otherwise indicates, the term the "Company" refers to Inter Parfums, Inc.

This proxy statement will be mailed to stockholders beginning approximately June 30, 2003. If a proxy in the accompanying form is properly executed and returned, the shares represented by the proxy will be voted as instructed on the proxy. Any stockholder giving a proxy may revoke it at any time before it is voted by providing written notice of revocation to the Company's Secretary or by a stockholder voting in person at the annual meeting.

All properly executed proxies received prior to the annual meeting will be voted at the annual meeting in accordance with the instructions marked on the proxy or as otherwise stated in the proxy. Unless instructions to the contrary are indicated, proxies will be voted FOR the election of the eleven (11) directors referred to in this proxy statement.

A copy of the Company's annual report for fiscal year ended December 31, 2002, which contains financial statements audited by the Company's independent certified public accountants, is being mailed to the Company's stockholders along with this proxy statement.

The cost of preparing, assembling and mailing this notice of meeting, proxy statement, proxy and the enclosed annual report will be borne by the Company. In addition to solicitation of the proxies by use of the mails, some of the Company's officers and regular employees, without extra remuneration, may solicit proxies personally or by telephone, telecopier or e-mail. The Company may also request brokerage houses, nominees, custodians and fiduciaries to forward soliciting material to the beneficial owners of the Company's common stock. The Company will reimburse these persons for their expenses in forwarding soliciting material.

#### VOTING SECURITIES AND

#### PRINCIPAL HOLDERS THEREOF

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The Board of Directors fixed the close of business on June 26, 2003 as the record date for the determination of stockholders entitled to notice of, and to vote at, the annual meeting. Only holders of the Company's common stock on the record date will be able to vote at the annual meeting.

As of June 2, 2003, 19,002,517 shares of the Company's common stock were outstanding. Each share of the Company's common stock will entitle the holder thereof to one vote. None of the Company's stockholders have cumulative voting rights. Holders of shares of the Company's common stock are entitled to vote on all matters. The Company also has 1,000,000 authorized shares of preferred stock, \$.001 par value per share, none of which are outstanding.

The holders of a majority of the total number of outstanding shares of the Company's common stock entitled to vote must be present in person or by proxy to constitute the necessary quorum for any business to be transacted at the annual meeting. Properly executed proxies marked "abstain," as well as proxies held in street name by brokers that are not voted on all proposals to come before the annual meeting ("broker non-votes"), will be considered "present" for purposes of determining whether a quorum has been achieved at the annual meeting.

The eleven (11) nominees to the Company's Board of Directors receiving the greatest number of votes cast at the annual meeting in person or by proxy shall be elected. Consequently, any shares of the Company's common stock present in person or by proxy at the annual meeting, but not voted for any reason will have no impact in the election of the Company's Board of Directors. Other matters that may submitted to the Company's stockholders for a vote at the annual meeting, if any, will require the favorable vote of a majority of the shares of the Company's common stock present or represented at the annual meeting for approval. If any matter proposed at the annual meeting must receive a specific percentage of favorable votes for approval, abstentions in respect of such proposal are treated as present and entitled to vote under Delaware law and therefore such abstentions have the effect of a vote against such proposal. Broker non-votes in respect of any proposal are not counted for purposes of determining whether such proposal has received the requisite approval.

Members of the Company's management have been informed that affiliates of the Company intend to vote in favor of all of the nominees for directors, and therefore, they are all likely to be elected. Management knows of no business other than the election of directors that will be presented for consideration at the annual meeting. If any other matter is properly presented, it is the intention of the persons named in the enclosed proxy to vote in accordance with their best judgment.

The following table sets forth information about each person known by the Company to be the beneficial owner of more than five percent (5%) of the Company's outstanding common stock. As of June 2, 2003, we had 19,002,517 shares of common stock outstanding. Unless otherwise noted, each stockholder listed below has sole voting power and sole investment power with respect to the securities shown opposite their names in the table below as of June 2, 2003.

Name and Address  
of Beneficial Owner

Amount of Beneficial Ownership [1]

Approximate Percent of Class

Jean Madar  
c/o Inter Parfums, S.A.  
4, Rond Point Des Champs Elysees  
75008 Paris, France

6,573,039 [2]

33.3%

Philippe Benacin  
c/o Inter Parfums, S.A.  
4, Rond Point Des Champs Elysees  
75008 Paris, France

6,440,296 [3]

32.7%

LV Capital USA, Inc.  
19 East 57th Street  
New York, NY 10022

3,653,550

19.2%

Dimensional Fund Advisors, Inc.  
1299 Ocean Avenue, 11th Fl.  
Santa Monica, CA 90401

1,130,451 [4]

6.0%

Cannell Capital LLC  
150 California Street  
San Francisco, CA 94111

978,375 [5]

5.1%

[1] All shares of common stock are directly held with sole voting power and sole power to dispose, unless otherwise stated. Jean Madar, the Chairman of the Board and Chief Executive Officer of Inter Parfums, Inc. (the "Company"), Philippe Benacin, the Vice Chairman of the Board and President of the Company, and LVCapital USA, Inc., an indirect subsidiary of LVMH Moet Hennessy Louis Vuitton, S.A., have entered into a Shareholders' Agreement dated 22 November 1999 relating to certain corporate governance issues, including the agreement to vote for Jean Madar, Philippe Benacin and six(6) nominees of Messrs. Madar and Benacin, and two(2) designees of LVCapital USA, Inc., as directors of the Company.

[2] Consists of 5,854,289 shares held directly and options to purchase 718,750 shares.

[3] Consists of 5,721,546 shares held directly and options to purchase 718,750 shares.

[4] Information is derived from a Schedule 13G amendment filed on 10 February 2003 of Dimensional Fund Advisor Inc., ("Dimensional"), an investment advisor. Dimensional furnishes investment advice to four investment companies (the "Funds"). Dimensional possesses voting and/or investment power over our common stock that is owned by the Funds, and may be deemed to be the beneficial owner of such shares. However, all such shares are owned by the

Funds, and Dimensional disclaims beneficial ownership of shares.

[5] Information is derived from a Schedule 13G amendment filed on 14 February 2003 by (I) Cannell Capital, LLC, a registered investment adviser ("IA"), (ii) J. Carlo Cannell ("Managing Member"), and certain of its investment advisory clients. IA has discretionary authority to buy, sell, and vote shares of our common stock for its investment advisory clients. Managing Member's beneficial ownership of our common stock is indirect as a result of Managing Member's ownership and management of IA.

PROPOSAL NO. 1:

## ELECTION OF DIRECTORS

### General

The members of the Board of Directors are each elected for a one-year term or until their successors are elected and qualify with a plurality of votes cast in favor of their election. During fiscal year ended December 31, 2002 ("Fiscal 2002"), the Board of Directors consisted of eleven (11) persons, Messrs. Jean Madar, Philippe Benacin, Russell Greenberg, Francois Heilbronn, Joseph A. Caccamo, Jean Levy, Robert Bensoussan-Torres, Daniel Piette, Jean Cailliau, Philippe Santi and Serge Rosinoer, who were elected by the stockholders at the Company's last annual meeting of stockholders held in August 2002. All eleven (11) current Board members are nominees for re-election to the Board at the 2003 annual meeting.

Unless authority is withheld, the proxies in the accompanying form will be voted in favor of the election of the nominees named above as directors. Although all of the nominees have indicated their willingness to serve if elected, if at the time of the meeting any nominee is unable to or unwilling to serve, shares represented by properly executed proxies will be voted at the discretion of the person named in the proxies for another person designated by the Company's Board of Directors.

### Board of Directors

The Board of Directors has the responsibility for establishing broad corporate policies and for the overall performance of the Company. Although certain directors are not involved in day-to-day operating details, members of the Board are kept informed of the Company's business by various reports and documents made available to them. The Board of Directors held twelve (12) meetings (or executed consents in lieu thereof), including meetings of committees of the Board in Fiscal 2002, and all of the directors attended at least 75% of the meetings of the Board and committee meetings of which they were a member.

During Fiscal 2002, the Board of Directors had the following standing committees:

- Audit Committee - The Audit Committee has the sole authority and is directly responsible for, the appointment, compensation and oversight of the work of the independent accountants employed by the Company which prepare or issue an audit report for the Company. This proxy statement contains a report of the Audit Committee.
- Stock Option Committee - The Stock Option Committee administers the Company's stock option plans.
- Executive Compensation Committee - The Executive Compensation Committee oversees the compensation of the Company's executives.

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During Fiscal 2002, the Stock Option Committee consisted of Messrs. Heilbronn, Levy and Cailliau; the Audit Committee consisted of Messrs. Heilbronn, Levy and Cailliau; and the Executive Compensation Committee consisted of Messrs. Heilbronn, Levy and Piette.

In March 2003, Mr. Piette replaced Mr. Cailliau as a member of the Stock Option Committee. Also in March 2003, the Board of Directors combined the Executive Compensation Committee with the Stock Option Committee, which is now called the Executive Compensation and Stock Option Committee.

During Fiscal 2002, the Audit Committee held four (4) meetings and the former Stock Option Committee took action by the execution of two (2) written consents in lieu of meetings. During Fiscal 2002, the former Executive Compensation Committee took action by the execution of two (2) written consents in lieu of meetings. In addition, it executed one (1) consent in March 2003. Additional information on the Compensation Committee is included under the sections of this proxy statement entitled "Compensation Committee Interlocks and Insider Participation" and "Report on Executive Compensation."

The following table sets forth information about the beneficial ownership of the Company's equity securities by each of the Company's executive officers and directors and by the Company's executive officers and directors as a group. As of June 2, 2003, we had 19,002,517 shares of common stock outstanding. Unless otherwise noted, each stockholder listed below has sole voting power and sole investment power with respect to the securities shown opposite their names in the table below as of June 2, 2003.

Name and Address  
of Beneficial Owner

Amount of Beneficial Ownership [6]

Approximate Percent of Class

Jean Madar  
c/o Inter Parfums, S.A.  
4, Rond Point Des Champs Elysees  
75008 Paris, France

6,573,039 [7]

33.3%

Philippe Benacin  
c/o Inter Parfums, S.A.  
4, Rond Point Des Champs Elysees  
75008 Paris, France

6,440,296 [8]

32.7%

Russell Greenberg  
c/o Inter Parfums, Inc.  
551 Fifth Avenue  
New York, NY 10176

105,750 [9]

Less than 1%

Francois Heilbronn  
60 Avenue de Breteuil  
75007 Paris, France

20,375 [10]

Less than 1%

Joseph A. Caccamo, Esq.  
Becker & Poliakoff, P.A.  
3111 Stirling Road  
Ft. Lauderdale, FL 33312

14,000 [11]

Less than 1%

Jean Levy  
Chez Axxess Groupe  
8 rue de Berri  
75008 Paris, France

10,250 [12]

Less than 1%

Robert Bensoussan-Torres  
7 Beaufort Gardens, Flat 3  
London, England SW3 1PT

10,250 [13]

Less than 1%

Bruce Elbilial  
c/o Inter Parfums, Inc.  
551 Fifth Avenue  
New York, NY 10176

54,000 [14]

Less than 1%

Wayne C. Hamerling  
c/o Inter Parfums, Inc.  
551 Fifth Avenue  
New York, NY 10176



95,750 [15]

Less than 1%

Daniel Piette  
LV Capital  
18 rue Francois 1er  
75008, Paris, France

8,000 [16]

Less than 1%

Jean Cailliau  
LV Capital  
18 rue Francois 1er  
75008, Paris, France

8,000 [17]

Less than 1%

Philippe Santi  
Inter Parfums, S.A.  
4, Rond Point Des Champs Elysees  
75008, Paris France

15,000 [18]

Less than 1%

Serge Rosinoer  
14 rue LeSueur  
75116 Paris, France

22,700 [19]

Less than 1%

Eric de Labouchere  
Inter Parfums, S.A.  
4, Rond Point Des Champs Elysees  
75008, Paris France

-0-

NA

Frederic Garcia-Pelayo  
Inter Parfums, S.A.  
4, Rond Point Des Champs Elysees

75008, Paris France

-0-

NA

All Directors and Officers  
as a Group (15 Persons)

17,038,470 [20]

82.1%

[6] All shares of common stock are directly held with sole voting power and sole power to dispose, unless otherwise stated. Jean Madar, the Chairman of the Board and Chief Executive Officer of Inter Parfums, Inc. (the "Company"), Philippe Benacin, the Vice Chairman of the Board and President of the Company, and LVCapital USA, Inc., an indirect subsidiary of LVMH Moët Hennessy Louis Vuitton, S.A., have entered into a Shareholders' Agreement dated 22 November 1999 relating to certain corporate governance issues, including the agreement to vote for Jean Madar, Philippe Benacin and six(6) nominees of Messrs. Madar and Benacin, and two(2) designees of LVCapital USA, Inc., as directors of the Company.

[7] Consists of 5,854,289 shares held directly and options to purchase 718,750 shares.

[8] Consists of 5,721,546 shares held directly and options to purchase 718,750 shares.

[9] Consists of 10,000 shares held directly and options to purchase 95,750 shares.

[10] Consists of 12,375 shares held directly and options to purchase 8,000 shares.

[11] Consists of shares of common stock underlying options, which are held as nominee for his employer. Beneficial ownership of such shares is disclaimed.

[12] Consists of 2,250 shares held directly and options to purchase 8,000 shares.

[13] Consists of 2,250 shares held directly and options to purchase 8,000 shares.

[14] Consists of shares of common stock underlying options.

[15] Consists of 10,000 shares held directly and options to purchase 85,750 shares.

[16] Consists of shares of common stock underlying options. Beneficial ownership of shares of common stock held by LV Capital USA, Inc. is disclaimed.

[17] Consists of shares of common stock underlying options. Beneficial ownership of shares of common stock held by LV Capital USA, Inc. is disclaimed.

[18] Consists of shares of common stock underlying options.

[19] Consists of 17,700 shares held directly and options to purchase 5,000 shares.

[20] Consists of 11,630,410 shares held directly, and options to purchase 1,755,510 shares. It also includes 3,653,550 shares held by LV Capital USA, Inc., an affiliate of LVMH Moët Hennessy Louis Vuitton, S.A.

With the exception of Mr. Benacin, the officers are elected annually by the directors and serve at the discretion of the board of directors. There are no family relationships between any of the Company's executive officers or directors.

Biographical information about the business experience of each of the Company's executive officers and directors appears below.

#### Jean Madar

Jean Madar, age 42, a Director, has been the Chairman of the Board of Directors since the Company's inception, and is a co-founder of the Company with Mr. Benacin. From inception until December 1993 he was the President of the Company; in January 1994 he became Director

General of Inter Parfums, S.A., the Company's subsidiary; and in January 1997 he became Chief Executive Officer of the Company. Mr. Madar was previously the managing director of Inter Parfums, S.A., from September 1983 until June 1985. At such subsidiary, he had the responsibility of overseeing the marketing operations of its foreign distribution, including market research analysis and actual marketing campaigns. Mr. Madar graduated from The French Higher School of Economic and Commercial Sciences (ESSEC) in 1983.

#### Philippe Benacin

Mr. Benacin, age 44, a Director, has been the Vice Chairman of the Board since September 1991, and is a co-founder of the Company with Mr. Madar. He was elected the Executive Vice President in September 1991, Senior Vice President in April 1993, and President of the Company in January 1994. In addition, he has been the President of Inter Parfums, S.A. for more than the past five years. Mr. Benacin graduated from The French Higher School of Economic and Commercial Sciences (ESSEC) in 1983.

#### Russell Greenberg

Mr. Greenberg, age 46, the Chief Financial Officer, was Vice-President, Finance when he joined the Company in June 1992; became Executive Vice President in April 1993; and was appointed to the Board of Directors in February 1995. He is a certified public accountant licensed in the State of New York, and is a member of the American Institute of Certified Public Accountants and the New York State Society of Certified Public Accountants. After graduating from The Ohio State University in 1980, he was employed in public accounting until he joined the Company in June 1992.

#### Francois Heilbronn

Mr. Heilbronn, age 42, a Director since 1988 and a member of the Audit and Executive Compensation and Stock Option Committees, is a graduate of Harvard Business School with a Master of Business Administration degree and is currently the managing partner of the consulting firm of M.M. Friedrich, Heilbronn & Fiszer. He was formerly employed by The Boston Consulting Group, Inc. from 1988 through 1992 as a manager. Mr. Heilbronn graduated from Institut D' Etudes Politiques De Paris in June 1983. From 1984 to 1986, he worked as a financial analyst for Lazard Freres & Co.

#### Joseph A. Caccamo

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Mr. Caccamo, age 47, a Director since 1992, is an attorney with the law firm of Becker & Poliakoff, P.A., our general counsel. A member of both the New York and Florida bars, Mr. Caccamo has been a practicing attorney since 1981, concentrating in the areas of corporate and securities law, and in September 1991 he became counsel to us. From August 1992 through September 1997, he was a director of and general counsel to, Hydron Technologies, Inc., a publicly traded company primarily engaged in the development of cosmetic and personal care products.

### Jean Levy

Jean Levy, age 70, a Director since August 1996 and a member of the Audit and Executive Compensation and Stock Option Committees, worked for twenty-seven years at L'Oreal, and was the President and Chief Executive Officer of Cosmair, the exclusive United States licensee of L'Oreal, from 1983 through June 1987. In addition, he is the former President and Chief Executive Officer of Sanofi Beaute (France). For the more than the past five years, Mr. Levy has been an independent advisor as well as a consultant for economic development to local governments in France. A graduate of "l'Institut d'Etudes Politiques de Paris," he also attended Yale Graduate School and was a recipient of a Fulbright Scholarship. He was also a Professor at "l'Institut d'Etudes Politiques de Paris". Mr. Levy is also a director of Rallye, S.A. He was formerly a director of Zannier Group and Escada Beaute Worldwide. In addition, Mr. Levy is also a director (Chairman of the Board until he resigned in October 2001) of Financiere d'Or, and its subsidiary, Histoire d'Or which is in the retail jewelry business. Mr. Levy is also a consultant to Ernst & Young, Paris.

### Robert Bensoussan-Torres

Robert Bensoussan-Torres, age 45, has been a Director since March 1997. In November 2001, he became the Chief Executive Officer of Jimmy Choo Ltd., a luxury shoe and ready to wear accessory company. From 1999 to December 2000, he was the Managing Director of Gianfranco Ferre fashion group, based in Milano, Italy. Mr. Bensoussan-Torres is a Director of Towers Consulting Europe, Ltd. Towers Consulting Europe, Ltd. is a consulting company based in London, which specializes in strategic advise in connection with mergers and acquisitions in the luxury goods business. Mr. Bensoussan-Torres was the Chief Executive Officer of Christian Lacroix, Paris, a subsidiary of LVMH Group, from February 1993 until May 1998. Christian Lacroix is a French Haute Couture House and has activities in the field of apparel, accessories and fragrances. From December 1990 through January 1993 he was based in Munich, Germany, as the International Sales Director of The Escada Group.

### Daniel Piette

Mr. Piette, age 57 and a director since December 1999, is also a member of the Executive Compensation and Stock Option Committee of the Board of Directors. Mr. Piette is the President of L Capital Management, a private equity fund sponsored by LVMH Moet Hennessy Louis Vuitton S.A. ("LVMH"), the world's largest luxury goods conglomerate. For the past 12 years, he has been a Group Executive Vice President of LVMH. Mr. Piette is also a non-executive director of D.S. Smith Holdings PLC (London) as well as a member of the Board of Overseers of ESSEC (Paris) and Columbia Business School (New York).

### Jean Cailliau

Mr. Cailliau, age 40 and a director since December 1999, is also the Chairman of the Audit Committees of the Board of Directors. Through June 2001, Mr. Cailliau was the Deputy General Manager of LV Capital SA, the investment arm of LVMH. He is the CEO of LV Capital USA Inc., its United States vehicle. In January 2001 he became a Directeur of L Capital Management, a private equity fund sponsored by LVMH. For the past 10 years, Mr. Cailliau has held executive positions at LVMH. He is also a Director of various European companies. Mr. Cailliau is an Engineer in Agronomics and has an MBA (1988) from Insead.

### Serge Rosinoer

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Mr. Rosinoer, age 70, was appointed to the Board of Directors in December 2000. Mr. Rosinoer has devoted most of his career to the personal care, cosmetics and fragrance industry. In 1978, Mr. Rosinoer joined the Clarins Group as Vice President and Chief Operating Officer where he was largely responsible for its rapid international expansion. As COO, then CEO since 1978, Mr. Rosinoer oversaw the transformation of Clarins into a major force in cosmetics, skin care and fragrance, with annual sales of approximately 600 million Euro and more than 4,000 employees. He retired from active duty in June of 2000, but continues to serve on the board of directors of Clarins. Earlier in his career he was President of Parfums Corday. He also held senior level executive positions at Max Factor, where he had full supervision of that cosmetics company's European production and sales. Mr. Rosinoer has served several terms as President of the French Prestige Cosmetics Association and currently serves as Conseiller du Commerce Exterieur de la France.

### Bruce Elbilia

Mr. Elbilia, age 44, Executive Vice President, joined the Company in June 1986 as the National Sales Director, and from that time until 1994, he was in charge of the Company's marketing efforts. From 1994 to 2001, Mr. Elbilia was head of international sales and marketing for United States operations, and had expanded export sales to South America, the Middle East and Eastern Europe. In 2001, Mr. Elbilia became head of our US prestige fragrance and cosmetic marketing team. Mr. Elbilia received a Bachelor of Business Administration degree, with a major in International Business/Marketing from George Washington University in Washington, D.C.

### Wayne C. Hamerling

Mr. Hamerling, age 46, was Vice President, Sales, from May 1987 through April 1993, when he became Executive Vice President. Mr. Hamerling has over twenty (20) years experience in the fragrance and cosmetic business. Mr. Hamerling, who attended Rutgers University, has also been actively involved in marketing of our United States mass market business for the past three (3) years, and helped develop our Aziza line and our new health and beauty aid line.

### Philippe Santi

Philippe Santi, age 41 and a Director since December 1999, has been the Director of Finance and the Chief Financial Officer of Inter Parfums, S.A. since February 1995. Mr. Santi is a Certified Accountant and Statutory Auditor in France.

### Eric de Labouchere

Eric de Labouchere, age 48, is the Director of Operations of Inter Parfums, S.A. He has been employed by Inter Parfums, S.A. since October 1986 in product development, purchasing and marketing.

### Frederic Garcia-Pelayo

Frederic Garcia-Pelayo, age 44, has been the Director of Export Sales of Inter Parfums, S.A. since September 1994. Prior to September 1994, Mr. Garcia-Pelayo was the Export Manager for Benetton Perfumes for seven (7) years.

### Executive Compensation

The following table sets forth a summary of all compensation awarded to, earned by or paid to, our Chief Executive Officer and each of the four most highly compensated executive officers of our company whose compensation exceeded \$100,000 per annum for services rendered in all capacities to our company and its subsidiaries during fiscal years ended 31 December 2002, 31 December 2001 and 31 December 2000:

### SUMMARY COMPENSATION TABLE

Annual

Compensation

Long Term Awards

Name and Principal Position

Year

Salary (\$)

Bonus (\$)

Other Annual Compensation (\$)

Securities Underlying Options (#)[1]

All Other Compensation

Jean Madar,  
 Chairman of the Board,  
 Chief Executive Officer of Inter Parfums, Inc.  
 and Director General of Inter Parfums, S.A.

2002

2001

2000

330,000

330,000

280,000

200,000

150,000

100,000

703,032[2]

6,709,215[3]

273,000[4]

50,000[5]

50,000

-0-[6]

-0-

-0-

-0-

Philippe Benacin[7],  
President of Inter Parfums, Inc.  
and President of Inter Parfums, S.A.

2002

2001

2000

128,250

117,872

117,318

78,850

67,804

65,642

1,075,075[8]

6,712,215[9]

278,000[10]

50,000[5]

50,000

-0-[6]

-0-

-0-

-0-

Russell Greenberg,  
Executive Vice President  
and Chief Financial Officer

2002

2001

2000

275,000

260,000

245,000

58,000

18,000

13,000

135,268[11]

70,315[12]

69,174[13]

18,000

18,000

18,000

-0-

-0-

-0-

Bruce Elbilis,  
Executive Vice President

2002

2001

2000

198,000

198,000

178,000

-0-



-0-

10,000

33,472[14]

40,365[15]

24,752[16]

18,000

18,000

18,000

-0-

-0-

-0-

Wayne C. Hamerling,  
Executive Vice President

2002

2001

2000

196,120

186,120

176,120

15,000

15,000

10,000

256,389[17]

65,563[18]

111,438[19]

18,000

18,000

18,000

-0-

-0-

-0-

[Footnotes to Table]

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[1] Adjusted to reflect 3:2 stock splits (50% stock dividends) paid in June 2000 and September 2001.

[2] Consists of \$703,032 realized upon exercise of options.

[3] Consists of lodging expenses of \$48,000 and \$6,661,215 realized upon exercise of options.

[4] Consists of lodging expenses of \$48,000 and \$225,000 realized upon exercise of options.

[5] Options to purchase 6,500 shares of Inter Parfums, S.A. were granted.

[6] Options to purchase 5,334 shares of Inter Parfums, S.A. were granted.

[7] Compensation figures for Mr. Benacin are approximate, as he was paid in Euros, and conversion into U.S. dollars was made at the average exchange rates prevailing during the respective periods.

[8] Consists of lodging expenses of \$35,000, \$15,000 for automobile expenses and \$1,025,075 realized upon exercise of options.

[9] Consists of lodging expenses of \$38,000, \$15,000 for automobile expenses and \$6,661,215 realized upon exercise of options.

[10] Consists of lodging expenses of \$38,000, \$15,000 for automobile expenses and \$225,000 realized upon exercise of options.

[11] Consists of \$2,214 for automobile expenses and \$133,054 realized upon the exercise of options.

[12] Consists of \$2,214 for automobile expenses and \$68,161 realized upon exercise of options.

[13] Consists of \$2,214 for automobile expenses and \$68,161 realized upon exercise of options.

[14] Consists of selling commissions.

[15] Consists of selling commissions.

[16] Consists of selling commissions.

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[17] Consists of selling commissions of \$75,950; non cash compensation of \$4,500 equal to the value of personal use of a company leased automobile; and \$175,949 realized upon the exercise of options.

[18] Consists of selling commissions of \$61,063; non cash compensation of \$4,500 equal to the value of personal use of a company leased automobile; and \$9,954 realized upon the exercise of options.

[19] Consists of selling commissions of \$54,438; non cash compensation of \$4,500 equal to the value of personal use of a company leased automobile; and \$52,500 realized upon the exercise of options.

The following table sets forth certain information relating to stock option grants during Fiscal 2002 to our Chief Executive Officer and each of the four most highly compensated executive officers of the company whose compensation exceeded \$100,000 per annum for services rendered in all capacities to our company and its subsidiaries during Fiscal 2002:

OPTION/SAR GRANTS IN LAST FISCAL YEAR

Potential Realized Value at

Assumed Annual Rates of Stock

Individualized Grants

Price Appreciation for Option Term

Name

Number of Securities Underlying Options Granted (#)

% of Total Options/SARs Granted to Employees in Fiscal Year

Exercise or Base Price (\$/Sh)

Expiration Date

Five (5%) Percent (\$)

Ten (10%) Percent (\$)

Jean Madar

50,000

27.5

8.025

19 Dec 07

110,858

244,967

Philippe Benacin

50,000

27.5

8.025

19 Dec 07

110,858

244,967

Russell Greenberg

18,000

9.9

8.025

19 Dec 07

39,909

88,188

Bruce Elbilgia

18,000

9.9

8.025

19 Dec 07

39,909

88,188

Wayne Hamerling

18,000

9.9

8.025

19 Dec 07

39,909

88,188

The following table sets forth certain information relating to option exercises effected during Fiscal 2002, and the value of options held as of December 31, 2002 by each of our Chief Executive Officer and the four most highly compensated executive officers of our company whose compensation exceeded \$100,000 per annum for services rendered in all capacities to our company and its subsidiaries during Fiscal 2002:

AGGREGATE OPTION EXERCISES FOR FISCAL 2002

AND YEAR END OPTION VALUES

Number of Unexercised  
Options at December 31, 2002(#)

Value [1] of Unexercised In-the-Money Options at December 31, 2002(\$)

Name

Shares Acquired on Exercise

Value (\$) Realized [2]

Exercisable/Unexercisable

Exercisable/Unexercisable

Jean Madar [3]

132,000

703,032

786,250/-0-

3,497,825/-0-

Philippe Benacin [3]

195,500

1,025,075

718,750/-0-

3,207,875/-0-

Russell Greenberg

30,250

133,054

95,750/-0-

264,271/-0-

Bruce Elbililia

-0-

N.A.

54,000/-0-

47,820/-0-

Wayne C. Hamerling

38,025

175,949

85,750/-0-

212,426/-0-

[1] Total value of unexercised options is based upon the fair market value of the common stock as reported by the Nasdaq Stock Market of \$7.74 on 31 December 2002.

[2] Value realized in dollars is based upon the difference between the fair market value of the common stock on the date of exercise, and the exercise price of the option, or the fair market value of the net amount of shares received upon exercise of options.

[3] In December 2002, the Chief Executive Officer exercised an outstanding stock option to purchase 132,000 shares of common stock, and the President exercised two outstanding stock options to purchase an aggregate of 199,500 shares of common stock. The exercise prices of \$381,348 for the Chief Executive Officer and \$613,886 for the President, respectively, were paid by each of them tendering to us 46,421 and 74,721 shares of our common stock, previously owned by the Chief Executive Officer and the President, respectively, valued at \$8.215 per share, the fair market value on the date of exercise. In addition, the Chief Executive Officer tendered an additional 23,535 shares for payment of withholding taxes resulting from the option exercises.

#### Employment Agreements

As part of our acquisition in 1991 of the controlling interest in Inter Parfums, S.A., now a subsidiary, we entered into an employment agreement with Philippe Benacin. The agreement provides that Mr. Benacin will be employed as Vice Chairman of the Board and President and Chief Executive Officer of Inter Parfums Holdings and its subsidiary, Inter Parfums. The initial term expired on September 2, 1992, and has subsequently been automatically renewed for additional annual periods. The agreement provides for automatic annual renewal terms, unless either party terminates the agreement upon 120 days notice. Mr. Benacin presently receives an annual salary of 135,000 Euros, which is approximately US\$120,000, together with annual lodging expenses of approximately \$38,000 and automobile

expenses of approximately \$15,000, which are subject to increase in the discretion of the Board of Directors. The agreement also provides for indemnification and a covenant not to compete for one year after termination of employment.

#### Compensation of Directors

All nonemployee directors receive \$1,000 for each board meeting at which they participate. Mr. Caccamo's board fees are paid to his law firm.

In March 1997 our Board of Directors adopted our 1997 Nonemployee Stock Option Plan. This plan was approved by our stockholders at the annual meeting of shareholders held in July 1997. The purpose of this plan is to assist us in attracting and retaining key directors who are responsible for continuing the growth and success of our company.

Our 1997 Nonemployee Stock Option Plan provides for the grant of nonqualified stock options to nonemployee directors to purchase an aggregate of 25,000 shares of common stock. Options to purchase 1,000 shares are granted on each February 1st to all nonemployee directors for as long as each is a nonemployee director on such date except for Joseph A. Caccamo, who is granted options to purchase 4,000 shares. Options to purchase 2,000 shares are granted to each nonemployee director upon his initial election or appointment to our board.

In December 2000 our Board of Directors adopted our 2000 Nonemployee Stock Option Plan, as substantially all of the shares reserved under our 1997 Nonemployee Stock Option Plan had been allocated to outstanding options. This plan was approved by our stockholders at the annual meeting of shareholders held in July 2001. The purpose of this plan is to assist us in attracting and retaining key directors who are responsible for continuing the growth and success of our company.

Our 2000 Nonemployee Stock Option Plan provides for the grant of nonqualified stock options to nonemployee directors to purchase an aggregate of 30,000 shares of common stock. Options to purchase 1,000 shares are granted on each February 1st to all nonemployee directors for as long as each is a nonemployee director on such date except for Joseph A. Caccamo, who is granted options to purchase 4,000 shares. Options to purchase 2,000 shares are granted to each nonemployee director upon his initial election or appointment to our board.

On 3 February 2003, options to purchase 1,000 shares were granted to each of Francois Heilbronn, Jean Levy, Robert Bensoussan-Torres, Daniel Piette, Jean Cailliau and Serge Rosinoer and an option to purchase 4,000 shares was granted to Joseph A. Caccamo at the exercise price of \$7.22 per share under the 2000 plan. The options held by Mr. Caccamo are held as nominee for his present law firm.

#### Equity Compensation Plan Information

The following table sets forth certain information as of the end of our last fiscal year regarding all equity compensation plans that provide for the award of equity securities or the grant of options, warrants or rights to purchase our equity securities.

#### Equity Compensation Plan Information

##### Plan category

Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)

Weighted-average exercise price of outstanding options, warrants and rights (b)

Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)

Equity compensation plans approved by security holders

1,969,162

\$3.90

528,729

Equity compensation plans not approved by security holders

-0-

N/A

-0-

Total

1,969,162

\$3.90

528,729

Compensation Committee Interlocks and Insider Participation

The Executive Compensation Committee of the Board of Directors oversees all issues of executive compensation, except for the administration of the Company's stock option plans, which are administered by the Stock Option Committee of the Board of Directors. However, in March 2003, the Board of Directors combined the Executive Compensation Committee with the Stock Option Committee, which is now called the Executive Compensation and Stock Option Committee.

During Fiscal 2002, the former Executive Compensation Committee took action by the execution of two (2) written consents in lieu of meetings. In addition, it executed one (1) consent in March 2003. In addition, the following persons participated in discussions concerning executive compensation during Fiscal 2002, with generally the Chairman of the Board taking the initiative and recommending executive compensation levels for other than for Mr. Benacin's compensation: Jean Madar, the Chairman of the Board of Directors and Chief Executive Officer; Philippe Benacin, a Director, President, and President of Inter Parfums, S.A., a subsidiary of the Company; Russell Greenberg, an Executive Vice President, Chief Financial Officer and a Director; and Jean Levy, Francois Heilbronn and Daniel Piette, the present members of the Executive Compensation Committee.

Report on Executive Compensation

General



The following sets forth information regarding compensation and benefits provided to the Chief Executive Officer and to each of the four most highly compensated executive officers, other than the chief executive officer, whose annual base salary and bonus compensation was in excess of \$100,000. The executive officers of the Company being discussed for Fiscal 2002 are: Jean Madar (the Chief Executive Officer), Philippe Benacin, Russell Greenberg, Bruce Elbilialia and Wayne C. Hamerling.

Executive compensation packages generally include a base salary, annual incentives tied to individual performance and long term incentives tied to the performance of the Company. In addition, the Company provides a comprehensive medical insurance plan. Generally, executive officers have their compensation reviewed annually.

#### Base Salary

Base salaries for executive officers are initially determined by evaluating the responsibilities of the position held and the experience of the individual, and by reference to the competitive market place for executive talent. Base salaries for executive officers are reviewed on an annual basis, including those subject to contractual adjustments, and adjustments are determined by evaluating the performance of the Company and of each executive officer, as well as whether the nature of the responsibilities of the executive has changed.

For Fiscal 2002, upon recommendation of the Company's Chief Executive Officer, the Executive Compensation Committee determined that the following executives were to receive increases in their base salaries: Mr. Greenberg's base salary was increased by \$15,000 from \$260,000 to \$275,000, and Mr. Hamerling's base salary was increased by \$10,000 from \$186,120 to \$196,120. Neither Mr. Madar nor Mr. Elbilialia had his base salary increased for Fiscal 2002.

Mr. Benacin, the President of Inter Parfums Holding S.A., the Company's direct French subsidiary, and President of Inter Parfums, S.A., the Company's indirect, operating French subsidiary, is also the President of the Company. Mr. Benacin's base compensation is paid to him in Euros by the Company's French operating subsidiary, and his base salary was increased to 135,000 Euros in 2002 from 131,717 Euros in 2001.

After a thorough review, the Chairman of the Board determined that the base salaries paid to such executives were fair in the view of their responsibilities, length of service to the Company, performance and compensation levels to peers, as to which the Executive Compensation Committee concurs.

#### Bonus Compensation

In March 2003, the Executive Compensation Committee approved the payment of cash bonuses for Fiscal 2002. For Fiscal 2002, and as the result of their efforts in increasing the profitability of the Company, bonuses were awarded as follows: Mr. Madar (the Company's Chief Executive Officer) received a cash bonus of \$200,000 based on after tax profit of the Company's United States operations; Mr. Benacin received a cash bonus of \$78,850; Mr. Greenberg received a cash bonus of \$58,000, and Mr. Hamerling received a cash bonus of \$15,000.

#### Annual Incentives

As stated above, for Fiscal 2002, Mr. Madar (the Company's Chief Executive Officer) received a cash bonus of \$200,000, which was based on after tax profit of the Company's United States operations. Also in March 2003, the Executive Compensation Committee established the after tax profit of the Company's United States operations that will be used to calculate Mr. Madar's bonus for 2003.

Messrs. Elbilialia and Hamerling have their annual incentives tied to sales, which is directly related to the efficacy and productivity of their areas of responsibility, FUBU brand and certain export sales for Mr. Elbilialia, and wholesale sales

for Mr. Hamerling. The predicates for the determination and payment of selling commissions to Messrs. Elbilialia and Hamerling were determined in accordance with internal sales and budget projections. In Fiscal 2002, Messrs. Elbilialia and Hamerling received \$33,472 and \$75,950, respectively, in sales commissions.

#### Long Term Incentives

The long term incentives are geared towards linking benefits to corporate performance through the grant of stock options. All options are granted with an exercise price equal to the fair market value of the underlying shares of the Company's common stock on the date of grant, and terminate on or shortly after severance of the relationship between the Company and the executive. Unless the market price of the Company's common stock increases, corporate executives will have no tangible benefit. Thus, they are provided with the extra incentive to increase individual performance with the ultimate goal of increased overall Company performance. Enhanced executive incentives which result in increased corporate performance tend to build company loyalty.

During Fiscal 2002, upon the recommendation of the Company's Chief Executive Officer, the Stock Option Committee granted options to purchase 50,000 to each of Jean Madar and Philippe Benacin, and 18,000 shares of the Company's common stock to each of Messrs. Greenberg, Elbilialia and Hamerling at the fair market value on the date of grant. These grants were commensurate with the option grants made for Fiscal 2001.

The aggregate "potential unrealized value" of such options for each of Messrs. Madar and Benacin ranges from \$110,858 to \$244,967, and for Messrs. Greenberg, Elbilialia and Hamerling, from \$39,909 to \$88,188, calculated in accordance with the rules of the Securities and Exchange Commission. Such potential rewards are a powerful incentive for increased individual performance, and ultimately increased Company performance. In view of the fact that these executive officers contribute significantly to the Company's operations, the Executive Compensation Committee believes these incentives to be fair to these executive officers and to the Company's stockholders.

#### Conclusion

The Executive Compensation Committee believes that its present policies to date, with its emphasis on rewarding performance, has served to focus the efforts of the Company's executives to achieve a high rate of growth and profitability for the Company, which management believes will result in a substantial increase in value to the Company's stockholders.

Francois Heilbronn  
Jean Levy and  
Daniel Piette

#### Performance Graph

The following graph compares the performance for the periods indicated in the graph of the Company's common stock with the performance of the Nasdaq Market Index and the average performance of a group of the Company's peer corporations consisting of: Age Research, Inc., Alberto-Culver (Class A and B shares), Avon Products Inc., Azurel Ltd., Blyth Inc., CCA Industries, Inc., Colgate-Palmolive Co., Creative Beauty Supply, Del Laboratories Inc., DF China Technology Inc., Dial Corp., DSG International Ltd., Estee Lauder Cosmetics, Inc., Female Health Co., Fragrancenet.com, Gillette Company, Human Pheromone Sciences, Hydron Technologies Inc., Internat Cosmetics Mktg., Inter Parfums, Inc., Lee Pharmaceuticals, Nutrastar, Inc., Oralabs Holding Corp., Parlux Fragrances Inc., Playtex Products, Inc., Revlon, Inc., RMED International, Scott's Liquid Gold, Inc., Skinvisible Inc. The Stephan Company, Xynerby Corp., and Yankee Candle Co., Inc. The graph assumes that the value of the investment in the Company's common stock and each index was \$100 at the beginning of the period indicated in the graph, and that all dividends were reinvested.

COMPARE 5-YEAR CUMULATIVE TOTAL RETURN  
AMONG INTER PARFUMS, INC.,  
NASDAQ MARKET INDEX AND MG GROUP INDEX

1997	1998	1999	2000	2001	2002	INTER PARFUMS, INC.	100.00	89.09	138.18	194.91	245.54	255.54	MG GROUP
INDEX	100.00	110.75	112.73	109.62	102.61	98.21	NASDAQ MARKET INDEX	100.00	141.04	248.76	156.35	124.64	86.94

ASSUMES \$100 INVESTED ON JAN. 1, 1998  
ASSUMES DIVIDEND REINVESTED  
FISCAL YEAR ENDING DEC. 31, 2002

Certain Transactions

Transactions with French Subsidiaries

In connection with