UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

☑	**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
	For the Fiscal Year Ended June 28, 2003

or

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

Commission file number: 1-16153

Coach, Inc.

(Exact name of registrant as specified in its charter)

Maryland *(State or other jurisdiction of incorporation or organization)*	**52-2242751** *(I.R.S. Employer Identification No.)*
516 West 34th Street, New York, NY *(Address of principal executive offices)*	**10001** *(Zip Code)*

(212) 594-1850

(Registrant's telephone number, including area code)

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class:	Name of Each Exchange on which Registered
Common Stock, par value $.01 per share	New York Stock Exchange

Securities Registered Pursuant to Section 12(g) of the Act: None

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

The approximate aggregate market value of the voting and non-voting stock held by non-affiliates of the registrant was approximately $5,287,719,864 as of August 29, 2003. For purposes of determining this amount only, the registrant has excluded shares of common stock held by directors and officers. Exclusion of shares held by any person should not be construed to indicate that such person possesses the power, direct or indirect, to direct or cause the direction of the management or policies of the registrant, or that such person is controlled by or under common control with the registrant.

On August 29, 2003, the Registrant had 91,954,939 outstanding shares of common stock, which is the Registrant's only class of capital stock.

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COACH, INC.

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Founded in 1941, Coach has grown from a family-run workshop in a Manhattan loft to a premier accessories marketer in the United States. Coach developed its initial expertise in the small-scale production of classic, high-quality leather goods constructed from “glove-tanned” leather with close attention to detail. Coach has grown from a maker of traditionally styled, high-quality leather goods to a well-recognized marketer of a diversified modern classic assortment of leather and mixed material handbags and accessories, selling its products through upscale department and specialty stores, its own retail stores, its direct mail catalog and its internet site. Coach has built upon its national brand awareness, expanded into international sales, particularly in Japan and East Asia, further developed its multi-channel distribution strategy and licensed products with the Coach brand name.

SPECIAL NOTE ON FORWARD-LOOKING INFORMATION

This document and the documents incorporated by reference in this document contain forward-looking statements that involve risks and uncertainties. We use words such as “believe,” “expect,” “anticipate,” “intend,” “plan,” “foresee,” “likely,” “project,” “estimate,” “will,” “may,” “should,” “future,” “predicts,” “potential,” “continue” and similar expressions to identify these forward-looking statements.

Coach’s actual results could differ materially from the results contemplated by these forward-looking statements due to a number of factors, including those discussed in the sections of this Form 10-K filing entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations of Coach, Inc.”. These factors are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of the forward-looking statements contained in this Form 10-K.

WHERE YOU CAN FIND MORE INFORMATION

Coach’s quarterly financial results and other important information are available by calling the Investor Relations Department at (212) 629-2618.

Coach maintains a website at www.coach.com where investors and other interested parties may obtain, free of charge, press releases, other information and gain access to periodic reports to the SEC.

PART I

Item 1. *Business of Coach, Inc.*

OVERVIEW

Coach is a designer, producer and marketer of high-quality, modern American classic accessories. Coach believes that it is one of the best recognized leather goods brands in the U.S. and is enjoying increased recognition in targeted international markets. Net sales were $953.2 million in the year ended June 28, 2003 (“fiscal 2003”), $719.4 million in the year ended June 29, 2002 (“fiscal 2002”) and $600.5 million in the year ended June 30, 2001, (“fiscal 2001”). Operating income was $243.8 million in fiscal 2003, $133.6 million in fiscal 2002 and $101.7 million in fiscal 2001. Coach’s primary product offerings include handbags, women’s and men’s accessories, business cases, weekend and travel accessories, leather outerwear, gloves, hats, scarves and personal planning products. Together with its licensing partners, Coach also offers watches, footwear and home and office furniture with the Coach brand name. Coach’s products are sold through a number of direct to consumer channels, which at the end of fiscal 2003 included:

- 156 United States retail stores;
- direct mail catalogs;
- on-line store; and
- 76 United States factory stores.

Coach’s direct-to-consumer business represented approximately 59% of its total sales in fiscal 2003. Its remaining sales were generated from products sold through a number of indirect channels, which at the end of fiscal 2003 included:

- approximately 1,400 department store and specialty retailer locations in the U.S.;
- 107 international department store, retail store and duty free shop locations in 18 countries;
- 93 retail and department locations operated by Coach Japan, Inc.; and
- corporate sales programs.

Over the last several years, Coach has successfully transformed itself from a manufacturer of classic leather products, to a marketer of more modern, fashionable handbags and accessories, using a broader range of fabrics and materials. Today, Coach’s updated styles and multiple product categories address an increasing portion of its consumer’s accessory wardrobe, responding to its customer’s demands for both fashion and function. Along with the rejuvenation of the product line, Coach has created a similarly modern environment to showcase its product assortments and reinforce a consistent brand position. Finally, Coach has established a flexible, cost-effective manufacturing model in which independent manufacturers supply most of its products which allows Coach to bring its broader range of products to market more rapidly and efficiently.

Coach has developed a number of key differentiating elements that set it apart from the competitive landscape including:

- ***A Distinctive Brand*** — Coach believes that it is one of America’s leading accessible luxury accessories brand offering an aspirational product that is relevant, extremely well made, and provides exceptional value.
- ***A Market Leadership Position with Growing Share*** — Coach is America’s leading accessories brand and each year, as its market share increases, our leadership position strengthens.
- ***Coach’s Loyal and Involved Consumer*** — Coach consumers have a specific emotional connection with the brand. Part of the Company’s everyday mission is to cultivate consumer relationships by strengthening this emotional connection.

- ***Multi-Channel International Distribution*** — This allows Coach to maintain a critical balance, as results do not depend solely on the performance of a single channel. Further, in the context of current global events, Coach finds itself fairly well insulated against disruptive factors such as declining international travel. This is because nearly 90% of the company's sales come from consumers who purchase Coach products in their home country.

- ***Coach is Innovative and Consumer-Centric*** — Coach listens to its consumer through rigorous consumer research, strong customer orientation and it works to anticipate her changing needs by keeping the product assortment fresh and relevant.

Coach believes that these differentiating elements have enabled Coach to enjoy a unique proposition in the market place. In fiscal 2003 net sales increased 32.5% and operating income increased 82.4% compared to fiscal 2002. In fiscal 2002 net sales increased 19.8% and operating income increased 31.4% compared to fiscal 2001.

However, to remain competitive in its industry, Coach must also accurately anticipate consumer trends and tastes.

Growth Strategies

Based on its established strengths Coach is pursuing the following strategies for future growth:

Expand Market Share. Coach is driving market share by leveraging its leadership position as an accessible luxury lifestyle brand and gaining a greater share of its consumer's accessories wardrobe. Coach is intensifying its awareness as an everyday lifestyle accessory resource for self purchase and gifts. As part of this strategy, Coach is emphasizing new usage occasions, such as weekend and evening and offering items at a broader range of prices.

Modernize Retail Presentation. Coach has modernized its brand image by remodeling its U.S. retail stores to create a distinctive environment to showcase its new product assortments and reinforce a consistent brand position. Coach recently completed its retail renovation program and opened an additional flagship location in Japan. Coach expects that:

- about ten international wholesale locations will be converted to, or opened with, the new store design by June 2004 (86 locations were remodeled as of end of fiscal 2003);

- at least 20 U.S. department store locations will be remodeled or opened in the new store design by June 2004 (67 U.S. department store locations were remodeled as of end of fiscal 2003); and

- about 20 U.S. factory locations will be remodeled or opened in the new store design by June 2004 (50 U.S. factory locations were remodeled as of the end of fiscal 2003).

Increase U.S. Retail Store Openings. Coach opened 20 new U.S. retail stores in both fiscal 2003 and fiscal 2002. In each of the next two years, Coach plans to expand its network of 156 retail stores by opening at least 20 new stores per year located primarily in high volume markets. Coach believes that it has a successful retail store format that reinforces its brand image, generates strong sales per square foot and can be readily adapted to different location requirements. The modernized store environment has an open, loft-like feeling, with crisp white brick walls, ebony-stained wood floors and a timeless, uncluttered look. It generally takes four to six months from the time Coach takes possession of a store to open it.

Expand Business with the Japanese Consumer. In June 2001, Coach and Sumitomo Corporation ("Sumitomo") commenced a joint venture to form Coach Japan, Inc., to manage the Coach business in Japan. Coach owns 50% of Coach Japan and is deemed to have control, as Coach appoints a majority of the Board of Directors; as such, Coach Japan is accounted for as a consolidated subsidiary. Under the terms of the joint venture agreement, Coach supplies its merchandise to Coach Japan for distribution and sale in Japan. In order to expand its presence in the Japanese market and to exercise greater control over its brand in that country, Coach Japan acquired the existing distributors of Coach products in Japan.

On July 31, 2001, Coach Japan completed the purchase of 100% of the capital stock of P.D.C. Co. Ltd. (“PDC”) from the Mitsukoshi Department Store Group for a total purchase price of $9.0 million. At the time of acquisition PDC operated 63 retail and department store locations in Japan. This acquisition was accounted for under the purchase method of accounting and as such, the results of the acquired business are included in the consolidated financial statements from August 1, 2001 onward.

On January 1, 2002, Coach Japan completed the buyout of the distribution rights and assets, related to the Coach business, from J. Osawa and Company, Ltd. (“Osawa”) for $5.8 million. At the time of the acquisition, Osawa operated 13 retail and department store locations in Japan. This acquisition was accounted for under the purchase method of accounting and as such, the results of the acquired business are included in the consolidated financial statements from January 1, 2002, onward.

As of June 28, 2003 there were 95 Coach locations in Japan, including 75 department stores, 16 Coach stores and two flagship locations managed by Coach Japan and two airport locations operated by a distributor. Coach Japan plans to open additional locations within existing major retailers, enter new department store relationships and open freestanding retail locations.

Further Penetrate International Markets. Coach is increasing its international distribution and targeting international consumers, and Japanese travelers in particular, to take advantage of substantial growth opportunities for Coach. Its current network of international distributors serves markets such as, Australia, the United Kingdom, the Caribbean, Korea, Hong Kong, Singapore and Japan. Coach has significant opportunities to increase sales through existing and new international distribution channels. Coach believes Japanese consumers represent a major growth opportunity because they spend substantially more on a per capita basis on luxury accessories than U.S. consumers.

Improve Operational Efficiencies. Coach has upgraded and reorganized its manufacturing, distribution and information systems over the past five years to allow it to bring new and existing products to market more efficiently. While enhancing its quality control standards, Coach has shifted its manufacturing processes from owned domestic factories to independent manufacturers in lower cost markets. As a result, Coach has increased its flexibility, improved its quality and lowered its costs. In fiscal 2003, Coach’s gross margin increased to 71.1% from 67.2% during fiscal 2002. This improvement was driven by a shift in product mix and channel mix; combined with the operating efficiencies previously discussed. Coach intends to continue to increase efficiencies in its sourcing, manufacturing and distribution processes by:

- strengthening the coordination of design, merchandising, product development and manufacturing to streamline product introduction;
- continuing to improve the new product development process and timeline;
- improving time-to-market capabilities and efficiencies;
- integrating computer-assisted design into the product design and development processes;
- strengthening product development capabilities to test new materials and new design functionality;
- expanding its East Asian organization to improve independent manufacturing capabilities in those areas;
- introducing new business systems that use sales information and demographic data to tailor the mix of product offerings at different retail locations to consumer preferences at such locations;
- shortening product lead times to improve inventory management; and
- continuing implementation of a comprehensive supply chain management strategy.

Promote Gift Purchases of its Products. Coach believes that a substantial amount of its U.S. sales are gift purchases, as evidenced by Coach’s higher sales during the holiday season. Coach intends to further promote the Coach brand as an appealing resource for gift-giving occasions by developing new products well-suited for gift selection, such as coin purses, mirrors, notepad holders and card cases in new styles and designs.

In addition, Coach's marketing communication efforts, including advertising, catalog mailings and outbound e-mails, are timed to reach consumers before important holidays throughout the year.

Capitalize on Growing Interest in e-Commerce. In October 1999 Coach launched its on-line store. Coach's website meets growing consumer demand for the flexibility and convenience of shopping over the Internet by offering a selective array of its products. Coach views its website, like its catalogs, as a key communications vehicle for the brand that also promotes store traffic.

Coach's Products

Handbags. Coach's original business was the design, manufacture and distribution of fine handbags, which accounted for approximately 56% of its net sales in fiscal 2003. Coach makes quarterly offerings of its handbag collections, featuring classically inspired designs as well as fashion trend designs. Typically, there are three to four collections per quarter and four to seven styles per collection, depending on the concept and opportunity.

Accessories. Women's accessories, consisting of wallets, cosmetic cases, wristlets, key fobs and belts, represented approximately 15% of Coach's net sales in fiscal 2003. Coach recently completed a comprehensive updating in the design of the small leather goods collections to coordinate them with its popular handbag collections. Men's accessories, consisting of belts, leather gift boxes and other small leather goods, represented approximately 3% of Coach's net sales in fiscal 2003.

Business Cases. Business cases represented approximately 5% of Coach's net sales in fiscal 2003. We recently expanded this category to include nylon cases and computer bags.

Outerwear, Gloves, Hats and Scarves. Primarily a cold weather category, the assortment is approximately 70% women's and contains a fashion assortment in all three components of this category. In total, this category represented approximately 5% of Coach's net sales in fiscal 2003.

Weekend and Travel Accessories. The Coach weekend collection is comprised of cabin bags, duffels, suitcases, garment bags and a comprehensive collection of travel accessories. Weekend and travel accessories represented approximately 3% of Coach's net sales in fiscal 2003.

Personal Planning Products. A complement to Coach's business cases and handbag collections, its personal planning assortment includes folios, planners and desk agendas in a variety of leathers and fabrics. The category represented approximately 2% of Coach's net sales in fiscal 2003.

Watches. Movado Group, Inc. ("Movado") has been Coach's watch licensee since 1998 and has developed a distinctive collection of watches inspired by both the women's and men's collections. These watches are manufactured in Switzerland and are branded with the Coach name and logo.

Footwear. Jimlar Corporation ("Jimlar") has been Coach's footwear licensee since 1999. The footwear is developed and manufactured primarily in Italy and is distributed through more than 600 locations in the U.S., including a majority of Coach retail stores and U.S. department stores. Approximately 90% of the business is in women's footwear, which coordinates with Coach handbags and employs fine materials, including calf and suede.

Furniture and Home Furnishings. The Coach for Baker furniture collection was launched in the Spring of 1999 with Baker Knapp & Tubbs, Inc. ("Baker") as the licensee. The furniture collection is comprised of classic styles of sofas, chairs and benches that are given a modern interpretation through crisp tailoring, straightforward lines and chic details. The collection is sold through Baker showrooms and select dealers across the U.S.

Office/ Home Office. Coach office furniture launched in the Fall of 2001 with Steelcase Inc. ("Steelcase") as the licensee. Steelcase and Coach offer consumers high-end furniture products to outfit the home office and executive workplace.

Jewelry. In November 2001, Coach, in conjunction with Carolee Designs, Inc., launched its first jewelry collection. The collection consists of pure sterling silver and leather combinations, some with a touch of brass. Select cuff bracelets are also offered in a variety of colors of genuine crocodile.

Eyewear. Coach eyewear will launch in the Fall of 2003 with Marchon Eyewear (“Marchon”) as the licensee. The eyewear collection is a collaborative effort from Marchon and Coach that combines the Coach aesthetic for fashion accessories with the latest fashion directions in eyewear and sunglasses. Coach sunglasses will be sold in Coach retail stores, department stores, select sunglass retailers and optical retailers in major markets. Marchon also plans to unveil the ophthalmic collection later in 2003 through their extensive network of optical retailers.

Design and Merchandising

Coach’s New York-based design team, led by its executive creative director, is responsible for conceptualizing and directing the design of all Coach products. Designers have access to Coach’s extensive archives of product designs created over the past 50 years which are a valuable resource for new product concepts. Coach designers are also supported by a strong merchandising team that analyzes sales, market trends and consumer preferences to identify business opportunities that help guide each season’s design process. Merchandisers also analyze products to edit, add and delete styles with the objective of profitable sales across channels. Three product category teams, each comprised of design, merchandising/ product development and manufacturing specialists, help Coach execute design concepts that are consistent with the brand’s strategic direction.

Coach’s merchandising team works in close collaboration with our licensing partners to ensure that the licensed products, such as watches, footwear and furniture, are conceptualized and designed to address the intended market opportunity and convey the distinctive perspective and lifestyle associated with the Coach brand. While Coach’s licensing partners employ their own designers, Coach oversees the development of their collection concepts and the design of licensed products. Licensed products are also subject to Coach’s quality control standards, and we exercise final approval for all new licensed products prior to their sale.

Marketing

Coach’s marketing strategy is to deliver a consistent message every time the consumer comes in contact with the Coach brand through all of its communications and visual merchandising. The Coach image is created and executed internally by the creative marketing, visual merchandising and public relations teams.

In conjunction with promoting a consistent global image, Coach uses its extensive customer database and consumer knowledge to target specific products and communications to specific consumers to efficiently stimulate sales across all distribution channels.

Coach engages in a wide range of direct marketing activities, including catalogs, brochures and email contacts targeted to stimulate sales to consumers in their preferred shopping venue. As part of Coach’s direct marketing strategy, it uses its database consisting of approximately seven million active U.S. households. Catalogs and email contacts are Coach’s principal means of communication and are sent to selected households to stimulate consumer purchases and build brand awareness. The growing number of visitors to the www.coach.com on-line store provides an opportunity to increase the size of this database in order to increase on-line and store sales and build brand awareness. Coach’s on-line store, like its catalogs and brochures, provides a showcase environment where consumers can browse through a strategic offering of our latest styles and colors.

In the U.S., Coach spent approximately $20 million, or 2% of net sales in fiscal 2003, for national, regional and local advertising, primarily print and outdoor advertising, in support of its major selling seasons. Coach catalogs and www.coach.com also serve as effective brand communications vehicles, driving store traffic as well as direct-to-consumer sales. Coach’s co-branding partners include Lexus, Palm and Motorola. Through their targeted sales and advertising programs, they have helped to strengthen Coach’s brand cachet. Advertising by the co-branding partners provides important additional exposure of the Coach brand, although the revenues generated from the purchase of Coach products by the co-branding partners are not material to the Coach business.

Coach also has a sophisticated consumer and market research capability, which helps us assess consumer attitudes and trends and gauge likelihood of success in the marketplace prior to product introduction.

Channels of Distribution

Direct Channels

Coach has four different direct channels that provide it with immediate, controlled access to consumers: retail stores, factory stores, e-commerce and direct mail. The direct-to-consumer business represented approximately 59% of Coach's total net sales in fiscal year 2003.

North America Retail Stores. Coach's retail stores establish, reinforce and capitalize on the image of the Coach brand. Coach operates 156 retail stores in North America that are located in upscale regional shopping centers and metropolitan areas. It operates flagship stores, which offer the broadest assortment of Coach products in high-visibility locations in New York, Chicago and San Francisco. The following table shows the number of Coach retail stores and their total and average square footage:

	Fiscal Year Ended		
	June 28, 2003	June 29, 2002	June 30, 2001
Retail stores	156	138	121
Net increase vs. prior year	18	17	15
Percentage increase vs. prior year	13.0%	14.0%	14.2%
Retail square footage	363,310	301,501	251,136
Net increase vs. prior year	61,809	50,365	42,077
Percentage increase vs. prior year	20.5%	20.1%	20.1%
Average square footage	2,329	2,185	2,076

Depending on their size and location, the retail stores present product lines that include handbags, business cases, wallets, footwear, watches, weekend and related accessories. The modern store design creates a distinctive environment that showcases the various products. Store associates are trained to maintain high standards of visual presentation, merchandising and customer service. The result is a complete statement of the Coach modern American style at the retail level.

U.S. Factory Stores. Coach's 76 factory stores serve as an efficient means to sell discontinued and irregular inventory, as well as manufactured-for-factory-store product, outside the retail channels. These stores operate under the Coach Factory name and are geographically positioned primarily in established centers that are usually between 50 and 100 miles from major markets. The following table shows the number of Coach factory stores and their total and average square footage:

	Fiscal Year Ended		
	June 28, 2003	June 29, 2002	June 30, 2001
Factory stores	76	74	68
Net increase vs. prior year	2	6	5
Percentage increase vs. prior year	2.7%	8.8%	7.9%
Factory square footage	232,898	219,507	198,924
Net increase vs. prior year	13,391	20,583	16,414
Percentage increase vs. prior year	6.1%	10.3%	9.0%
Average square footage	3,064	2,966	2,925

Coach's factory store design, visual presentations and customer service levels support and reinforce the brand's image. Prices are generally discounted from 15% to 50% below full retail prices. Through these factory stores, Coach targets both value-oriented customers who would not otherwise buy the Coach brand and dual channel shoppers.

e-Commerce. Coach views its e-commerce website as a key communications vehicle for the brand, which also promotes store traffic. Like Coach catalogs and brochures, the on-line store provides a showcase environment where consumers can browse through a selected offering of the latest styles and colors.

Direct Mail. Coach mailed its first Coach catalog in 1980. In fiscal 2003, it mailed at least one Coach catalog to approximately 2 million strategically selected households, primarily from its database. While direct mail sales comprise a small portion of Coach's net sales, Coach views its catalog as a key communications vehicle for the brand, because it promotes store traffic. As an integral component of its communications strategy, the graphics, models and photography are upscale and modern and present the product in an environment consistent with the Coach brand position. The catalogs highlight selected products and serve as a reference for customers, whether ordering through the catalog, making in-store purchases or purchasing over the Internet.

Indirect Channels

Coach began as a wholesaler to department stores. This channel remains very important to its overall consumer reach. Coach has grown its indirect business by the formation of Coach Japan and working closely with its partners, both domestic and international, to ensure a clear and consistent product presentation. As part of Coach's business transformation, selected shop-within-shop locations in major department stores are being renovated to achieve the same modern look and feel as the Coach retail stores. At the end of fiscal 2003, 86 international locations and 67 U.S. department stores had been renovated to reflect the new modern design. The indirect channel represented approximately 41% of total net sales in fiscal 2003.

Coach Japan, Inc. In order to expand its presence in the Japanese market and to exercise greater control over its brand in that country, Coach formed Coach Japan. This entity manages the Coach business in Japan and is a joint venture with Sumitomo. This channel represented approximately 18% of total net sales in fiscal 2003. On July 31, 2001 Coach Japan purchased P.D.C., Coach's largest distributor in Japan, and on January 1, 2002 completed the buyout of the distribution rights and assets related to the Coach business from Osawa. Coach Japan operates two flagship stores, which offer the broadest assortment of Coach products, in the Ginza and Shibuya shopping districts of Tokyo. The following table shows the number of Coach Japan locations and their total and average square footage:

	Fiscal Year Ended		
	June 28, 2003	June 29, 2002	June 30, 2001(1)
Total locations	93	83	76
Net increase vs. prior year	10	7	6
Percentage increase vs. prior year	12.0%	9.2%	8.6%
Total square footage	102,242	76,975	63,371
Net increase vs. prior year	25,267	13,604	7,229
Percentage increase vs. prior year	32.8%	21.5%	12.9%
Average square footage	1,099	927	834

(1) Fiscal 2001 represents locations operated by PDC and Osawa prior to their acquisition by Coach Japan.

U.S. Wholesale. Coach's products are sold in the U.S. at approximately 1,400 wholesale locations. This channel represented approximately 11% of total sales in fiscal 2003. Recognizing the continued importance of U.S. department and specialty stores as a distribution channel for premier accessories, Coach is strengthening its longstanding relationships with its key customers through its products and styles and Coach's renovation program. This channel offers access to Coach partners who prefer shopping at department and specialty stores or who live in geographic areas that are not large enough to support a Coach retail store. Coach's more significant U.S. wholesale customers include Federated Department Stores (including Macy's, Bloomingdale's, Rich's/ Lazarus, Burdine's, and Bon Marche), May Co. (including Lord & Taylor, Filene's, Hecht's, Foley's, Robinson's/ May and Famous Barr), Dillard's, Marshall Fields, Saks Inc. and Nordstrom.

International Wholesale. Coach's international business, which represented approximately 6% of total sales in fiscal 2003, is generated through wholesale distributors and authorized retailers. Coach has developed relationships with a select group of distributors who market Coach products through specialty retailers, department stores, travel shopping locations, and freestanding Coach stores in 18 countries. Coach's current network of international distributors serves markets such as Australia, the United Kingdom, the Caribbean, Korea, Hong Kong and Singapore. Coach has created image enhancing environments in these locations to increase brand appeal and stimulate growth. Within the international arena, the primary focus is the Japanese consumer. Coach targets this consumer in Japan and in areas with significant levels of Japanese tourism. The importance of Japanese consumers is illustrated by a comparison of consumption levels: per capita spending on handbags in Japan is substantially greater than in the U.S. Coach's more significant international wholesale customers include Dickson Concepts, Inc., Duty Free Shops and Unisia.

On July 1, 2002 Coach signed an agreement with Case London Ltd. ("Case") for the exclusive distribution of Coach products in the United Kingdom and Ireland. Over the next three years, Case, a privately held British retailer and distributor of fine accessories and luggage, plans to open up to 25 Coach locations in the United Kingdom. Case will develop a multi channel distribution strategy consistent with the successful Coach model in the United States and Japan. In addition, Case assumed the responsibility of operating the existing Coach store on Sloane Street and the Coach shop in Harrods in London.

The following table shows the number of international retail stores, international department store locations and other international locations at which Coach products are sold:

	Fiscal Year Ended		
	June 30, 2003	June 29, 2002	June 30, 2001
International freestanding stores	18	12	6
International department store locations	49	71	69
Other international locations	40	35	28
Total international wholesale locations	107	118	103

Business to Business. As part of the indirect channel of distribution, Coach sells some of its products in selected military locations and through corporate incentive and gift-giving programs.

Licensing. In our licensing relationships, Coach takes an active role in the design process and controls the marketing and distribution of products under the Coach brand. The current licensing relationships as of June 28, 2003 are as follows:

Category	Licensing Partner	Introduction Date	Territory	License Expiration Date
Watches	Movado	Spring '98	U.S. and Japan	2006
Footwear	Jimlar	Spring '99	U.S	2008
Furniture	Baker	Spring '99	U.S. and Canada	2008
Office furniture	Steelcase	Fall '01	U.S	2006
Eyewear	Marchon	Fall '03	Worldwide	2007

Products made under license are, in most cases, sold through all of the channels discussed above and, with Coach's approval, these licensees have the right to distribute Coach brand products selectively through several other channels: shoes in department store shoe salons, furniture through Baker's own showrooms, watches in selected jewelry stores and eyewear in selected optical retailers. These venues provide additional, yet controlled, exposure of the Coach brand. Coach's licensing partners pay Coach royalties on their sales of Coach branded products. However, such royalties currently comprise less than 1% of Coach's revenues and are not material to the Coach business. The licensing agreements generally give Coach the right to terminate the license if specified sales targets are not achieved.

Manufacturing

Coach has refined its production capabilities in coordination with the repositioning of its brand. By shifting its production from owned domestic facilities to independent manufacturers in lower-cost markets, it can support a broader mix of product types, materials and a seasonal influx of new, more fashion-oriented styles. During fiscal year 2003, approximately 47% of Coach's net sales, excluding Coach Japan, were generated from products introduced within the fiscal year. At the same time, we help manage total inventory and limit our exposure to excess and obsolete inventory by designating a large number of the new styles as "limited editions" that are planned to be discontinued and replaced with fresh new products.

Coach has developed a flexible model that meets shifts in marketplace demand and changes in consumer preferences. It uses two main sources to make Coach products: outsourcing with skilled partners and production by its licensing partners. All product sources must achieve and maintain Coach's high quality standards which are an integral part of the Coach identity. One of Coach's keys to success lies in the rigorous selection of raw materials. Coach has long-standing relationships with purveyors of fine leathers and hardware. As it has moved its production to external sources, Coach still requires that these same raw materials are used in all of its products, wherever they are made. We monitor compliance with the quality control standards through on-site quality inspections at all independent manufacturing facilities.

All of Coach's fiscal year 2003 product requirements were supplied by independent manufacturers. Coach buys independently manufactured products from a variety of countries including China, Costa Rica, Mexico, India, Italy, Spain, Hungary and Turkey. It operates a European sourcing and product development organization based in Florence, Italy that works closely with the New York design team. This broad-based multi-country manufacturing strategy is designed to optimize the mix of cost, lead times and construction capabilities. Coach carefully balances its commitments to a limited number of "better brand" partners with demonstrated integrity, quality and reliable delivery. No one vendor provides more than 15% of Coach's total requirements. Before partnering with a vendor, Coach evaluates each facility by conducting a quality and business practice standards audit. Periodic evaluations of existing, previously approved facilities are conducted on a random basis. We believe that all of our manufacturing partners are in compliance with Coach's integrity standards.

As part of the strategy to shift production to independent manufacturers in lower-cost markets, Coach ceased operations at its remaining facility, located in Lares, Puerto Rico, in April 2002.

Distribution

In July 1999, Coach consolidated its worldwide warehousing, distribution and repair functions into one location in Jacksonville, Florida. This highly automated, computerized, 560,000 square foot facility uses a bar code scanning warehouse management system. Coach's distribution center employees use handheld optical scanners to read product bar codes which allows them to more accurately process and pack orders, track shipments, manage inventory and generally provide better service to our customers. Coach's products are primarily shipped via Federal Express and common carriers to Coach retail stores and wholesale customers and via Federal Express direct to consumers.

Management Information Systems

The foundation of Coach's information systems is its Enterprise Resource Planning system. Implemented in 1997, this fully integrated system supports all aspects of finance and accounting, procurement, inventory control, sales and store replenishment, resulting in increased efficiencies, improved inventory control and a better understanding of consumer demand. The system functions as a central repository for all of Coach's transactional information, resulting in increased efficiencies and greater inventory control. This system is fully scalable to accommodate rapid growth.

Complementing its Enterprise Resource Planning system are several other system solutions, each of which Coach believes is well-suited for its needs. The data warehouse system summarizes the transaction information and provides a single platform for all management reporting. The supply chain management system supports corporate sales and inventory functions, creating a monthly demand plan and reconciling production/ procurement with financial plans. Product fulfillment is facilitated by Coach's highly automated warehouse management system and electronic data interchange system, while the unique requirements of Coach's catalog and Internet businesses are supported by Coach's direct sales system. Finally, the point-of-sale system supports all in-store transactions, distributes management reporting to each store, and collects sales and payroll information on a daily basis. This daily collection of store sales and inventory information results in early identification of business trends and provides a detailed baseline for store inventory replenishment. Updates and upgrades of these systems are made on a periodic basis in order to ensure that we constantly improve our functionality. All complementary systems are integrated with the central Enterprise Resource Planning system.

Trademarks and Patents

Coach owns all of the material trademark rights used in connection with the production, marketing and distribution of all of its products, both in the U.S. and in other countries in which the products are principally sold. Coach owns and maintains worldwide registrations for trademarks in all relevant classes of products in each of the countries in which Coach products are sold. Its major trademarks include *Coach*, *Coach and lozenge design* and *Coach and tag design* and it has applications pending for a proprietary *"C" signature fabric design*. Coach is not dependent on any one particular trademark or design patent although Coach believes that the Coach name is important for its business. In addition, several of Coach's products are covered by design patents or patent applications. Coach aggressively polices its trademarks and trade dress, and pursues infringers both domestically and internationally. It also pursues counterfeiters domestically and internationally through leads generated internally, as well as through its network of investigators, the Coach hotline and business partners around the world.

Coach's trademarks in the United States will remain in existence for as long as Coach continues to use and renew them on their expiration date. Coach has no material patents.

Employees

As of June 28, 2003, Coach employed approximately 3,200 people, approximately 50 of which were covered by collective bargaining agreements. Of the total, approximately 1,700 are engaged in retail selling and administration positions, approximately 400 are engaged in manufacturing, sourcing or distribution functions and approximately 600 are employed through Coach Japan. The remaining employees are engaged in other aspects of the Coach business. Coach believes that its relations with its employees are good, and it has never encountered a strike or significant work stoppage.

Government Regulation

Most of Coach's imported products are subject to existing or potential duties, tariffs or quotas that may limit the quantity of products that Coach may import into the U.S. and other countries or may impact the cost of such products. Coach has not been restricted by quotas in the operation of its business and customs duties have not comprised a material portion of the total cost of its products. In addition, Coach is subject to foreign governmental regulation and trade restrictions, including U.S. retaliation against certain prohibited foreign practices, with respect to its product sourcing and international sales operations.

RISK FACTORS

You should consider carefully all of the information set forth or incorporated by reference in this document and, in particular, the following risk factors associated with the Business of Coach and forward-looking information in this document. Please also see "Special Note on Forward-Looking Information" on page 2.

If Coach is unable to successfully implement its growth strategies or manage its growing business, its future operating results will suffer.

Successful implementation of Coach's strategies and initiatives will require it to manage its growth. To manage growth effectively, Coach will need to continue to increase its outsourced manufacturing while maintaining strict quality control. Coach will also need to continue to improve its operating systems to respond to any increased demand. It could suffer a loss of consumer goodwill and a decline in sales if its products do not continue to meet its quality control standards or if it is unable to adequately respond to increases in consumer demand for its products.

Coach's inability to respond to changes in consumer demands and fashion trends in a timely manner could adversely affect its sales.

Coach's success depends on its ability to identify, originate and define product and fashion trends as well as to anticipate, gauge and react to changing consumer demands in a timely manner. Its products must appeal to a broad range of consumers whose preferences cannot be predicted with certainty and are subject to rapid change. Coach cannot assure that it will be able to continue to develop appealing styles or meet changing consumer demands in the future.

If Coach misjudges the demand for its products it may incur increased costs due to excess inventories.

If Coach misjudges the market for its products it may be faced with significant excess inventories for some products and missed opportunities for other products. In addition, because Coach places orders for products with its manufacturers before it receives wholesale customers' orders, it could experience higher excess inventories if wholesale customers order fewer products than anticipated.

Competition in the markets in which Coach operates is intense, and our competitors may develop products that are more popular with consumers.

Coach faces intense competition in the product lines and markets in which it operates. Coach's products compete with other brands of products within their product category and with private label products sold by retailers, including some of Coach's wholesale customers. In its wholesale business, Coach competes with numerous manufacturers, importers and distributors of handbags, accessories and other products for the limited space available for the display of these products to the consumer. Moreover, the general availability of contract manufacturing allows new entrants easy access to the markets in which Coach operates, which may increase the number of competitors and adversely affect its competitive position and business. Some of Coach's competitors have achieved significant recognition for their brand names or have substantially greater financial, distribution, marketing and other resources than the Company.

A downturn in the economy may affect consumer purchases of discretionary luxury items, which could adversely affect Coach's sales.

Many factors affect the level of consumer spending in the handbag and luxury accessories industry, including, among others, general business conditions, interest rates, the availability of consumer credit, taxation and consumer confidence in future economic conditions. Consumer purchases of discretionary luxury items, such as Coach products, tend to decline during recessionary periods, when disposable income is lower. A downturn in the economies in which Coach sells its products may adversely affect Coach's sales.

Coach's business is subject to foreign exchange risk.

Coach sells products to its international wholesale customers in U.S. dollars. However those distributors sell Coach product in the relevant local currency. Currency exchange rate fluctuations could adversely affect the retail prices of the products and result in decreased international demand.

In order to manage this risk, Coach Japan enters into forward exchange contracts that allow them to obtain dollars at a rate that is set concurrent with the requisition of inventory. These contracts meet the definition of a derivative under Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities". As these contracts are entered into before the receipt of inventory, the contract rate may be higher or lower than market rates when the goods are received and the payment is completed. All contracts are fair valued at the end of the reporting period. If the derivative is designated as a cash flow hedge, effective subsequent changes in the fair value of the derivative are recorded in other comprehensive income and are recognized in the statement of operations when the hedged items affect earnings. Ineffective portions of changes in the fair value of cash flow hedges are recognized in earnings immediately. This non-cash charge or credit can result in fluctuations in the reported financial results.

Coach consolidates the financial results of Coach Japan into its financial statements. The functional currency of Coach Japan is the Japanese Yen. These operating results are converted to U.S. dollars based on the average exchange rate during the period and the balance sheet is converted to U.S. dollars based on the exchange rate at the end of the reporting period.

If Coach loses key management or design personnel or is unable to attract and retain the talent required for its business, its operating results could suffer.

Coach's performance depends largely on the efforts and abilities of its senior management and design teams. These executives and employees have substantial experience and expertise in Coach's business and have made significant contributions to its growth and success. Coach is a party to employment agreements with certain executives which provide for compensation and other benefits. The agreements also provide for severance payments under certain circumstances. The unexpected loss of services of one or more of these individuals could have an adverse effect on Coach's business. As the business grows, Coach will need to attract and retain additional qualified personnel and develop, train and manage an increasing number of management-level, sales and other employees. Coach cannot guarantee that it will be able to attract and retain personnel as needed in the future.

Coach's operating results are subject to seasonal and quarterly fluctuations, which could adversely affect the market price of its common stock.

Because Coach products are frequently given as gifts, Coach has experienced, and expects to continue to experience, substantial seasonal fluctuations in its sales and operating results. Over the past two fiscal years approximately 33% of Coach's annual sales and approximately 47% of its operating income were recognized in the second fiscal quarter, which includes the holiday months of November and December.

Coach's gross profit may decrease if it becomes unable to obtain its products from, or sell its products in, other countries due to adverse international events that are beyond its control.

In order to lower its sourcing costs and increase its gross profit, Coach has shifted its production to independent non-U.S. manufacturers in lower-cost markets. Coach's international manufacturers are subject to many risks, including foreign governmental regulations, political unrest, disruptions or delays in shipments, changes in local economic conditions and trade issues. These factors, among others, could influence the ability of these independent manufacturers to make or export Coach products cost-effectively or at all or to procure some of the materials used in these products. The violation of labor or other laws by any of Coach's independent manufacturers, or the divergence of an independent manufacturer's labor practices from those generally accepted as ethical by Coach or others in the U.S., could damage Coach's reputation and force it to locate alternative manufacturing sources. Currency exchange rate fluctuations could increase the cost of raw materials for these independent manufacturers, which they could pass along to Coach, resulting in higher costs and decreased margins for its products. If any of these factors were to render a particular country undesirable or impractical as a source of supply, there could be an adverse effect on Coach's business, including its gross profit.

Coach's failure to continue to increase sales of its products in international markets could adversely affect its gross profit. International sales are subject to many risks, including foreign governmental regulations, foreign consumer preferences, political unrest, disruptions or delays in shipments to other nations, tourism and changes in local economic conditions. These factors, among others, could influence Coach's ability to sell products successfully in international markets. Coach generally purchases products from international manufacturers in U.S. dollars and sells these products in the U.S. and to its international wholesale customers in U.S. dollars. However, Coach's international wholesale customers sell Coach products in the relevant local currencies, and currency exchange rate fluctuations could adversely affect the retail prices of the products and result in decreased international consumer demand.

Coach's trademark and other proprietary rights could potentially conflict with the rights of others and it may be inhibited from selling some of its products. If Coach is unable to protect its trademarks and other proprietary rights, others may sell imitation brand products.

Coach believes that its registered and common law trademarks and design patents are important to its ability to create and sustain demand for Coach products. Coach cannot assure you that it will not encounter trademark, patent or trade dress disputes in the future as it expands its product line and the geographic scope of its marketing. Coach also cannot assure that the actions taken by it to establish and protect its trademarks and other proprietary rights will be adequate to prevent imitation of its products or infringement of its trademarks and proprietary rights by others. The laws of some foreign countries may not protect proprietary rights to the same extent as do the laws of the U.S. and it may be more difficult for Coach to successfully challenge the use of its proprietary rights by other parties in these countries.

Provisions in Coach's charter and bylaws, Maryland law or its "poison pill" may delay or prevent an acquisition of Coach by a third party.

Coach's charter and bylaws and Maryland law contain provisions that could make it harder for a third party to acquire Coach without the consent of Coach's Board of Directors. Coach's charter permits its Board of Directors, without stockholder approval, to amend the charter to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that Coach has the authority to issue. In addition, Coach's Board of Directors may classify or reclassify any unissued shares of common stock or preferred stock and may set the preferences, rights and other terms of the classified or reclassified shares. Although Coach's Board of Directors has no intention to do so at the present time, it could establish a series of preferred stock that could have the effect of delaying, deferring or preventing a transaction or a change in control that might involve a premium price for Coach's common stock or otherwise be in the best interest of Coach's stockholders.

On May 3, 2001 Coach declared a "poison pill" dividend distribution of rights to buy additional common stock to the holder of each outstanding share of Coach's common stock. Subject to limited exceptions, these rights may be exercised if a person or group intentionally acquires 10% or more of Coach's common stock or announces a tender offer for 10% or more of the common stock on terms not approved by the Coach Board of Directors. In this event, each right would entitle the holder of each share of Coach's common stock to buy one additional common share of Coach stock at an exercise price far below the then-current market price. Subject to certain exceptions, Coach's Board of Directors will be entitled to redeem the rights at $0.001 per right at any time before the close of business on the tenth day following either the public announcement that, or the date on which a majority of Coach's Board of Directors becomes aware that, a person has acquired 10% or more of the outstanding common stock. We are currently aware of one institutional shareholder whose common stock holdings exceed the 10% threshold established by the rights plan. This holder has been given permission to increase its ownership in the Company to a maximum of 15%, subject to certain exceptions, before triggering the provision of the rights plan.

Coach's bylaws can only be amended by Coach's Board of Directors. Coach's bylaws also provide that nominations of persons for election to Coach's Board of Directors and the proposal of business to be considered at a stockholders meeting may be made only in the notice of the meeting, by Coach's Board of Directors or by a stockholder who is entitled to vote at the meeting and has complied with the advance notice procedures of Coach's bylaws. Also, under Maryland law, business combinations, including issuances of equity securities, between Coach and any person who beneficially owns 10% or more of Coach's common stock or an affiliate of such person are prohibited for a five-year period unless exempted in accordance with the statute.

After this period, a combination of this type must be approved by two super-majority stockholder votes, unless some conditions are met or the business combination is exempted by Coach's Board of Directors. Coach's Board has exempted any business combination with us or any of our affiliates from the five-year prohibition and the super-majority vote requirements.

These and other provisions of Maryland law or Coach's charter and bylaws could have the effect of delaying, deferring or preventing a transaction or a change in control that might involve a premium price for Coach's common stock or otherwise be in the best interest of Coach's stockholders.

Item 2. *Properties*

The following table sets forth the location, use and size of Coach's distribution, corporate and product development facilities as of June 28, 2003, all of which are leased. The leases expire at various times through 2015, subject to renewal options.

Location	Use	Approximate Square Footage
Jacksonville, Florida	Distribution and customer service	560,000
New York, New York	Corporate	160,000
Carlstadt, New Jersey	Corporate and product development	55,000
Florence, Italy	Product development	16,000
Tokyo, Japan	Coach Japan, corporate	7,000
Shenzhen, People's Republic of China	Quality control	1,600

Coach also occupies 156 retail and 76 factory leased retail stores located in North America as of June 28, 2003. Indirectly, through Coach Japan, Coach operates 93 retail and department store locations in Japan. Coach considers these properties to be in good condition generally and believes that its facilities are adequate for its operations and provide sufficient capacity to meet its anticipated requirements.

Item 3. *Legal Proceedings*

Coach is involved in various routine legal proceedings as both plaintiff and defendant incident to the ordinary course of its business, including proceedings to protect Coach's intellectual property rights. Litigation instituted by persons alleged to have been injured upon premises within Coach's control and litigation with present or former employees. As part of its policing program for its intellectual property rights, from time to time, Coach files lawsuits in the U.S. and abroad alleging acts of trademark counterfeiting, trademark infringement, patent infringement, trade dress infringement, trademark dilution and/or state or foreign law claims. At any given point in time, Coach may have one or more of such actions pending. These actions often result in seizure of counterfeit merchandise and/or out of court settlements with defendants. From time to time, defendants will raise as affirmative defenses or as counterclaims the invalidity or unenforceability of certain of Coach's intellectual properties. Although Coach's litigation with present or former employees is routine and incidental to the conduct of Coach's business, as well as for any business employing significant numbers of U.S.-based employees, such litigation can result in large monetary awards when a civil jury is allowed to determine compensatory and/or punitive damages for actions claiming discrimination on the basis of age, gender, race, religion, disability or other legally protected characteristic or for termination of employment that is wrongful or in violation of implied contracts. Coach believes, however, that the outcome of all pending legal proceedings in the aggregate will not have a material adverse effect on Coach's business, cash flows, results of operations or financial position.

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

None

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Executive Officers and Directors

The following table sets forth information regarding each of Coach's executive officers and directors serving as of June 28, 2003:

Name	Age	Position(s)(1)
Lew Frankfort	57	Chairman, Chief Executive Officer and Director
Keith Monda	57	President, Chief Operating Officer and Director
Reed Krakoff	39	President, Executive Creative Director
Michael Tucci	42	President, North American Retail Division
Mike Devine	44	Senior Vice President, Chief Financial Officer and Chief Accounting Officer
Carole Sadler	44	Senior Vice President, General Counsel and Secretary
Felice Schulaner	43	Senior Vice President, Human Resources
Joseph Ellis(3)	61	Director
Sally Frame Kasaks(2)(3)	59	Director
Gary Loveman(2)(3)	43	Director
Irene Miller(2)(3)	51	Director
Michael Murphy(2)(3)	66	Director

(1) Coach's executive officers serve indefinite terms and may be appointed and removed by Coach's board of directors at any time. Coach's directors are elected at the annual stockholders meeting and serve terms of one year.

(2) Member of the audit committee.

(3) Member of the human resources and governance committee.

Lew Frankfort has been involved with the Coach business in excess of 20 years. He has served as Chairman and Chief Executive Officer of Coach since November 1995. He has served as a member of Coach's board of directors since June 1, 2000, the date of incorporation. Mr. Frankfort served as Senior Vice President of Sara Lee from January 1994 to October 2000. Mr. Frankfort was appointed President and Chief Executive Officer of the Sara Lee Champion, Intimates & Accessories group in January 1994, and held this position through November 1995. From September 1991 through January 1994, Mr. Frankfort held the positions of Executive Vice President, Sara Lee Personal Products and Chief Executive Officer of Sara Lee Accessories. Mr. Frankfort was appointed President of Coach in July 1985, after Sara Lee acquired Coach, and held this position through September 1991. Mr. Frankfort joined Coach in 1979 as Vice President of New Business Development. Prior to joining Coach, Mr. Frankfort held various New York City government management positions and served as Commissioner, New York City Agency for Child Development. Mr. Frankfort holds a Bachelor of Arts degree from Hunter College and an MBA in Marketing from Columbia University.

Keith Monda was appointed President of Coach in May 2002 after serving as Executive Vice President and Chief Operating Officer of Coach from June 1998. He has served as a member of Coach's board of directors since June 1, 2000, the date of incorporation. Prior to joining Coach, Mr. Monda served as Senior Vice President, Finance & Administration and Chief Financial Officer of Timberland Company from December 1993 until May 1996, and was promoted to, and held the position of, Senior Vice President, Operations from May 1996 until January 1998. From May 1990 to December 1993, Mr. Monda served as Executive Vice President, Finance and Administration of J. Crew. Mr. Monda holds Bachelor of Science and Master of Arts degrees from Ohio State University.

Reed Krakoff was appointed President, Executive Creative Director in September 1999 after joining Coach as Senior Vice President and Executive Creative Director in December 1996. Prior to joining Coach, Mr. Krakoff served as Senior Vice President, Marketing, Design & Communications from January 1993 until December 1996, and as Head Designer, Sportswear from April 1992 until January 1993 at Tommy Hilfiger USA, Inc. From July 1988 through April 1992, Mr. Krakoff served as a Senior Designer in Design and Merchandising for Polo/ Ralph Lauren. Mr. Krakoff holds an A.A.S. degree in Fashion Design from Parsons School of Design and a Bachelor of Arts degree in Economics and Art History from Tufts University.

Michael Tucci joined Coach as President, Retail Division, North America in January 2003. Mr. Tucci joined Coach from Gap, Inc., where he held the position of Executive Vice President, Gap, Inc. Direct from May 2002 until January 2003. He held the position of Executive Vice President of Gap Body from April 2000 until May 2002. From April 1999 to May 2000, Mr. Tucci served as Executive Vice President, Customer Store Experience, Gap Brand. Between May 1996 and April 1999, Mr. Tucci served as Executive Vice President for GAP Kids and Baby Gap. He had joined Gap in December 1994 as Vice President of Merchandising for Old Navy. Prior to joining Gap, he served as President of Aeropostale, a specialty store division of Macy's, which culminated his twelve-year career with the company that included senior buying and merchandising roles. He joined Macy's Executive Training Program from Trinity College, where he earned a Bachelor of Arts degree in English.

Mike Devine has served as Senior Vice President and Chief Financial Officer of Coach since December 2001. Prior to Joining Coach, Mr. Devine served as Chief Financial Officer and Vice President-Finance of Mothers Work, Inc. from February 2000 until November 2001. From 1997 to 2000, Mr. Devine was Chief Financial Officer of Strategic Distribution, Inc., a Nasdaq-listed industrial store operator. Previously, Mr. Devine was Chief Financial Officer at Industrial System Associates, Inc. from 1995 to 1997, and for the prior six years he was the Director of Finance and Distribution for McMaster-Carr Supply Co. Mr. Devine holds a Bachelor of Science degree in Finance and Marketing from Boston College and an MBA degree in Finance from the Wharton School of the University of Pennsylvania.

Carole Sadler has served as Senior Vice President, General Counsel and Secretary since May 2000. She joined Coach as Vice President, Chief Counsel in March 1997. From April 1991 until February 1997, Ms. Sadler was Vice President and Associate General Counsel of Saks Fifth Avenue. From September 1984 until March 1991, Ms. Sadler practiced law as a litigation associate in New York City, most recently at the firm of White & Case, and prior to that at Paskus Gordon & Mandel and Mound Cotton & Wollan. Ms. Sadler holds a Juris Doctor degree from American University, Washington College of Law, and a Bachelor of Arts degree, *cum laude*, in American Studies from Smith College.

Felice Schulaner joined Coach as Senior Vice President, Human Resources in January 2000. Prior to joining Coach, Ms. Schulaner served as Senior Vice President, Human Resources of Optimark Technologies from February 1999 through December 1999 and as Senior Vice President, Human Resources of Salant Corporation from July 1997 through February 1999. Ms. Schulaner was Vice President, Worldwide Recruitment & Selection at American Express from July 1996 until June 1997. From 1990 through 1996, she served in various other human resources positions at American Express, including Vice President, Human Resources Reengineering, and, from 1986 until 1990, Ms. Schulaner held human resources positions at Macy's Northeast in New York City. Ms. Schulaner holds a Bachelor of Arts degree from New College of the University of South Florida. In December 1998, Salant Corporation commenced bankruptcy proceedings, which concluded in April 1999.

Joseph Ellis was elected to Coach's Board of Directors in September 2000. Mr. Ellis has served as an Advisory Director of Goldman, Sachs & Co. since May 1999 and served as a Limited Partner of Goldman, Sachs from 1994 to May 1999, and a General Partner from 1986 to 1994. Mr. Ellis served as senior retail-industry analyst from 1970 through 1994. Before joining Goldman, Sachs in 1970, Mr. Ellis was Vice President and Investment Analyst with The Bank of New York. Mr. Ellis also serves as a Director of The New York State Nature Conservancy and Waterworks, Inc. He is a member of the Steering Committee of the Center for Environmental Research and Conservation of Columbia University, a Northeast trustee of CARE and a trustee for the RARE Center for Tropical Conservation. Mr. Ellis holds a Bachelor of Arts degree from Columbia University.

Sally Frame Kasaks was elected to Coach's Board of Directors in November 2001. Ms. Kasaks has served as a marketing and retail consultant for ISTA Incorporated since January 1997. Prior to this, she served as Chairman and Chief Executive Officer of Ann Taylor Stores, Inc. from February 1992 until August, 1996. Ms. Kasaks was the President and Chief Executive Officer of Abercrombie and Fitch, a division of The Limited, Inc., from February 1989 through February 1992 and the Chairman and Chief Executive Officer of The Talbots, Inc., which was a specialty apparel retailing division of General Mills Co., from November 1985 through September 1988. Ms. Kasaks also serves as a Director of Pacific Sunwear of California, Inc., Cortefiel, S.A., Tuesday Morning, Inc., The Children's Place, Inc. and Crane & Co. She holds a Bachelor of Arts degree from American University.

Gary Loveman was elected to Coach's Board of Directors in February 2002. Mr. Loveman has served as Chief Executive Officer and President of Harrah's Entertainment, Inc. since January 2003; he had served as President of Harrah's since April 2001 and as Chief Operating Officer of Harrah's since May 1998. He was a member of the three-executive Office of the President of Harrah's from May 1999 to April 2001 and was Executive Vice President from May 1998 to May 1999. From 1994 to 1998, Mr. Loveman was Associate Professor of Business Administration, Harvard University Graduate School of Business Administration, where his responsibilities included teaching MBA and executive education students, research and publishing in the field of service management, and consulting and advising large service companies. Mr. Loveman also serves as a Director of Harrah's. He holds a Bachelor of Arts degree in Economics from Wesleyan University and a Ph.D. in Economics from the Massachusetts Institute of Technology.

Irene Miller was elected to Coach's Board of Directors in May 2001. Ms. Miller is Chief Executive Officer of Akim, Inc., an investment management and consulting firm and, until June 1997, was Vice Chairman and Chief Financial Officer of Barnes and Noble, Inc., the world's largest bookseller. She joined Barnes & Noble in 1991, became Chief Financial Officer in 1993 and Vice Chairman in 1995. From 1986 to 1990, Ms. Miller was an investment banker at Morgan Stanley & Co. Incorporated, serving as Principal in her last position. Ms. Miller also serves as a director on the Boards of Barnes & Noble, Inc., Oakley, Inc., Inditex, S.A. and The Body Shop International PLC. Ms. Miller holds a Master of Science degree from Cornell University and a Bachelor of Science degree from the University of Toronto.

Michael Murphy was elected to Coach's Board of Directors on September 12, 2000. From 1994 to 1997, Mr. Murphy served as Vice Chairman and Chief Administrative Officer of Sara Lee. Mr. Murphy also served as a director of Sara Lee from 1979 through October 1997. Mr. Murphy joined Sara Lee in 1979 as Executive Vice President and Chief Financial and Administrative Officer and, from 1993 until 1994, also served as Vice Chairman. Mr. Murphy is also a director of Bassett Furniture Industries, Inc., Civic Federation, Big Shoulders Fund, Chicago Cultural Center Foundation, GATX Corporation, Payless Shoe Source, Inc. and CNH Global N.V. He is also a member of the Board of Trustees of Northern Funds (a family of mutual funds). Mr. Murphy holds a Bachelor of Science degree in Business Administration from Boston College and an MBA degree from the Harvard Business School.

PART II

Item 5. *Market for Registrant's Common Equity and Related Stockholder Matters*

Refer to the information regarding the market for Coach's Common Stock and the quarterly market price information appearing under the caption "Market and Dividend Information" included herein.

Item 6. *Selected Financial Data (in thousands except for per share data)*

The selected historical financial data presented below as of and for each of the fiscal years in the five-year period ended June 28, 2003 have been derived from Coach's audited Consolidated Financial Statements. The financial data should be read in conjunction with "Item 7, Management's Discussion and Analysis of Financial

Condition and Results of Operations", the Consolidated Financial Statements and Notes thereto and other financial data included elsewhere herein.

	Fiscal Year Ended				
	June 28, 2003	June 29, 2002	June 30, 2001	July 1, 2000	July 3, 1999
Consolidated Statements of Income:(1)					
Net sales	$953,226	$719,403	$600,491	$537,694	$500,944
Cost of sales	275,797	236,041	218,507	220,085	226,190
Gross profit	677,429	483,362	381,984	317,609	274,754
Selling, general and administrative expenses	433,667	346,354	275,727	261,592	248,171
Reorganization costs(2)	—	3,373	4,569	—	7,108
Operating income	243,762	133,635	101,688	56,017	19,475
Interest (income) expense, net	(1,059)	299	2,258	387	414
Income before provision for income taxes and minority interest	244,821	133,336	99,430	55,630	19,061
Provision for income taxes	90,585	47,325	35,400	17,027	2,346
Minority interest, net of tax	7,608	184	—	—	—
Net income	$146,628	$ 85,827	$ 64,030	$ 38,603	$ 16,715
Net income per share					
Basic	$ 1.63	$ 0.97	$ 0.78	$ 0.55	$ 0.24
Diluted	$ 1.58	$ 0.94	$ 0.76	$ 0.55	$ 0.24
Shares used in computing net income per share:					
Basic	89,779	88,048	81,860	70,052	70,052
Diluted	92,921	90,952	84,312	70,052	70,052
Consolidated Percentage of Net Sales Data:					
Gross margin	71.1%	67.2%	63.6%	59.1%	54.8%
Selling, general and administrative expenses	45.5%	48.1%	45.9%	48.7%	49.5%
Operating income	25.6%	18.6%	16.9%	10.4%	3.9%
Net income	15.4%	11.9%	10.7%	7.2%	3.3%
Consolidated Balance Sheet Data:					
Working capital	$287,077	$128,160	$ 47,119	$ 54,089	$ 51,685
Total assets	617,652	440,571	258,711	296,653	282,088
Inventory	143,807	136,404	105,162	102,097	101,395
Receivable from Sara Lee	—	—	—	63,783	54,150
Revolving credit facility	26,471	34,169	7,700	—	—
Long-term debt	3,535	3,615	3,690	3,775	3,810
Stockholders' equity	$426,929	$260,356	$148,314	$212,808	$203,162

(1) Coach's fiscal year ends on the Saturday closest to June 30. Fiscal year 1999 was a 53-week year, while fiscal years 2000, 2001, 2002 and 2003 were 52-week years.

(2) During fiscal 1999, Coach committed to and completed a reorganization plan involving the closure of its Carlstadt, New Jersey, warehouse and distribution center, the closure of its Italian manufacturing operation, and the reorganization of its Medley, Florida, manufacturing facility. During fiscal 2001, Coach committed to and completed a reorganization plan involving the complete closure of its Medley, Florida manufacturing

operation. These actions, intended to reduce costs, resulted in the transfer of production to lower cost third-party manufacturers and the consolidation of all of its distribution functions at the Jacksonville, Florida, distribution center. During fiscal 2002, Coach committed to and completed a reorganization plan involving the complete closure of its Lares, Puerto Rico, manufacturing operation. These actions were intended to reduce costs and resulted in the transfer of production to lower cost third-party manufacturers.

Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations*

The following discussion of Coach's financial condition and results of operations should be read together with Coach's financial statements and notes to those statements included elsewhere in this document.

Overview

Coach was founded in 1941 and was acquired by Sara Lee Corporation in July 1985. In October 2000, Coach was listed on the New York Stock Exchange and sold 17.0 million shares of stock in an initial public offering. In April 2001, Sara Lee ended its ownership with a distribution of its remaining shares in Coach via an exchange offer.

Coach is a designer and marketer of high-quality, modern American classic accessories. Coach's primary product offerings include handbags, women's and men's accessories, business cases, weekend and travel accessories, personal planning products, leather outerwear, gloves and scarves.

Coach generates revenue by selling its products directly to consumers and indirectly through wholesale customers and by licensing its brand name to select manufacturers. Direct-to-consumer sales consist of sales of Coach products through its 156 Company-operated U.S. retail stores, 76 Company-operated U.S. factory stores, its direct mail catalogs and its e-commerce website. Indirect sales consist of sales of Coach products to approximately 1,400 department store and specialty retailer locations in the United States, 107 international department store, retail store, factory store and duty-free shop locations in 18 countries and 93 retail and department store locations managed by its joint venture Coach Japan, Inc. Coach generates additional wholesale sales through business-to-business programs, in which companies purchase Coach products to use as gifts or incentive rewards. Licensing revenues consist of royalties paid to Coach under licensing arrangements with select partners for the sale of Coach branded watches, footwear and furniture.

Coach's cost of sales consists of the costs associated with the sourcing of its products. Coach's gross profit is dependent upon a variety of factors and may fluctuate from quarter to quarter. These factors include changes in the mix of products it sells, fluctuations in cost of materials and changes in the relative sales mix among its distribution channels.

Selling, general and administrative expenses comprise four categories of expenses: selling; advertising, marketing and design; distribution and customer service; and administration and information services. Selling expenses comprise store employee compensation, store occupancy costs, store supply costs, wholesale account administration compensation and all Coach Japan operating expenses. Advertising, marketing and design expenses include employee compensation, media space and production, advertising agency fees, new product design costs as well as public relations, market research expenses and mail order costs. Distribution and customer services expenses comprise warehousing, order fulfillment, shipping and handling, customer service and bag repair costs. Administration and information services expenses comprise compensation costs for the information systems, executive, finance, human resources and legal departments as well as consulting and software expenses. Selling, general and administrative expenses are affected by the number of stores Coach operates in any fiscal period and the relative proportions of retail and wholesale sales. Selling, general and administrative expenses increase as Coach and Coach Japan operate more stores, although an increase in the number of stores generally enables them to spread the fixed portion of its selling, general and administrative expenses over a larger sales base.

As part of the transformation of Coach's business, Coach ceased production at the Medley, Florida, manufacturing facility in October 2000. This reorganization involved the termination of 362 manufacturing, warehousing and management employees at the Medley facility. These actions reduced costs by the resulting transfer of production to lower cost third-party manufacturers.

In April 2002, Coach ceased production at the Lares, Puerto Rico, manufacturing facility. This reorganization involved the termination of 394 manufacturing, warehousing and management employees at the Lares facility. These actions reduced costs by the resulting transfer of production to lower cost third-party manufacturers.

Coach's fiscal year ends on the Saturday closest to June 30.

Results Of Operations

The following is a discussion of the results of operations for fiscal 2003 compared to fiscal 2002, and fiscal 2002 compared to fiscal 2001 along with a discussion of the changes in financial condition during fiscal 2003.

Net sales by business segment for fiscal 2003 compared to fiscal 2002 and fiscal 2001 are as follows:

	Fiscal Year Ended					Percentage of Total Net Sales		
	June 28, 2003	June 29, 2002	June 30, 2001	Rate of Increase		June 28, 2003	June 29, 2002	June 30, 2001
		(dollars in millions)		('03 v. '02)	('02 v. '01)			
Direct	$559.5	$447.1	$391.8	25.1%	14.1%	58.7%	62.1%	65.2%
Indirect	393.7	272.3	208.7	44.6	30.5	41.3	37.9	34.8
Total net sales	$953.2	$719.4	$600.5	32.5%	19.8%	100.0%	100.0%	100.0%

Consolidated statements of income for fiscal 2003 compared to fiscal 2002 and fiscal 2001 are as follows:

	Fiscal Year Ended					
	June 28, 2003		June 29, 2002		June 30, 2001	
	$	% of net sales	$	% of net sales	$	% of net sales
	(dollars and shares in millions, except for earnings per share)					
Net sales	$949.4	99.6%	$716.5	99.6%	$598.3	99.6%
Licensing revenue	3.8	0.4	2.9	0.4	2.2	0.4
Total net sales	953.2	100.0	719.4	100.0	600.5	100.0
Cost of sales	275.8	28.9	236.0	32.8	218.5	36.4
Gross profit	677.4	71.1	483.4	67.2	382.0	63.6
Selling, general and administrative expenses	433.7	45.5	346.4	48.1	275.7	45.9
Reorganization costs	—	0.0	3.4	0.5	4.6	0.8
Operating income	243.7	25.6	133.6	18.6	101.7	16.9
Interest (income) expense, net	(1.1)	(0.1)	0.3	0.1	2.3	0.4
Income before provision for income taxes and minority interest	244.8	25.7	133.3	18.5	99.4	16.6
Provision for income taxes	90.6	9.5	47.3	6.6	35.4	5.8
Minority interest, net of tax	7.6	0.8	0.2	0.0	—	0.0
Net income	$146.6	15.4%	$ 85.8	11.9%	$ 64.0	10.7%

	Fiscal Year Ended		
	June 28, 2003	June 29, 2002	June 30, 2001
Earnings per share:			
Basic	$1.63	$0.97	$0.78
Diluted	$1.58	$0.94	$0.76
Weighted-average number of common shares:			
Basic	89.8	88.0	81.9
Diluted	92.9	91.0	84.3

Fiscal 2003 Compared to Fiscal 2002

Net Sales

Net sales increased by 32.5% to $953.2 million in fiscal 2003, from $719.4 million in fiscal 2002. These results reflect increased volume in both the direct-to-consumer and the indirect segments.

Direct. Net sales increased 25.1% to $559.5 million during fiscal 2003, from $447.1 million in fiscal 2002. Comparable store sales growth for retail stores and factory stores open for one full year was 24.6% and 5.0%, respectively. Comparable store growth for the entire domestic store chain, for stores open for one full year was 15.2%, which represented approximately $62 million of the net sales increase. Since the end of fiscal 2002, Coach opened 20 retail stores and three factory stores; and expanded four retail and five factory stores and had wrap from fiscal 2002 openings, which accounted for approximately $45 million of the increase in net sales. The Internet and direct marketing businesses accounted for the remaining sales increase. The increase in net sales was partially offset by the two retail stores and one factory store that were closed since the end of fiscal 2002.

Indirect. Net sales increased 44.6% to $393.7 million in fiscal 2003 from $272.3 million during fiscal 2002. The increase was primarily driven by Coach Japan, in which net sales increased $89.4 million over the prior year. We opened 14 locations in Japan since the end of fiscal 2002, which represented approximately $42 million of the increase. Our Japan locations experienced double-digit net sales gains in comparable locations over the prior year, which represented approximately $30 million of the increase. In addition, fiscal 2002 only included 11 months of Coach Japan operations, while fiscal 2003 included a full year. In the third quarter of fiscal 2002, Coach Japan acquired the distribution rights and assets of Osawa. The effect of the incremental month of operations and acquisition of Osawa locations represented approximately $19 million of the increase in net sales. These increases were partially offset by the closure of four locations since the end of fiscal 2002. This decrease was approximately $2 million. The U.S. wholesale and business-to-business divisions contributed increased sales of $21.3 million and $8.3 million, respectively. The increase in net sales was partially offset by decreased net sales in the international wholesale division of $1.3 million. The remaining change in net sales was due to increases in other indirect channels.

Gross Profit

Gross profit increased 40.1% to $677.4 million in fiscal 2003 from $483.4 million in fiscal 2002. Gross margin increased 388 basis points to 71.1% in fiscal 2003 from 67.2% in fiscal 2002. This improvement was primarily driven by a shift in product mix reflecting the continued diversification into new and successful fabric and leather collections, which contributed approximately 140 basis points. There were sourcing cost initiatives, which contributed approximately 120 basis points. In addition, there was a shift in channel mix, which contributed approximately 100 basis points. The remaining improvement was driven primarily by the consolidation of Coach Japan.

The following chart illustrates the gross margin performance we have experienced over the last 12 quarters:

	First Quarter	Second Quarter	First Half	Third Quarter	Fourth Quarter	Second Half	Total Year
			(unaudited)				
Fiscal 2003	68.1%	70.3%	69.4%	72.5%	73.2%	72.9%	71.1%
Fiscal 2002	64.1%	68.6%	66.8%	68.8%	66.6%	67.6%	67.2%
Fiscal 2001	62.3%	64.9%	63.9%	64.0%	62.6%	63.3%	63.6%

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased 25.2% to $433.7 million in fiscal 2003 from $346.4 million in fiscal 2002. The dollar increase was caused primarily by increased operating expenses in Coach Japan and the U.S. stores. These increased expenses were due to new stores and variable expenses to support increased net sales. Fiscal 2002 selling, general and administrative expenses included 11 months of Coach Japan, while fiscal 2003 included a full year. As a percentage of net sales, selling, general and administrative expenses during fiscal 2003 were 45.5% compared to 48.1% during fiscal 2002. The decline was due to leveraging our expense base on higher sales.

Selling expenses increased by 28.6% to $294.9 million in fiscal 2003 from $229.3 million in fiscal 2002. The dollar increase in these expenses was primarily due to the operating costs associated with Coach Japan and operating costs associated with new retail and factory stores. Fiscal 2002 expenses included 11 months of Coach Japan, while fiscal 2003 included a full year. The increase in Coach Japan expenses was $34.6 million. Included in the current year costs was a $3.4 million favorable fair value adjustment for foreign currency forward contracts, compared to a $3.3 million unfavorable fair value adjustment in fiscal 2002. Domestically, Coach opened 20 new retail stores and three new factory stores since the end of fiscal 2002. The increase in the U.S. stores expense was $28.1 million. The remaining increase to selling expenses was due to increased variable expenses to support comparable store growth. As a percentage of net sales, selling expenses improved from 31.9% in fiscal 2002 to 30.9% in fiscal 2003. The decline was due to leveraging higher sales in the domestic stores division.

Advertising, marketing, and design costs increased by 10.8% to $57.3 million, or 6.0% of net sales, in fiscal 2003, from $51.7 million, or 7.2% of net sales, in fiscal 2002. The dollar increase was primarily due to increased staffing costs and increased design expenditures.

Distribution and customer service expenses increased to $29.7 million in fiscal 2003 from $26.9 million in fiscal 2002. The dollar increase in these expenses was primarily due to higher sales volumes. However, efficiency gains at the distribution and customer service facility resulted in a decline in the ratio to net sales from 3.7% in fiscal 2002 to 3.1% in fiscal 2003.

Administrative expenses increased by 34.5% to $51.8 million, or 5.5% of net sales, in fiscal 2003 from $38.5 million, or 5.4% of net sales, in fiscal 2002. The absolute dollar increase in these expenses was due to increased total compensation cost of approximately $8 million. The increase was due primarily to increased base salary and employment agreements with certain executives, which accounted for $9 million of the increase. The increase was partially offset by decreased temporary employee costs. There were higher occupancy costs of approximately $2 million associated with the full year impact of acquiring additional space in our New York City headquarters. Insurance settlement proceeds decreased approximately $2 million due to the nonrecurrence of store inventory and fixed asset recoveries relating to our World Trade Center location.

Reorganization Costs

In March 2002, Coach ceased production at its Lares, Puerto Rico, manufacturing facility. This reorganization involved the termination of 394 manufacturing, warehousing and management employees and the disposition of the fixed assets at the Lares facility. These actions were intended to reduce costs by the resulting transfer of production to lower cost third-party manufacturers. Coach recorded a reorganization cost of $3.4 million. The reorganization costs included $2.2 million for worker separation costs, $0.7 million for lease termination costs and $0.5 million for the write-down of long-lived assets to net realizable value.

Operating Income

Operating income increased 82.4% to $243.7 million in fiscal 2003 from $133.6 million in fiscal 2002. This increase resulted from higher sales, improved gross margins and the nonrecurrence of reorganization costs, partially offset by an increase in selling, general and administrative expenses.

Interest Income, Net

Net interest income was $1.1 million in fiscal 2003, as compared to an expense of $0.3 million in fiscal 2002. The dollar change was due to reduced borrowings and positive cash balances during fiscal 2003.

Income Taxes

The effective tax rate increased to 37.0% in fiscal 2003 compared with the 35.5% recorded in fiscal 2002. This increase was due in part to the closure of our facility in Lares, Puerto Rico and the elimination of related tax benefits.

Minority Interest

Minority interest, net of tax increased to $7.6 million, or 0.8% of net sales, in fiscal 2003 from $0.2 million in fiscal 2002. The dollar change was due to increased profitability in Coach Japan coupled with a stronger yen.

Net Income

Net income increased 70.8% to $146.6 million in fiscal 2003 from $85.8 million in fiscal 2002. This increase was the result of increased operating income partially offset by a higher provision for income taxes and higher minority interest.

Earnings Per Share

Diluted net income per share was $1.58 in fiscal 2003 and $0.94 in fiscal 2002, which includes the effect of the two-for-one stock split in July 2002.

Fiscal 2002 Compared to Fiscal 2001

Net Sales

Net sales increased by 19.8% to $719.4 million in fiscal 2002 from $600.5 million in fiscal 2001. These results reflect increased volume in both the direct-to-consumer and indirect channels.

Direct. Net sales increased 14.1% to $447.1 million in fiscal 2002 from $391.8 million in fiscal 2001. The increase was primarily due to new store openings. Net sales from new retail and factory stores accounted for approximately 78% or $42.9 million of the increase in net sales. Since the end of fiscal 2001, Coach opened 20 retail stores and six factory stores. In addition, comparable store sales growth for retail stores and factory stores open for one full year was 4.3% and 3.4%, which primarily represented the balance of the increase in net sales, which was partially offset by the three retail stores that were closed during fiscal 2002.

Indirect. Net sales increased 30.5% to $272.3 million in fiscal 2002 from $208.7 million in fiscal 2001. This increase was driven primarily by the consolidation of Coach Japan and comparable store sales growth in Japan. Coach Japan sales to consumers are recorded at retail, versus sales to the former distributors, which were recorded at wholesale value. The impact of Coach Japan accounted for approximately $55 million of the increase in net sales. This increase is a result of the shift to retail from wholesale pricing, which contributed approximately $37 million of the increase, with the balance of this increase resulting from increased sales volume. The international wholesale business was relatively consistent compared to the prior year. The

U.S. wholesale category accounted for approximately $8 million of the increase in net sales offset by a decrease in net sales of approximately $4 million in the business-to-business category.

Gross Profit

Gross profit increased 26.5% to $483.4 million in fiscal 2002 from $382.0 million in fiscal 2001. Gross margin increased approximately 360 basis points to 67.2% in fiscal 2002 from 63.6% in fiscal 2001. This improvement was driven by the consolidation of Coach Japan, which contributed approximately 230 basis points. There was a shift in product mix, reflecting the continued diversification into non-leather fabrications with new and successful mixed-material collections. This contributed approximately 100 basis points. In addition, gross margin benefited from the continuing impact of sourcing cost reductions, which contributed 30 basis points.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased 25.6% to $346.4 million in fiscal 2002 from $275.7 million in fiscal 2001. Selling, general and administrative expenses increased to 48.1% as a percentage of net sales versus 45.9% in fiscal 2001.

Selling expenses increased by 40.9% to $229.3 million, or 31.9% of net sales, in fiscal 2002 from $162.7 million, or 27.1% of net sales, in fiscal 2001. The dollar increase in these expenses was primarily due to the operating costs associated with Coach Japan, which were borne by former distributors in prior periods. Operating costs associated with Coach Japan totaled $46.6 million in fiscal 2002. Included in these costs was a $3.3 million fair value adjustment for open foreign currency forward contracts. Also contributing to the increase was $20.1 million in operating costs associated with new retail and factory stores; increased variable costs for comparable store sales; store remodels; costs to support the additional stores; and store sales promotions to enhance sales.

Advertising, marketing, and design expenses decreased by 0.8% to $51.7 million, or 7.2% of net sales, in fiscal 2002 from $52.2 million, or 8.7% of net sales, in fiscal 2001. The dollar decrease in these expenses was primarily due to the leveraging of costs through focused media placements, as well as greater usage of postcards and direct mail.

Distribution and customer service expenses increased to $26.9 million in fiscal 2002 from $25.8 million in fiscal 2001. The dollar increase in these expenses was primarily due to higher sales volumes, partially offset by efficiency gains at the distribution and customer service facility, which resulted in a decline in the ratio to net sales from 4.3% in fiscal 2001 to 3.7% in fiscal 2002.

Administrative expenses increased to $38.5 million, or 5.4% of net sales, in fiscal 2002 from $35.0 million, or 5.8% of net sales, in fiscal 2001. The absolute dollar increase in these expenses was primarily due to increased staffing costs and consulting services related to Coach becoming a stand-alone company, offset by a business interruption proceeds gain recorded for $1.4 million in fiscal 2002 relating to our World Trade Center location.

Reorganization Costs

In the third fiscal quarter of 2002, management of Coach committed to and announced a plan to cease production at the Lares, Puerto Rico, manufacturing facility in March 2002. This reorganization involved the termination of 394 manufacturing, warehousing and management employees at the Lares facility. These actions were intended to reduce costs by the resulting transfer of production to lower cost third-party manufacturers. Coach recorded a reorganization cost of $3.4 million. The reorganization cost included $2.2 million for worker separation costs, $0.7 million for lease termination costs and $0.5 million for the write-down of long-lived assets to net realizable value. By June 28, 2003, production ceased at the Lares facility and disposition of the fixed assets and the termination of all employees had been completed.

Operating Income

Operating income increased 31.4% to $133.6 million from $101.7 million in fiscal 2001. This increase resulted from higher sales and improved gross margins, partially offset by an increase in selling, general and administrative expenses. Excluding the impact of both fiscal 2002 and fiscal 2001 reorganization costs, operating income increased 28.9% to $137.0 million, or 19.0% of net sales, in fiscal 2002 from $106.3 million, or 17.7% of net sales, in fiscal 2001.

Interest Expense, Net

Net interest expense decreased 86.8% to $0.3 million, or 0.04% of net sales, in fiscal 2002 from $2.3 million, or 0.4% of net sales, in fiscal 2001. The dollar decrease was due to reduced borrowings as a result of positive cash flow and cash on hand in fiscal 2002.

Income Taxes

The effective tax rate decreased to 35.5% in fiscal 2002 compared with the 35.6% recorded in fiscal 2001.

Minority Interest

Minority interest, net of tax was $0.2 million in fiscal 2002. There was no minority interest in fiscal 2001. Included in minority interest was the joint venture partner's portion of the net income generated from the operations of Coach Japan.

Net Income

Net income increased 34.0% to $85.8 million from $64.0 million in fiscal 2001. This increase was the result of increased operating income and decreased interest expense partially offset by a higher provision for income taxes and minority interest.

Earnings Per Share

Diluted net income per share was $0.94 in fiscal 2002 and $0.76 in fiscal 2001, which includes the effect of the two-for-one stock split in July 2002.

FINANCIAL CONDITION

Liquidity and Capital Resources

Net cash provided from operating and investing activities was $164.5 million in fiscal 2003. Net cash provided from operating and investing activities was $52.0 million in fiscal 2002. The year-to-year improvement was primarily the result of increased earnings of $60.8 million, and increases in the tax benefit from the exercise of stock options of $27.7 million. Prior year distributor acquisition costs of $14.8 million did not recur in the current year. The decrease in deferred taxes was $13.7 million more than the prior year and the increase in inventory was $9.2 million less than the prior year. This increase was partially offset by increased capital spending of $14.3 million over the prior year.

Capital expenditures amounted to $57.1 million in fiscal 2003, compared to $42.8 million in fiscal 2002, and in both periods related primarily to new and renovated retail stores. Coach's future capital expenditures will depend on the timing and rate of expansion of our businesses, new store openings, store renovations and international expansion opportunities.

Net cash used in financing activities was $29.3 million in fiscal 2003 as compared to cash provided of $38.3 million in fiscal 2002. The year-to-year decrease primarily resulted from an increase of $40.1 million in funds expended to repurchase common stock, while net borrowings decreased by $20.7 million, primarily under our Coach Japan revolving credit facility agreements. Proceeds received of $14.4 from the joint venture partner in the prior year did not recur in the current year. These amounts were partially offset by increased proceeds of $7.6 million from the exercise of stock options.

To provide funding for working capital for operations and general corporate purposes, on February 27, 2001, Coach, certain lenders and Fleet National Bank ("Fleet"), as primary lender and administrative agent, entered into a $100 million senior unsecured revolving credit facility(the "Fleet facility"). Indebtedness under this revolving credit facility bears interest calculated, at Coach's option, at either a rate of LIBOR plus a margin or the prime rate announced by Fleet. This facility expires on February 27, 2004. Management has begun discussions with Fleet and the other banks to renew the facility. We expect to enter into a new agreement prior to the expiration of the current facility.

The Fleet facility contains various covenants and customary events of default. Coach has been in compliance with all covenants since its inception.

The initial LIBOR margin under the facility was 125 basis points. For the year ended June 28, 2003, the LIBOR margin was 100 basis points, reflecting an improvement in our fixed-charge coverage ratio. Under this revolving credit facility, Coach pays a commitment fee of 20 to 35 basis points based on any unused amounts. The initial commitment fee was 30 basis points. For the year ended June 28, 2003, the commitment fee was 25 basis points.

During fiscal 2003 there were no borrowings under the Fleet facility. In fiscal 2002 peak borrowings under the Fleet facility were $46.9 million. As of June 28, 2003, there were no outstanding borrowings under the Fleet facility. The facility remains available for seasonal working capital requirements or general corporate purpose.

In order to provide funding for working capital and general corporate purposes, Coach Japan has entered into credit facilities with several Japanese financial institutions. These facilities allow a maximum borrowing of 7.1 billion yen or approximately $60 million at June 28, 2003. Interest is based on the Tokyo Interbank rate plus a margin of up to 50 basis points.

These Japanese facilities contain various covenants and customary events of default. Coach Japan has been in compliance with all covenants since their inception. Coach, Inc. is not a guarantor on these facilities. These facilities include automatic renewals based on compliance with the covenants.

During fiscal 2003 the peak borrowings under the Japanese credit facilities were $43.4 million. In fiscal 2002 peak borrowings under the under the Japanese facilities were $35.4 million. As of June 28, 2003 and June 29, 2002, borrowings under the Japanese revolving credit facility agreements were $26.5 million and $34.2 million, respectively.

On September 17, 2001, the Coach Board of Directors authorized the establishment of a common stock repurchase program. Under this program, up to $80 million may be utilized to repurchase common stock through September 2004.

On January 30, 2003, the Coach Board of Directors approved an additional common stock repurchase program to acquire up to $100 million of Coach's outstanding common stock through January 2006. The duration of Coach's existing repurchase program was also extended through January 2006. Purchases of Coach stock may be made from time to time, subject to market conditions and at prevailing market prices, through open market purchases. Repurchased shares will be retired and may be reissued in the future for general corporate or other purposes. The Company may terminate or limit the stock repurchase program at any time.

During fiscal 2003, Coach repurchased 1.9 million shares of common stock at an average cost of $25.89 per share. In fiscal 2002, Coach repurchased 0.9 million shares of common stock at an average cost of $11.45 per share.

As of June 28, 2003, Coach had approximately $120 million remaining in the stock repurchase program.

In fiscal 2003 capital expenditures were $57.1 million. We opened 20 new U.S. retail stores in fiscal 2003. Capital expenditures for these new U.S. retail and factory stores were $19 million. Store expansions and renovations were $15 million. In Japan, we invested approximately $10 million for the opening of 14 new locations. In addition, spending on department store renovations and distributor locations was $6 million. The remaining $7 million was used for information systems and corporate facilities. We financed these investments from on hand cash, internally generated cash flows and funds from our revolving credit facilities.

Coach experiences significant seasonal variations in its working capital requirements. During the first fiscal quarter Coach builds inventory for the holiday selling season, opens new retail stores and generates higher levels of trade receivables. In the second fiscal quarter its working capital requirements are reduced substantially as Coach generates consumer sales and collects wholesale accounts receivable. In fiscal 2003, Coach purchased approximately $283 million of inventory, which was funded by on hand cash, operating cash flow and by borrowings under its revolving credit facility.

Management believes that cash flow from operations and availability under the revolving credit facilities will provide adequate funds for the foreseeable working capital needs, planned capital expenditures and the common stock repurchase program. Any future acquisitions, joint ventures or other similar transactions may require additional capital, and there can be no assurance that any such capital will be available to Coach on acceptable terms or at all. Coach's ability to fund its working capital needs, planned capital expenditures and scheduled debt payments, and to comply with all of the financial covenants under its debt agreements, depends on its future operating performance and cash flow, which in turn are subject to prevailing economic conditions and to financial, business and other factors, some of which are beyond Coach's control.

Currently, Sara Lee is a guarantor or a party to many of Coach's leases. Coach has agreed to make efforts to remove Sara Lee from all of its existing leases, and Sara Lee is not a guarantor or a party to any new or renewed leases. Coach has obtained a letter of credit for the benefit of Sara Lee in an amount approximately equal to the annual minimum rental payments under leases transferred to Coach by Sara Lee, but for which Sara Lee retains contingent liability. Coach is required to maintain this letter of credit until the annual minimum rental payments under the relevant leases are less than $2.0 million. The initial letter of credit had a face amount of $20.6 million, and we expect this amount to decrease annually as Coach's guaranteed obligations are reduced. As of June 28, 2003 the letter of credit was $19.8 million. We expect that we will be required to maintain the letter of credit for at least 10 years.

The following represents the scheduled maturities of Coach's long-term contractual obligations as of June 28, 2003.

	Payments Due by Period				
	Less than 1 year	1-3 Years	4-5 Years	After 5 Years	Total
	(amounts in millions)				
Operating leases	$47.0	$90.5	$79.1	$163.0	$379.6
Revolving credit facility	26.5	—	—	—	26.5
Long-term debt, including the current portion	0.1	0.3	0.4	2.9	3.6
Total	$73.6	$90.8	$79.5	$165.9	$409.7

Coach does not have any off-balance-sheet financing or unconsolidated special purpose entities. Coach's risk management policies prohibit the use of derivatives for trading purposes. The valuation of financial instruments that are marked-to-market are based upon independent third party sources.

Long-Term Debt

Coach is party to an industrial revenue bond related to its Jacksonville facility. This loan has a remaining balance of $3.6 million and bears interest at 8.77%. Principal and interest payments are made semi-annually, with the final payment due in 2014.

Tax Rate

Coach has completed the shutdown of its Lares, Puerto Rico, manufacturing facility. The shutdown eliminated the tax benefit Coach has received under Section 936 of the Internal Revenue Code. As a result, in fiscal year 2003 the effective tax rate increased to 37%.

Seasonality

Because its products are frequently given as gifts, Coach has historically realized, and expects to continue to realize, higher sales and operating income in the second quarter of its fiscal year, which includes the holiday months of November and December. We anticipate that our sales and operating profit will continue to be very seasonal.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. Predicting future events is inherently an imprecise activity and as such requires the use of judgment. Actual results may vary from estimates in amounts that may be material to the financial statements. The accounting policies discussed below are considered critical because changes to certain judgments and assumptions inherent in these policies could affect the financial statements.

In certain instances, accounting principles generally accepted in the United States of America allow for the selection of alternative accounting methods. The Company's significant policies that involve the selection of alternative methods are accounting for stock options and inventories.

Stock-Based Compensation

Two alternative methods for accounting for stock options are available: the intrinsic value method and the fair value method. The Company uses the intrinsic value method of accounting for stock options, and accordingly, no compensation expense has been recognized. Under the fair value method, the determination of the pro forma amounts involves several assumptions including option life and future volatility. See Note 1 of the Consolidated Financial Statements for expanded disclosures.

Inventories

U.S. inventories are valued at the lower of cost (determined by the first-in, first-out method) or market. Inventories in Japan are valued at the lower of cost (determined by the last-in, first-out method) or market. Inventory costs include material, conversion costs, freight and duties. Reserves for slow moving and aged merchandise are provided based on historical experience and current product demand. We evaluate the adequacy of reserves quarterly. A decrease in product demand due to changing customer tastes, buying patterns or increased competition could impact Coach's evaluation of its slow moving and aged merchandise.

For more information on Coach's accounting policies please refer to the Notes to Consolidated Financial Statements. Other critical accounting policies are as follows:

Valuation of Long-Lived Assets

In accordance with Statement of Financial Accounting Standards ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," which the Company adopted effective with the beginning of fiscal 2002, the Company assesses the carrying value of its long-lived assets for possible impairment based on a review of forecasted operating cash flows and the profitability of the related business. The Company did not record any impairment losses in fiscal 2003. See Note 6 of the Consolidated Financial Statements for long-lived asset write-downs recorded in connection with the Company's fiscal 2002 and fiscal 2001 reorganization plans.

Revenue Recognition

Sales are recognized at the point of sale, which occurs when merchandise is sold in an over-the-counter consumer transaction or, for the wholesale channels, upon shipment of merchandise, when title passes to the customer. Allowances for estimated uncollectible accounts, discounts, returns and allowances are provided when sales are recorded based upon historical experience and current trends. Royalty revenues are earned through license agreements with manufacturers of other consumer products that incorporate the Coach brand. Revenue earned under these contracts is recognized based upon reported sales from the licensee.

New Accounting Standards

On December 31, 2002, the Financial Accounting Standards Board ("FASB") issued SFAS No. 148, "Accounting for Stock-Based Compensation — Transition and Disclosure", which amends SFAS No. 123, "Accounting for Stock-Based Compensation." SFAS No. 148 provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. The Company does not expense stock options; therefore the adoption of this statement will not have any impact on Coach's consolidated financial position or results of operations. In addition, SFAS No. 148 amends the disclosure requirements of SFAS No. 123 to require more prominent and more frequent disclosures in financial statements of the effects of stock-based compensation. See Note 1 of the Consolidated Financial Statements for these expanded disclosures.

In November 2002, the FASB issued FASB Interpretation ("FIN") No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." FIN No. 45 elaborates on the existing disclosure requirements for most guarantees, including loan guarantees such as standby letters of credit and product warranties. It also clarifies that at the time a company issues a guarantee, the company must recognize an initial liability for the fair value, or market value, of the obligation it assumes under the guarantee and must disclose that information in its interim and annual financial statements. The provisions related to recognizing a liability at inception of the guarantee for the fair value of the guarantor's obligations do not apply to guarantees accounted for as derivatives. The initial recognition and measurements provisions were effective for interim or annual periods ending after December 31, 2002 (see Note 7 of the Consolidated Financial Statements). The adoption of this statement did not have a material impact on Coach's consolidated financial position or results of operations.

In January 2003, the FASB issued FIN No. 46, "Consolidations of Variable Interest Entities". This interpretation requires a company to consolidate variable interest entities ("VIE") if the enterprise is a primary beneficiary (holds a majority of the variable interest) of the VIE and the VIE possesses specific characteristics. It also requires additional disclosure for parties involved with VIEs. The provisions of FIN No. 46 are effective for fiscal 2003. Since the Company does not have any unconsolidated VIEs, the adoption of FIN No. 46 did not have an impact on its financial position or results of operations.

In April 2003, the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities," to amend and clarify financial accounting and reporting for derivative instruments embedded in other contracts and for hedging activities under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 149 requires that contracts with comparable characteristics be accounted for similarly and clarifies under what circumstances a contract with an initial net investment meets the characteristics of a derivative as discussed in SFAS No. 133. In addition, it clarifies when a derivative contains a financing component that warrants special reporting in the statement of cash flows. SFAS No. 149 is effective for contracts entered into or modified after June 30, 2003 and for hedging relationships designated after June 30, 2003. The Company believes that the adoption of SFAS No. 149 will not have an impact on its financial position or results of operations.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity." SFAS No. 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). The provisions of SFAS No. 150 are effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. The Company believes that the adoption of SFAS No. 150 will not have an impact on its financial position or results of operations.

Item 7A. ***Quantitative and Qualitative Disclosures about Market Risk***

The market risk inherent in our financial instruments represents the potential loss in fair value, earnings or cash flows arising from adverse changes in interest rates or foreign currency exchange rates. Coach manages these exposures through operating and financing activities and, when appropriate through the use of derivative financial instruments with respect to Coach Japan. The following quantitative disclosures are based on quoted market prices obtained through independent pricing sources for the same or similar types of financial instruments, taking into consideration the underlying terms and maturities and theoretical pricing models. These quantitative disclosures do not represent the maximum possible loss or any expected loss that may occur, since actual results may differ from those estimates.

Foreign Exchange

Foreign currency exposures arise from transactions, including firm commitments and anticipated contracts, denominated in a currency other than the entity's functional currency, and from foreign-denominated revenues translated into U.S. dollars.

Approximately 92% of Coach's fiscal 2003 non-licensed product needs were purchased from independent manufacturers in countries other than the United States. These countries include China, Costa Rica, Italy, India, Indonesia, Malaysia, Spain, Turkey, Thailand, Taiwan, Korea, Hungary, Singapore, Great Britain and the Dominican Republic. Additionally, sales are made through international channels to third party distributors. Substantially all purchases and sales involving international parties, excluding Coach Japan are denominated in U.S. dollars and, therefore, are not hedged by Coach using any derivative instruments.

Coach is exposed to market risk from foreign currency exchange rate fluctuations with respect to Coach Japan as a result of its U.S. dollar denominated inventory purchases. The Company, through Coach Japan, enters into certain foreign currency derivative contracts, primarily foreign exchange forward contracts, to manage these risks. These transactions are in accordance with Company risk management policies. Coach does not enter into derivative transactions for speculative or trading purposes. Prior to the formation of Coach Japan, the Company had not used foreign currency derivative instruments to hedge forecasted inventory purchases. In addition, the Company is exposed to foreign currency exchange rate fluctuations related to the euro-denominated expenses of its Italian sourcing office. During the third quarter of fiscal 2003, the Company began a program to enter into certain foreign currency derivative contracts, primarily foreign exchange forward contracts, in order to manage these fluctuations.

The foreign currency contracts entered into by the Company have durations no greater than 12 months. The fair values of open foreign currency derivatives included in accrued liabilities at June 28, 2003 and June 29, 2002 were $0 and $3.3 million, respectively. The fair value of open foreign currency derivatives included in current assets was $0.4 million and $0 at June 28, 2003 and June 29, 2002, respectively. For fiscal 2003, open foreign currency forward contracts not designated as hedges with a notional amount of $33.2 million were fair valued and resulted in a pretax non cash benefit to earnings of $3.4 million. At June 29, 2002, open foreign currency forward contracts not designated as hedges with a notional amount of $33.2 million were fair valued and resulted in a pretax non cash charge to earnings of $3.3 million. The fair value adjustment is included as a component of selling, general and administrative expenses. Also, as of June 28, 2003, open foreign currency forward contracts designated as hedges with a notional amount of $39.3 million were fair valued resulting in an increase to equity as a benefit to other comprehensive income of $0.2 million, net of taxes. There were no foreign currency forward contracts entered into by the Company as of June 30, 2001.

Interest Rate

Coach faces minimal interest rate risk exposure in relation to its outstanding debt of $30.0 million at June 28, 2003. Of this amount $26.5 million, under revolving credit facilities, is subject to interest rate fluctuations. A hypothetical 1% change in the interest rate applied to the fair value of debt would not have a material impact on earnings or cash flows of Coach.

Item 8. ***Financial Statements and Supplementary Data***

See the "Index to Financial Statements", which is located on page 36 of this report.

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

None

Item 9A. ***Controls and Procedures***

Based on the evaluation of the Company's disclosure controls and procedures as of June 28, 2003, each of Lew Frankfort, the Chief Executive Officer of the Company, and Michael F. Devine, III, the Chief Financial Officer of the Company, has concluded that the Company's disclosure controls and procedures are effective in providing reasonable assurance that information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified by the Securities and Exchange Commission's rules and forms.

Based on an evaluation by management, with the participation of Messrs. Frankfort and Devine, there was no change in the Company's internal control over financial reporting that occurred during the Company's fourth fiscal quarter that has materially affected, or is reasonably like to materially affect, the Company's internal control over financial reporting.

PART III

Item 10. ***Directors and Executive Officers of the Registrant***

The information set forth in the Proxy Statement for the 2003 annual meeting of stockholders is incorporated herein by reference. The Proxy Statement will be filed with the Commission within 120 days after the end of the fiscal year covered by this Form 10-K pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended.

Item 11. ***Executive Compensation***

The information set forth in the Proxy Statement for the 2003 annual meeting of stockholders is incorporated herein by reference. The Proxy Statement will be filed with the Commission within 120 days after the end of the fiscal year covered by the Form 10-K pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended.

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***

(a) Security ownership of management set forth in the Proxy Statement for the 2003 annual meeting of stockholders is incorporated herein by reference.

(b) There are no arrangements known to the registrant that may at a subsequent date result in a change in control of the registrant.

Item 13. ***Certain Relationships and Related Transactions***

The information set forth in the Proxy Statement for the 2003 annual meeting of stockholders is incorporated herein by reference. The Proxy Statement will be filed with the Commission within 120 days after the end of the fiscal year covered by this Form 10-K pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended.

PART IV

Item 15. ***Exhibits, Financial Statement Schedules and Reports on Form 8-K***

(a) Financial Statements and Financial Statement Schedule. See the “Index to Financial Statements” which is located on page 36 of this report.

(b) Exhibits. See the exhibit index which is included herein.

(c) Reports on Form 8-K. See the exhibit index which is included herein.

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SIGNATURES

Pursuant to the requirements of the Section 13 or 15(d) of the Securities Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COACH, INC.

By: /s/ LEW FRANKFORT

Name: Lew Frankfort
Title: Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated below on September 17, 2003.

Signature	Title
/s/ LEW FRANKFORT Lew Frankfort	Chairman, Chief Executive Officer and Director
/s/ KEITH MONDA Keith Monda	President, Chief Operating Officer and Director
/s/ MICHAEL F. DEVINE, III Michael F. Devine, III	Senior Vice President and Chief Financial Officer (as principal financial officer and principal accounting officer of Coach)
/s/ JOSEPH ELLIS Joseph Ellis	Director
/s/ SALLY FRAME KASAKS Sally Frame Kasaks	Director
/s/ GARY LOVEMAN Gary Loveman	Director
/s/ IRENE MILLER Irene Miller	Director
/s/ MICHAEL MURPHY Michael Murphy	Director

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

FINANCIAL STATEMENTS

For the Fiscal Year Ended June 28, 2003

COACH, INC.

New York, New York 10001

INDEX TO FINANCIAL STATEMENTS

All other schedules are omitted because they are not applicable or the required information is shown in the consolidated financial statements or notes thereto.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of Coach, Inc.:

We have audited the accompanying consolidated balance sheets of Coach, Inc. and subsidiaries (the "Company") as of June 28, 2003 and June 29, 2002 and the related consolidated statements of income, stockholders' equity, and cash flows for each of the two years in the period ended June 28, 2003. Our audits also included the financial statement schedule for each of the two years in the period ended June 28, 2003 listed in the Index at Item 15. These financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on the 2003 and 2002 financial statements and financial statement schedules based on our audits. The financial statements and financial statement schedule as of June 30, 2001 and for the year then ended, before the revisions discussed in Notes 1, 13 and 20 to the financial statements, were audited by other auditors who have ceased operations. Those auditors expressed an unqualified opinion on those financial statements and stated that such 2001 financial statement schedule, when considered in relation to the 2001 basic financial statements taken as a whole, presented fairly, in all material respects, the information set forth therein, in their report dated July 26, 2001 (except with respect to the matter discussed in Note 16, as to which the date is July 31, 2001. Such information is included as a component of Note 11 for the year ended June 28, 2003).

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the 2003 and 2002 consolidated financial statements present fairly, in all material respects, the financial position of the Company as of June 28, 2003 and June 29, 2002 and the results of their operations and their cash flows for each of the two years in the period ended June 28, 2003, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule for each of the two years ended June 28, 2003 when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed above, the financial statements of the Company as of June 30, 2001 and for the year then ended were audited by other auditors who have ceased operations. As described in Note 1, those financial statements have been revised to give retroactive effect to the change in the method of accounting for consideration provided to distributors or retailers to conform to Emerging Issues Task Force of the Financial Accounting Standards Board Issue 00-25, as codified by Issue 01-09 and the two-for-one split of the Company's common stock distributed on July 3, 2002. These financial statements have also been revised to provide the transitional disclosures required by Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets, as described in Note 13, and the proforma disclosure of earnings per share on the 2001 consolidated statement of income related to the two-for-one split of the Company's common stock described in Note 20. We audited the reclassification described in Note 1, the disclosure in Note 13 and the proforma disclosure of earnings per share on the 2001 consolidated statement of income that revised the 2001 financial statements. In our opinion, such revisions are appropriate and have been properly applied. However, we were not engaged to audit, review, or apply any procedures to the fiscal 2001 financial statements of the Company other than with respect to such revisions and, accordingly, we do not express an opinion or any other form of assurance on the fiscal 2001 financial statements taken as a whole.

/s/ Deloitte & Touche LLP

New York, New York

July 28, 2003 (August 7,
2003 as to Note 20)

The following report is a copy of a previously issued Report of Independent Public Accountants. This report relates to prior years financial statements. This report has not been reissued by Arthur Andersen LLP.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors and Shareholders of Coach, Inc.:

We have audited the accompanying consolidated balance sheets of Coach, Inc. (a Maryland corporation) as of June 30, 2001 and July 1, 2000, and the related consolidated statements of income, stockholders' equity and cash flows for the fiscal years ended June 30, 2001, July 1, 2000 and July 3, 1999. These financial statements and the schedule referred to below are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Coach, Inc. as of June 30, 2001 and July 1, 2000 and the results of its operations and its cash flows for the fiscal years ended June 30, 2001, July 1, 2000 and July 3, 1999, in conformity with accounting principles generally accepted in the United States.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule listed in the index to financial statements is presented for purposes of complying with the Securities and Exchange Commission's rules and is not a required part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Arthur Andersen LLP

New York, New York

July 26, 2001 (except with respect to the matter discussed in Note 16, as to which the date is July 31, 2001)

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COACH, INC.

CONSOLIDATED BALANCE SHEETS

	June 28, 2003	June 29, 2002
	(amounts in thousands except share data)	
ASSETS		
Cash and cash equivalents	$229,176	$ 93,962
Trade accounts receivable, less allowances of $6,095 and $4,176, respectively	35,470	30,925
Inventories	143,807	136,404
Deferred income taxes	21,264	14,123
Prepaid expenses and other current assets	18,821	12,174
Total current assets	448,538	287,588
Property and equipment, net	118,547	90,589
Deferred income taxes	9,112	25,031
Goodwill	13,009	13,006
Indefinite life intangibles	9,389	9,389
Other noncurrent assets	19,057	14,968
Total assets	$617,652	$440,571
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	$ 26,637	$ 25,819
Accrued liabilities	108,273	99,365
Revolving credit facility	26,471	34,169
Current portion of long-term debt	80	75
Total current liabilities	161,461	159,428
Long-term debt	3,535	3,615
Other liabilities	3,572	2,625
Minority interest	22,155	14,547
Total liabilities	190,723	180,215
Commitments and contingencies (Note 7)		
Stockholders' equity		
Preferred stock: (authorized 25,000,000 shares; $0.01 par value) none issued	—	—
Common stock: (authorized 250,000,000 shares; $0.01 par value) issued and outstanding — 91,504,628 and 89,453,722 shares, respectively	915	895
Capital in excess of par value	215,399	155,403
Retained earnings	217,622	105,509
Accumulated other comprehensive income (loss)	(1,359)	215
Unearned compensation	(5,648)	(1,666)
Total stockholders' equity	426,929	260,356
Total liabilities and stockholders' equity	$617,652	$440,571

See accompanying Notes to the Consolidated Financial Statements.

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COACH, INC.

CONSOLIDATED STATEMENTS OF INCOME

	Fiscal Year Ended		
	June 28, 2003	June 29, 2002	June 30, 2001
	(amounts in thousands, except per share data)		
Net sales	$953,226	$719,403	$600,491
Cost of sales	275,797	236,041	218,507
Gross profit	677,429	483,362	381,984
Selling, general and administrative expenses	433,667	346,354	275,727
Reorganization costs	—	3,373	4,569
Operating income	243,762	133,635	101,688
Interest income	(1,754)	(825)	(305)
Interest expense	695	1,124	2,563
Income before provision for income taxes and minority interest	244,821	133,336	99,430
Provision for income taxes	90,585	47,325	35,400
Minority interest, net of tax	7,608	184	—
Net income	$146,628	$ 85,827	$ 64,030
Net income per share			
Basic	$ 1.63	$ 0.97	$ 0.78
Diluted	$ 1.58	$ 0.94	$ 0.76
Shares used in computing net income per share			
Basic	89,779	88,048	81,860
Diluted	92,921	90,952	84,312
Proforma disclosure for the impact of the two-for-one stock split (See Subsequent Event, Note 20)			
Proforma net income per share			
Basic	$ 0.82	$ 0.49	$ 0.39
Diluted	$ 0.79	$ 0.47	$ 0.38
Proforma shares used in computing net income per share			
Basic	179,558	176,096	163,719
Diluted	185,842	181,904	168,624

See accompanying Notes to the Consolidated Financial Statements.

COACH, INC.

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

(amounts in thousands)

	Total Stockholders' Equity	Preferred Stockholders' Equity	Common Stockholders' Equity	Capital in Excess of Par	Retained Earnings	Accumulated Other Comprehensive Income (loss)	Unearned Compensation	Comprehensive Income (loss)	Shares of Common Stock
Balances at July 1, 2000	$ 212,808	$ —	$700	$ —	$ 212,403	$ (295)	$ —		70,052
Net income	64,030	—	—	—	64,030	—	—	$ 64,030	
Capitalization of receivable from Sara Lee	(63,783)	—	—	—	(63,783)	—	—		
Assumption of long-term debt	(190,000)	—	—	—	(190,000)	—	—		
Issuance of common stock, net	122,000	—	170	121,830	—	—	—		16,974
Exercise of stock options	2,046	—	4	2,042	—	—	—		346
Tax benefit from exercise of stock options	1,405	—	—	1,405	—	—	—		
Translation adjustments	338	—	—	—	—	338	—	338	
Minimum pension liability	(530)	—	—	—	—	(530)	—	(530)	
Comprehensive income								$ 63,838	
Balances at June 30, 2001	$ 148,314	$ —	$874	$125,277	$ 22,650	$ (487)	$ —		87,372
Net income	85,827	—	—	—	85,827	—	—	$ 85,827	
Shares issued for stock options and employee benefit plans	20,802	—	29	20,773	—	—	—		2,942
Tax benefit from exercise of stock options	13,793	—	—	13,793	—	—	—		
Repurchase of common stock	(9,848)	—	(9)	(6,871)	(2,968)	—	—		(860)
Grant of restricted stock awards	—	—	1	2,431	—	—	(2,432)		—
Amortization of restricted stock awards	766	—	—	—	—	—	766		
Translation adjustments	396	—	—	—	—	396	—	396	
Minimum pension liability	306	—	—	—	—	306	—	306	
Comprehensive income								$ 86,529	
Balances at June 29, 2002	$ 260,356	$ —	$895	$155,403	$ 105,509	$ 215	$(1,666)		89,454
Net income	146,628	—	—	—	146,628	—	—	146,628	
Shares issued for stock options and employee benefit plans	28,395	—	39	28,356	—	—	—		3,950
Tax benefit from exercise of stock options	41,503	—	—	41,503	—	—	—		
Repurchase of common stock	(49,947)	—	(19)	(15,413)	(34,515)	—	—		(1,929)
Grant of restricted stock awards	—	—	—	5,550	—	—	(5,550)		
Amortization of restricted stock awards	1,568	—	—	—	—	—	1,568		30
Unrealized gain on cash flow hedging derivatives, net	168	—	—	—	—	168		168	
Translation adjustments	(348)	—	—	—	—	(348)	—	(348)	
Minimum pension liability	(1,394)	—	—	—	—	(1,394)	—	(1,394)	
Comprehensive income								$145,054	
Balances at June 28, 2003	$ 426,929	$ —	$915	$215,399	$ 217,622	$(1,359)	$(5,648)		91,505

See accompanying Notes to the Consolidated Financial Statements.

COACH, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Fiscal Year Ended		
	June 28, 2003	June 29, 2002	June 30, 2001
	(amounts in thousands)		
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$146,628	$ 85,827	$ 64,030
Adjustments for non cash charges included in net income:			
Depreciation and amortization	30,231	25,494	24,131
Reorganization costs	—	3,373	4,569
Tax benefit from exercise of stock options	41,503	13,793	1,405
Decrease (increase) in deferred taxes	8,778	(4,969)	(5,797)
Other non cash credits, net	6,639	1,666	(192)
Changes in current assets and liabilities:			
Increase in trade accounts receivable	(4,545)	(5,855)	(5,041)
Decrease in receivable from Sara Lee	—	—	31,437
Increase in inventories	(7,403)	(16,638)	(3,065)
Increase in other assets and liabilities	(9,933)	(12,843)	(357)
Increase in accounts payable	818	8,671	6,447
Increase in accrued liabilities	8,908	9,418	6,762
Net cash from operating activities	221,624	107,937	124,329
CASH FLOWS USED IN INVESTMENT ACTIVITIES			
Purchases of property and equipment	(57,112)	(42,764)	(31,868)
Acquisitions of distributors, net of cash acquired	—	(14,805)	—
Proceeds from dispositions of property and equipment	27	1,592	799
Net cash used in investment activities	(57,085)	(55,977)	(31,069)
CASH FLOWS FROM FINANCING ACTIVITIES			
Partner contribution to joint venture	—	14,363	—
Issuance of common stock, net	—	—	122,000
Repurchase of common stock	(49,947)	(9,848)	—
Repayment of long-term debt	(75)	(45)	(190,040)
Borrowings from Sara Lee	—	—	451,534
Repayments to Sara Lee	—	—	(482,971)
Borrowings on Revolving Credit Facility	63,164	200,006	68,300
Repayments of Revolving Credit Facility	(70,862)	(186,967)	(60,600)
Proceeds from exercise of stock options	28,395	20,802	2,046
Net cash (used in) from financing activities	(29,325)	38,311	(89,731)
Increase in cash and equivalents	135,214	90,271	3,529
Cash and equivalents at beginning of period	93,962	3,691	162
Cash and equivalents at end of period	$229,176	$ 93,962	$ 3,691
Cash paid for income taxes	$ 56,083	$ 33,263	$ 35,664
Cash paid for interest	$ 679	$ 786	$ 2,349

See accompanying Notes to the Consolidated Financial Statements.

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COACH, INC.

Notes to Consolidated Financial Statements
(dollars and shares in thousands, except per share data)

1. Presentation, Organization and Significant Accounting Policies

Basis of Presentation and Organization

Coach (the "Company") was formed in 1941 and was acquired by Sara Lee Corporation in July 1985. On June 1, 2000, Coach was incorporated under the laws of the state of Maryland. Pursuant to the Separation Agreements, Sara Lee transferred to Coach the assets and liabilities that related to the Coach business on October 2, 2000 (the "Separation Date").

In October 2000, Coach was listed on the New York Stock Exchange and sold 16,974 shares of its common stock, representing 19.5% of the outstanding shares in an initial public offering. In April 2001, Sara Lee completed a distribution of its ownership in Coach via an exchange offer.

Coach designs, produces and markets high-quality, modern American classic accessories. Coach products are manufactured primarily by third-party suppliers. Coach markets products via Company operated retail stores and factory stores, direct mail catalogs, an e-commerce website, and via selected upscale department and specialty retailer locations and international department, retail and duty-free shop locations.

The consolidated financial statements of Coach reflect the historical results of operations and cash flows of the Coach leather goods and accessories business of Sara Lee during each respective period until the Separation Date. The historical financial statements have been prepared using Sara Lee's historical basis in the assets and liabilities and the results of Coach's business. The financial information included herein may not reflect the consolidated financial position, operating results, changes in stockholders' equity and cash flows of Coach in the future, or what they would have been had Coach been a separate, stand-alone entity during Sara Lee's ownership. On the Separation Date, Coach began operating as a separate legal entity.

Significant Accounting Policies

Fiscal year

The Company's fiscal year ends on the Saturday closest to June 30. Unless otherwise stated, references to years in the financial statements relate to fiscal years. The fiscal years ended June 28, 2003 ("fiscal 2003"), June 29, 2002 ("fiscal 2002") and June 30, 2001 ("fiscal 2001") were 52-week periods.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities; the disclosure of contingent assets and liabilities at the date of the financial statements; and the reported amounts of revenues and expenses during the reporting period. The level of uncertainty in estimates and assumptions increases with the length of time the underlying transactions are completed. Actual results could differ from estimates in amounts that may be material to the financial statements.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company, all 100% owned subsidiaries and Coach Japan. All significant intercompany transactions and balances within the Company are eliminated in consolidation.

COACH, INC.

Notes to Consolidated Financial Statements — (Continued)

(dollars and shares in thousands, except per share data)

Cash and Cash Equivalents

Cash and cash equivalents consist of cash balances and highly liquid investments with a maturity of less than 90 days.

Concentration of Credit Risk

Financial instruments which potentially expose Coach to concentration of credit risk, consist primarily of cash investments and accounts receivable. The Company places its cash investments with high-credit quality financial institutions and currently invests primarily in bank money market funds placed with major banks and financial institutions. Accounts receivable is generally diversified due to the number of entities comprising Coach's customer base and their dispersion across many geographical regions. The Company's allowance for bad debts, returns and allowances was $6,095 at June 28, 2003 and $4,176 at June 29, 2002. The Company believes no significant concentration of credit risk exists with respect to these cash investments and accounts receivable.

Inventories

Inventories consist primarily of finished goods. U.S. inventories are valued at the lower of cost (determined by the first-in, first-out method ("FIFO")) or market. Inventories in Japan are valued at the lower of cost (determined by the last-in, first-out method ("LIFO")) or market. At the end of fiscal 2003 inventories recorded at LIFO were $650 higher than if they were valued at FIFO. In fiscal 2002 inventories recorded at LIFO were $525 lower than if they were valued at FIFO. Inventories valued under LIFO amounted to $23,484 and $27,555 in fiscal 2003 and 2002, respectively. Inventory costs include material, conversion costs, freight and duties.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. Machinery and equipment are depreciated over lives of five to seven years and furniture and fixtures are depreciated over lives of three to five years. Leasehold improvements are amortized over the shorter of their estimated useful lives or the related lease terms. Maintenance and repair costs are charged to earnings as incurred while expenditures for major renewals and improvements are capitalized. Upon the disposition of property and equipment, the cost and related accumulated depreciation are removed from the accounts.

Goodwill and Other Intangible Assets

In accordance with Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets", the Company's goodwill account is no longer being amortized but rather is being evaluated for impairment annually, or more frequently if events or changes in circumstances indicate that the asset might be impaired. The Company adopted SFAS No. 142 effective with the beginning of fiscal 2002. Based on this annual evaluation the Company has concluded that there is no impairment of its goodwill and indefinite life intangible assets.

Valuation of Long-Lived Assets

In accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," which the Company adopted effective with the beginning of fiscal 2002, the Company assesses the carrying value of its long-lived assets for possible impairment based on a review of forecasted operating cash flows and the profitability of the related business. The Company did not record any impairment losses in fiscal 2003. See

Note 6 of the Consolidated Financial Statements for long-lived asset write-downs recorded in connection with the Company's fiscal 2002 and fiscal 2001 reorganization plans.

Minority Interest in Subsidiary

Minority interest in the statements of income represents Sumitomo Corporation's share of the equity in Coach Japan. The minority interest in the consolidated balance sheets reflects the original investment by Sumitomo in that consolidated subsidiary, along with their proportional share of the cumulative income.

Revenue Recognition

Sales are recognized at the point of sale, which occurs when merchandise is sold in an over-the-counter consumer transaction or, for the wholesale channels, upon shipment of merchandise, when title passes to the customer. Allowances for estimated uncollectible accounts, discounts, returns and allowances are provided when sales are recorded. Royalty revenues are earned through license agreements with manufacturers of other consumer products that incorporate the Coach brand. Revenue earned under these contracts is recognized based upon reported sales from the licensee.

Advertising

Advertising costs, which include media and production, totaled $19,885, $17,279, $16,445 for fiscal year 2003, 2002 and 2001, respectively, and are included in selling, general and administrative expenses. Advertising costs are expensed when the advertising first appears.

Shipping and Handling

Shipping and handling costs incurred were $11,290, $10,694, $10,087 for fiscal year 2003, 2002 and 2001, respectively and are included in selling, general and administrative expenses.

Income Taxes

The Company accounts for income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes." Under SFAS No. 109, a deferred tax liability or asset is recognized for the estimated future tax consequences of temporary differences between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases.

For the periods prior to April 5, 2001, where Sara Lee owned greater than 80% of the Company's outstanding capital stock, the Company's operating results were included in Sara Lee's consolidated U.S. and state income tax returns and in the tax returns of certain Sara Lee foreign operations. During these periods the provision for income taxes in the Company's financial statements was prepared as if the Company were a stand-alone entity and filed separate tax returns.

Stock-Based Compensation

The Company has adopted SFAS No. 148, "Accounting for Stock-Based Compensation—Transition and Disclosure", which amends SFAS No. 123, "Accounting for Stock-Based Compensation." SFAS No. 148 provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation plans; however, it also allows an entity to continue to measure compensation expense for those plans using the intrinsic value based method of accounting prescribed by Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees." Under the fair value method, compensation cost is measured at the grant date based on the value of the award and is recognized over the service period, which is usually the vesting period. Under the intrinsic value based method, compensation expense is the excess, if any, of the quoted market price of the stock at the grant date or other measurement date over the amount an employee must pay to acquire the stock. The Company has elected to account for its stock-based employee compensation plans under APB Opinion No. 25 with pro forma disclosures of net earnings and earnings per share, as if the fair value based method of accounting defined in SFAS No. 123 had been applied.

(dollars and shares in thousands, except per share data)

The pro forma disclosure of net income and net income per share as if the fair value based method of accounting defined in the SFAS No. 123 had been applied is as follows:

	Fiscal Year Ended		
	June 28, 2003	June 29, 2002	June 30, 2001
Net income, as reported	$146,628	$ 85,827	$64,030
Deduct:			
Total stock-based employee compensation expense determined under the fair value based method for all awards, net of related tax effects	(15,947)	(10,227)	(5,146)
Proforma net income	$130,681	$ 75,600	$58,884
Earnings per share:			
Basic — as reported	$ 1.63	$ 0.97	$ 0.78
Basic — proforma	$ 1.46	$ 0.86	$ 0.72
Diluted — as reported	$ 1.58	$ 0.94	$ 0.76
Diluted — proforma	$ 1.41	$ 0.83	$ 0.70

Fair Value of Financial Instruments

The fair value of the revolving credit facility at June 28, 2003 and June 29, 2002 approximated its carrying value due to its floating interest rates. The Company has evaluated its industrial revenue bond and believes, based on the interest rate, related term and maturity, that the fair value of such instrument approximates its carrying amount. As of June 28, 2003 and June 29, 2002, the carrying values of cash and cash equivalents, trade accounts receivable, accounts payable, and accrued liabilities approximated their values due to the short-term maturities of these accounts.

Coach, through Coach Japan, enters into foreign currency forward contracts that hedge certain U.S. dollar denominated inventory risk, that have been designated for hedge accounting. The fair value of these contracts are recognized in other comprehensive income. The fair value of the foreign currency derivative is based on its market value as determined by an independent party. However, considerable judgment is required in developing estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that Coach could settle in a current market exchange. The use of different market assumptions or methodologies could affect the estimated fair value.

Foreign Currency

The functional currency of the Company's foreign operations is the applicable local currency. Assets and liabilities are translated into U.S. dollars using the current exchange rates in effect at the balance sheet date, while revenues and expenses are translated at the weighted-average exchange rates for the period. The resulting translation adjustments are recorded as a component of accumulated other comprehensive income (loss) within stockholders' equity. These gains and losses were not significant for fiscal 2003, 2002 and 2001.

Net Income Per Share

Basic net income per share was calculated by dividing net income by the weighted-average number of shares outstanding during the period. Diluted net income per share was calculated similarly but includes potential dilution from the exercise of stock options and stock awards.

Stock Split

In May 2002, Coach's Board of Directors authorized a two-for-one split of the Company's common stock, to be effected in the form of a special dividend of one share of the Company's common stock for each share outstanding. The additional shares issued as a result of the stock split were distributed on July 3, 2002 to stockholders of record on June 19, 2002. The effect of the stock split on earnings per share was retroactively applied to all periods presented. See Note 20 for Subsequent Event.

Recent Accounting Pronouncements

In April 2001, the Emerging Issues Task Force ("EITF") of the Financial Accounting Standards Board ("FASB") reached a final consensus on Issue 00-25, "Accounting for Consideration from a Vendor to a Retailer in Connection with the Purchase or Promotion of the Vendor's Products." In November 2001, EITF 00-25 was codified in EITF 01-09. This issue addresses the recognition, measurement and income statement classification of consideration provided to distributors or retailers. Previously, the Company had recorded these activities within selling, general and administrative expenses. The Company adopted EITF 00-25 in the first quarter of fiscal 2002. In connection with this adoption, prior period amounts have been reclassified to conform with the current year's presentation. The effect of the adoption resulted in a reclassification from selling, general and administrative expense to a reduction in net sales of $15,588 for fiscal 2001.

On December 31, 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation — Transition and Disclosure", which amends SFAS No. 123, "Accounting for Stock-Based Compensation." SFAS No. 148 provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. The Company does not intend to expense stock options; therefore the adoption of this statement will not have any impact on Coach's consolidated financial position or results of operations. In addition, SFAS No. 148 amends the disclosure requirements of SFAS No. 123 to require more prominent and more frequent disclosures in financial statements of the effects of stock-based compensation. See above, "Stock-Based Compensation," for these expanded disclosures.

In November 2002, the FASB issued FASB Interpretation ("FIN") No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." FIN No. 45 elaborates on the existing disclosures requirements for most guarantees, including loan guarantees such as standby letters of credit and product warranties. It also clarifies that at the time a company issues a guarantee, the company must recognize an initial liability for the fair value, or market value, of the obligation it assumes under the guarantee and must disclose that information in its interim and annual financial statements. The provisions related to recognizing a liability at inception of the guarantee for the fair value of the guarantor's obligations do not apply to guarantees accounted for as derivatives. The Company adopted this interpretation in second quarter of fiscal 2003. The adoption of this statement did not have a material impact on Coach's consolidated financial position or results of operations.

COACH, INC.

Notes to Consolidated Financial Statements — (Continued)

(dollars and shares in thousands, except per share data)

In January 2003, the FASB issued FIN No. 46 “Consolidations of Variable Interest Entities”. This interpretation requires a company to consolidate variable interest entities (“VIE”) if the enterprise is a primary beneficiary (holds a majority of the variable interest) of the VIE and the VIE possesses specific characteristics. It also requires additional disclosure for parties involved with VIEs. The provisions of FIN No. 46 are effective for fiscal 2003. Since the Company does not have any unconsolidated VIEs, the adoption of FIN No. 46 did not have an impact on its financial position or results of operations.

In April 2003, the FASB issued SFAS No. 149, “Amendment of Statement 133 on Derivative Instruments and Hedging Activities,” to amend and clarify financial accounting and reporting for derivative instruments embedded in other contracts and for hedging activities under SFAS No. 133, “Accounting for Derivative Instruments and Hedging Activities.” SFAS No. 149 requires that contracts with comparable characteristics be accounted for similarly and clarifies under what circumstances a contract with an initial net investment meets the characteristics of a derivative as discussed in SFAS No. 133. In addition, it clarifies when a derivative contains a financing component that warrants special reporting in the statement of cash flows. SFAS No. 149 is effective for contracts entered into or modified after June 30, 2003 and for hedging relationships designated after June 30, 2003. The Company believes that the adoption of SFAS No. 149 will not have an impact on its financial position or results of operations.

In May 2003, the FASB issued SFAS No. 150, “Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity.” SFAS No. 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). The provisions of SFAS No. 150 are effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. The Company believes that the adoption of SFAS No. 150 will not have an impact on its financial position or results of operations.

2. Balance Sheet Components

The components of certain balance sheet accounts are as follows:

	June 28, 2003	June 29, 2002
Property and Equipment		
Machinery and equipment	$ 10,789	$ 9,069
Furniture and fixtures	101,137	82,279
Leasehold improvements	153,442	123,279
Construction in progress	26,470	22,933
Less: accumulated depreciation	(173,291)	(146,971)
Total property and equipment, net	$ 118,547	$ 90,589
Accrued Liabilities		
Income and other taxes	$ 8,335	$ 13,016
Payroll and benefits	41,173	34,251
Rent, utilities, insurance, interest and administrative	18,458	15,238
Accrued operating expenses	40,307	36,860
Total accrued liabilities	$ 108,273	$ 99,365

(dollars and shares in thousands, except per share data)

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3. Income Taxes

The provisions for income taxes computed by applying the U.S. statutory rate to income before taxes as reconciled to the actual provisions were:

	Fiscal Year Ended					
	June 28, 2003		June 29, 2002		June 30, 2001	
	Amount	Percent	Amount	Percent	Amount	Percent
Income (loss) before provision for income taxes and minority interest:						
United States	$224,380	91.7%	$125,273	94.0%	$92,163	92.7%
Puerto Rico	—	—	7,831	5.9	7,847	7.9
Foreign	20,441	8.3	232	0.1	(580)	(0.6)
Total income before provision for income taxes and minority interest:	$244,821	100.0%	$133,336	100.0%	$99,430	100.0%
Tax expense at U.S. statutory rate:	$ 85,687	35.0%	$ 46,668	35.0%	$34,801	35.0%
State taxes, net of federal benefit	10,358	4.2	3,894	2.9	3,512	3.5
Difference between U.S. and Puerto Rico tax rates	—	0.0	(1,411)	(1.1)	(2,353)	(2.4)
Nontaxable foreign sourced income	(2,069)	(0.8)	(300)	(0.2)	(1,200)	(1.2)
Other, net	(3,391)	(1.3)	(1,526)	(1.0)	640	0.7
Taxes at effective worldwide rates	$ 90,585	37.0%	$ 47,325	35.5%	$35,400	35.6%

Current and deferred tax provisions (benefits) were:

	Fiscal Year Ended					
	June 28, 2003		June 29, 2002		June 30, 2001	
	Current	Deferred	Current	Deferred	Current	Deferred
Federal	$67,432	$ 1,728	$41,497	$ 245	$34,686	$(4,821)
Puerto Rico	31	(1,182)	50	12	267	86
Foreign	402	6,239	5,089	(5,559)	—	(221)
State	13,942	1,993	5,658	333	6,244	(841)
Total current and deferred tax provisions (benefits)	$81,807	$ 8,778	$52,294	$(4,969)	$41,197	$(5,797)

COACH, INC.

Notes to Consolidated Financial Statements — (Continued)

(dollars and shares in thousands, except per share data)

The following are the components of the deferred tax provisions (benefits) occurring as a result of transactions being reported in different years for financial and tax reporting:

	Fiscal Year Ended		
	June 28, 2003	June 29, 2002	June 30, 2001
Deferred tax provisions (benefits)			
Depreciation	$ 2,269	$ (261)	$(2,909)
Employee benefits	1,048	5,346	(314)
Advertising accruals	348	—	(240)
Non-deductible reserves	(2,025)	(65)	113
Other, net	7,138	(9,989)	(2,447)
Total deferred tax provisions (benefits)	$ 8,778	$(4,969)	$(5,797)

The deferred tax assets at the respective year-ends were as follows:

	June 28, 2003	June 29, 2002	June 30, 2001
Deferred tax assets			
Reserves not deductible until paid	$ 8,193	$ 3,351	$ 3,224
Pension and other employee benefits	2,269	4,165	9,510
Property, plant and equipment	11,906	10,549	10,288
Other	8,008	21,089	9,960
Total deferred tax assets	$30,376	$39,154	$32,982

At June 28, 2003, foreign gross tax loss carryforwards totaled approximately $3,400. These loss carryforwards have no expiration. Coach believes that it is more likely than not that the deferred tax asset associated with these losses will be realized.

4. Debt

Revolving Credit Facilities

Prior to February 27, 2001, Coach participated in a cash concentration system requiring that cash balances be deposited with Sara Lee, which were netted against borrowings/billings provided by Sara Lee.

On July 2, 2000, Coach entered into a revolving credit facility with Sara Lee. The maximum borrowing permitted under this facility was $75,000. Interest accrued at U.S. dollar LIBOR plus 30 basis points. Any receivable balance from Sara Lee under this facility earned interest at U.S. dollar LIBOR minus 20 basis points. The credit facility contained certain covenants, all of which were complied with. This facility was repaid and terminated on February 27, 2001.

During October 2000, Coach completed an equity restructuring, which included the assumption of $190,000 of long-term debt payable to a subsidiary of Sara Lee. This long-term debt had an original maturity date of September 30, 2002, accruing interest at U.S. dollar LIBOR plus 30 basis points. The note contained certain covenants, consistent with the above mentioned revolving credit facility. In fiscal 2001, this loan was fully paid off by the Company from the net proceeds of the initial public offering, redeeming the short-term investments with Sara Lee and drawing down on the Sara Lee revolving credit facility.

To provide funding for working capital for operations and general corporate purposes, on February 27, 2001, Coach, certain lenders and Fleet National Bank (“Fleet”), as primary lender and administrative agent, entered into a $100,000 senior unsecured three-year revolving credit facility (the “Fleet facility”). This facility expires on February 27, 2004. Management has begun discussions with Fleet and the other banks to renew the facility. Coach expects to enter into a new agreement prior to the expiration of the current facility.

The initial LIBOR margin under the Fleet facility was 125 basis points. For the year ended June 28, 2003, the LIBOR margin was 100 basis points reflecting an improvement in our fixed-charge coverage ratio. Under this revolving credit facility, Coach pays a commitment fee of 20 to 35 basis points based on any unused amounts. The initial commitment fee was 30 basis points. For the year ended June 28, 2003, the commitment fee was 25 basis points. This credit facility may be prepaid without penalty or premium.

During fiscal 2003, there were no borrowings under the Fleet facility. During fiscal 2002, peak borrowings under the Fleet facility were $46,850, which was repaid from operating cash flow by June 29, 2002. As of June 28, 2003, there were no outstanding borrowings under the Fleet facility. This facility remains available for seasonal working capital requirements or general corporate purposes.

The Fleet facility prohibits Coach from paying dividends while the credit facility is in place, with certain exceptions. Any future determination to pay cash dividends will be at the discretion of Coach’s Board of Directors and will be dependent upon Coach’s financial condition, operating results, capital requirements and such other factors as the Board of Directors deems relevant.

The Fleet facility contains various covenants and customary events of default. The Company has been in compliance with all covenants since its inception.

In order to provide funding for working capital and general corporate purposes, Coach Japan has entered into credit facilities with several Japanese financial institutions. These facilities allow a maximum borrowing of 7.1 billion yen or approximately $60,000 at June 28, 2003. Interest is based on the Tokyo Interbank rate plus a margin of up to 50 basis points.

These facilities contain various covenants and customary events of default. Coach Japan has been in compliance with all covenants since their inception. Coach, Inc. is not a guarantor on any of these facilities. These facilities include automatic renewals based on compliance with the covenants.

During fiscal 2003, the peak borrowings under the Japanese credit facilities were $43,443. During fiscal 2002, the peak borrowings under the Japanese credit facilities were $35,426. As of June 28, 2003, the outstanding borrowings under the Japanese facilities were $26,471.

Long-Term Debt

Coach is party to an Industrial Revenue Bond related to its Jacksonville facility. This loan has a remaining balance of $3,615 and bears interest at 8.77%. Principal and interest payments are made semi- annually, with the final payment due in 2014.

(dollars and shares in thousands, except per share data)

Future principal payments under the Industrial Revenue Bond are as follows:

Fiscal Year	Amount
2004	$ 80
2005	115
2006	150
2007	170
2008	235
Subsequent to 2008	2,865
Total	$3,615

5. Leases

Coach leases certain office, distribution, retail and manufacturing facilities. The lease agreements, which expire at various dates through 2019, are subject, in some cases, to renewal options and provide for the payment of taxes, insurance and maintenance. Certain leases contain escalation clauses resulting from the pass-through of increases in operating costs, property taxes and the effect on costs from changes in consumer price indices. Certain rentals are also contingent upon factors such as sales. Rent-free periods and other incentives granted under certain leases and scheduled rent increases are charged to rent expense on a straight-line basis over the related terms of such leases. Contingent rentals are recognized when the achievement of the target (i.e. sales levels), which triggers the related payment, is considered probable. Rent expense for the Company's operating leases consisted of the following:

	Fiscal Year Ended		
	June 28, 2003	June 29, 2002	June 30, 2001
Minimum rentals	$47,098	$36,965	$28,929
Contingent rentals	4,885	3,292	2,902
Total rent expense	$51,983	$40,257	$31,831

Future minimum rental payments under noncancelable operating leases are as follows:

Fiscal Year	Amount
2004	$ 46,996
2005	46,183
2006	44,395
2007	41,187
2008	37,841
Subsequent to 2008	163,036
Total minimum future rental payments	$379,638

Certain operating leases provide for renewal for periods of three to five years at their fair rental value at the time of renewal. In the normal course of business, operating leases are generally renewed or replaced by new leases.

(dollars and shares in thousands, except per share data)

6. Reorganization Costs

In March 2002, Coach ceased production at its Lares, Puerto Rico, manufacturing facility. This reorganization involved the termination of 394 manufacturing, warehousing and management employees and the disposition of the fixed assets at the Lares, Puerto Rico, facility. These actions reduced costs by the resulting transfer of production to lower cost third-party manufacturers. Coach recorded reorganization costs of $3,373 in fiscal 2002. The reorganization costs included $2,229 for worker separation costs, $659 for lease termination costs and $485 for the write-down of long-lived assets to net realizable value. The composition of the reorganization reserve, included in accrued liabilities, is set forth in the following table.

	Provision Recorded in Fiscal 2002 Reorganization Reserves	Write-down of Long-Lived Assets to Net Realizable Value	Cash Payments	Reorganization Reserves as of June 29, 2002	Cash Payments	Reorganization Reserves as of June 28, 2003
Workers' separation costs	$2,229	$ —	$(2,073)	$156	$(156)	$ —
Lease termination costs	659	—	(616)	43	(43)	—
Losses on disposal of fixed assets	485	(485)	—	—	—	—
Total reorganization reserve	$3,373	$(485)	$(2,689)	$199	$(199)	$ —

In the first quarter of fiscal 2001, management of Coach committed to and announced a plan to cease production at the Medley, Florida, manufacturing facility in October 2000. This reorganization involved the termination of 362 manufacturing, warehousing and management employees at that facility. These actions reduced costs by the resulting transfer of production to lower cost third-party manufacturers. Coach recorded a reorganization cost of $4,569 in fiscal 2001. The reorganization costs included $3,103 for worker separation costs, $832 for lease termination costs and $634 for the write-down of long-lived assets to net realizable value.

The composition of the reorganization reserve is set forth in the following table. By June 30, 2001, production ceased at the Medley facility and disposition of the fixed assets and the termination of the 362 employees had been completed.

	Provision Recorded in Fiscal 2001 Reorganization Reserves	Write-down of Long-Lived Assets to Net Realizable Value	Cash Payments	Reorganization Reserves as of June 30, 2001
Workers' separation costs	$3,103	$ —	$(3,103)	$ —
Lease termination costs	832	—	(832)	—
Losses on disposal of fixed assets	634	(634)	—	—
Total reorganization reserve	$4,569	$(634)	$(3,935)	$ —

7. Commitments and Contingencies

At June 28, 2003 and June 29, 2002, the Company had letters of credit outstanding totaling $48,336 and $40,116, respectively. Included in fiscal 2003 and fiscal 2002 balance is a letter of credit totaling $19,820, which relates to leases transferred to the Company by the Sara Lee, for which Sara Lee retains contingent liability. Coach expects that it will be required to maintain the letter of credit for at least 10 years. The remaining letters of credit have terms ranging from one to three months and primarily collateralize the Company's obligation to third parties for the purchase of inventory.

The adoption of FIN No. 45 did not require additional disclosures and did not impact the Company's consolidated financial statements, as the Company does not issue guarantees related to third party indebtedness or performance.

Coach is a party to employment agreements with certain executives, which provide for compensation and other benefits. The agreements also provide for severance payments under certain circumstances.

Coach is a party to several pending legal proceedings and claims. Although the outcome of such items cannot be determined with certainty, Coach's general counsel and management are of the opinion that the final outcome should not have a material effect on Coach's cash flow, results of operations or financial position.

The Company is not party to any off-balance sheet transactions or unconsolidated special purpose entities for any of the periods presented herein.

8. Stock-Based Compensation

Coach Stock-Based Plans. At the time of the initial public offering, Coach established the 2000 Stock Incentive Plan and the 2000 Non-Employee Director Stock Plan to award stock options and other forms of equity compensation to certain members of Coach management and the outside members of its Board of Directors. These plans were approved by Coach's stockholders during fiscal 2002. The exercise price of each stock option equals 100% of the market price of Coach's stock on the date of grant and generally has a maximum term of 10 years. Options generally vest ratably over three years.

Concurrent with its initial public offering in October 2000, Coach granted 6,382 options to essentially all full-time employees and 30 options to outside members of the Board of Directors at the initial public offering price of $8.

Coach employees, at the initial public offering date, converted 2,408 Sara Lee options into the same number of Coach options while maintaining the same exercise price.

Under Coach's stock option plans, an active employee can receive a replacement stock option equal to the number of shares surrendered upon a stock-for-stock exercise. The exercise price of the replacement option was 100% of the market value at the date of exercise of the original option and will remain exercisable for the remaining term of the original option. Replacement stock options generally vest six months from the grant date. Replacement stock options of 1,840, 1,084 and 191 were granted in fiscal 2003, 2002 and 2001, respectively.

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A summary of options held by Coach employees under the Coach option plans follows:

	Number of Coach Outstanding Options	Weighted-Average Exercise Price	Exercisable Shares	Weighted-Average Exercise Price
Outstanding at July 1, 2000	—	$ —	—	$ —
Granted at the initial public offering	6,412	8.00		
Sara Lee options converted	2,408	12.06		
Granted	1,344	14.17		
Exercised	(482)	9.06		
Canceled/expired	(238)	8.83		
Outstanding at June 30, 2001	9,444	$ 9.91	1,751	$12.06
Granted	4,452	19.26		
Exercised	(3,558)	10.17		
Canceled/expired	(328)	10.07		
Outstanding at June 29, 2002	10,010	$13.97	1,592	$13.63
Granted	4,760	30.66		
Exercised	(5,088)	15.02		
Canceled/expired	(917)	15.81		
Outstanding at June 28, 2003	8,765	$22.23	1,437	$21.73

The following table summarizes information about stock options under the Coach option plans at June 28, 2003.

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding at June 28, 2003	Weighted-Average Remaining Contractual Life (Years)	Weighted-Average Exercise Price	Number Exercisable at June 28, 2003	Weighted-Average Exercise Price
$ 8.00 – 20.00	4,389	7.14	$13.53	750	$12.55
$20.01 – 30.00	2,381	8.96	23.43	46	26.22
$30.01 – 40.00	1,065	7.16	32.80	641	32.17
$40.01 – 51.38	930	5.65	48.34	—	—
	8,765	7.48	$22.23	1,437	$21.73

The fair value of each Coach option grant is estimated on the date of grant using the Black-Scholes option-pricing model and the following weighted-average assumptions:

	Fiscal Year Ended		
	June 28, 2003	June 29, 2002	June 30, 2001
Expected lives (years)	1.5	1.6	3.0
Risk-free interest rate	1.7%	3.3%	6.0%
Expected volatility	35.2%	48.3%	49.0%
Dividend yield	—%	—%	—%

COACH, INC.

Notes to Consolidated Financial Statements — (Continued)

(dollars and shares in thousands, except per share data)

The weighted-average fair values of individual options granted were $4.89 during fiscal 2003, $4.81 during fiscal 2002 and $3.34 during fiscal 2001.

Employee Stock Purchase Plan. During fiscal 2002, Coach established the employee stock purchase plan and received stockholder approval of this program. Under this plan, full-time Coach employees are permitted to purchase a limited number of Coach common shares at 85% of market value. Under this plan, Coach sold 67 shares to employees in fiscal 2003 and 26 shares to employees in fiscal year 2002. Pro forma compensation expense is calculated for the fair value of employees purchase rights using the Black-Scholes model. Underlying assumptions are an expected life of .5 years, risk free interest of 1.2%, expected volatility of 38.3% and dividend yield of 0%. The weighted-average fair value of the purchase rights granted during fiscal 2003 was $10.37 and $5.88 in fiscal 2002.

Stock Unit Awards. Restricted stock unit awards of Coach common stock have been granted to employees as retention awards. The value of retention awards is determined based upon the fair value of Coach stock at the grant date.

Stock awards are generally restricted and subject to forfeiture until the retention period is completed. The retention period is generally three years. As of June 28, 2003, retention awards of 257 shares are outstanding. This value is initially recorded as unearned compensation and is charged to earnings over the retention period. The amortization expense related to these awards was $1,568 for fiscal 2003 and $766 for fiscal 2002.

Deferred Compensation. Under the Coach, Inc. Executive Deferred Compensation Plan, executive officers and employees at or above the director level may elect to defer all or a portion of their annual bonus or annual base salary into the plan. Under the Coach, Inc. Deferred Compensation Plan for Non-Employee Directors, Coach's outside directors may similarly defer their director's fees. Amounts deferred under these plans may, at the participants' election, be either represented by deferred stock units, which represent the right to receive shares of Coach common stock on the distribution date elected by the participant, or placed in an interest-bearing account to be paid on such distribution date. The amounts accrued under these plans were $2,915 at June 28, 2003 and $2,051 at June 29, 2002. These amounts are reflected in other noncurrent liabilities in the consolidated balance sheets.

The following table summarizes share and exercise price information about Coach's equity compensation plans as of June 28, 2003.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants or rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	9,022	$21.60	5,672
Equity compensation plans not approved by security holders	233	$10.84	777

9. Retirement Plans

Coach has established the Coach, Inc. Savings and Profit Sharing Plan, which is a noncontributory defined contribution plan. Employees who meet certain eligibility requirements and are not part of a collective bargaining agreement participate in this program.

COACH, INC.

Notes to Consolidated Financial Statements — (Continued)

(dollars and shares in thousands, except per share data)

Coach sponsors a noncontributory defined benefit plan, The Coach Leatherware Company, Inc. Supplemental Pension Plan, for individuals who are a part of collective bargaining arrangements.

Employees who met certain eligibility requirements and were not part of a collective bargaining arrangement participate in defined benefit pension plans sponsored by Sara Lee through June 30, 2001. These defined benefit pension plans include employees from a number of domestic Sara Lee business units. The annual cost of the Sara Lee defined benefit plans is allocated to all of the participating businesses based upon a specific actuarial computation. All obligations pursuant to these plans are obligations of Sara Lee.

The annual expense incurred by Coach for the defined contribution and benefit plans is as follows:

	Fiscal Year Ended		
	June 28, 2003	June 29, 2002	June 30, 2001
Coach, Inc. Savings and Profit Sharing Plan	$5,308	$3,926	$ —
Coach Leatherware Company, Inc. Supplemental Pension Plan	51	71	110
Patricipation in Sara Lee sponsored defined benefit plans	—	—	3,542
Total expense	$5,359	$3,997	$3,652

The components of the Coach Leatherware Company, Inc. Supplemental Pension Plan expense were:

	Fiscal Year Ended		
	June 28, 2003	June 29, 2002	June 30, 2001
Components of defined benefit net periodic pension costs (benefit):			
Service cost	$ 15	$ 15	$ 183
Interest cost	370	350	337
Expected return on assets	(381)	(381)	(415)
Amortization of:			
Net initial asset	—	—	(48)
Prior service cost	1	1	29
Net actuarial loss	46	86	24
Net periodic pension cost	$ 51	$ 71	$ 110

The funded status of the Coach Leatherware Company, Inc. Supplemental Pension Plan at the respective year ends was:

	Fiscal Year Ended		
	June 28, 2003	June 29, 2002	June 30, 2001
Projected benefit obligation:			
Beginning of year	$5,414	$5,515	$5,289
Service cost	15	15	183
Interest cost	370	350	337
Benefits paid	(218)	(187)	(177)
Actuarial loss (gain)	402	(279)	(117)
Benefit obligation at end of year	$5,983	$5,414	$5,515

COACH, INC.

Notes to Consolidated Financial Statements — (Continued)

(dollars and shares in thousands, except per share data)

	Fiscal Year Ended		
	June 28, 2003	June 29, 2002	June 30, 2001
Fair value of plan assets:			
Beginning of year	$4,740	$4,605	$4,990
Actual return (loss) on plan assets	(659)	322	(208)
Employer contributions	—	—	—
Benefits paid	(218)	(187)	(177)
Fair value of plan assets at end of year	$3,863	$4,740	$4,605

	Fiscal Year Ended		
	June 28, 2003	June 29, 2002	June 30, 2001
Funded status	$(2,120)	$(675)	$ (909)
Unrecognized:			
Prior service cost	1	1	1
Net actuarial loss	2,244	850	1,156
Net initial asset	—	—	—
Prepaid benefit cost recognized	$ 125	$ 176	$ 248
Amounts recognized on the consolidated balance sheets:			
Other noncurrent assets	$ 1	$ 1	$ 1
Accrued benefit liability	(2,120)	(675)	(909)
Accumulated other comprehensive income	2,244	850	1,156
Prepaid benefit cost recognized	$ 125	$ 176	$ 248

Net pension expense for the Coach Leatherware Company, Inc. Plan is determined using assumptions as of the beginning of each year. Funded status is determined using assumptions as of the end of each year.

The assumptions used at the respective year-ends were:

	Fiscal Year Ended		
	June 28, 2003	June 29, 2002	June 30, 2001
Discount rate	6.50%	7.00%	6.50%
Long-term rate of return on plan assets	7.50%	8.25%	8.50%
Rate of compensation increase	5.50%	5.50%	5.50%

10. Segment Information

The Company operates its business in two reportable segments: Direct-to-Consumer and Indirect. The Company's reportable segments represent channels of distribution that offer similar merchandise, service and marketing strategies. Sales of Coach products through Company-operated retail and factory stores, the Coach catalog and the Internet constitute the Direct-to-Consumer segment. Indirect refers to sales of Coach products to other retailers and includes sales through Coach Japan. In deciding how to allocate resources and assess performance, Coach's executive officers regularly evaluate the sales and operating income of these segments. Operating income is the gross margin of the segment less direct expenses of the segment.

COACH, INC.

Notes to Consolidated Financial Statements — (Continued)

(dollars and shares in thousands, except per share data)

Unallocated corporate expenses include production variances, general marketing, administration and information systems, distribution and customer service expenses.

Fiscal 2003	Direct-to-Consumer	Indirect	Corporate Unallocated	Total
Net sales	$559,553	$393,673	$ —	$953,226
Operating income	198,247	166,604	(121,089)	243,762
Interest income			1,754	1,754
Interest expense	—	—	695	695
Income (loss) before provision for income taxes and minority interest	198,247	166,604	(120,030)	244,821
Provision for income taxes	—	—	90,585	90,585
Minority interest, net of tax	—	—	7,608	7,608
Depreciation and amortization	17,484	5,327	7,420	30,231
Total assets	194,157	137,587	285,908	617,652
Additions to long-lived assets	32,520	16,602	7,990	57,112

Fiscal 2002	Direct-to-Consumer	Indirect	Corporate Unallocated	Total
Net sales	$447,062	$272,341	$ —	$719,403
Operating income	135,831	106,720	(108,916)	133,635
Interest income			825	825
Interest expense	—	—	1,124	1,124
Income (loss) before provision for income taxes and minority interest	135,831	106,720	(109,215)	133,336
Provision for income taxes	—	—	47,325	47,325
Minority interest, net of tax	—	—	184	184
Depreciation and amortization	16,192	1,986	7,316	25,494
Total assets	150,315	108,764	181,492	440,571
Additions to long-lived assets	28,461	21,162	7,398	57,021

Fiscal 2001	Direct-to-Consumer	Indirect	Corporate Unallocated	Total
Net sales	$391,776	$208,715	$ —	$600,491
Operating income	120,330	89,516	(108,158)	101,688
Interest income			305	305
Interest expense	—	—	2,563	2,563
Income (loss) before provision for income taxes and minority interest	120,330	89,516	(110,416)	99,430
Provision for income taxes	—	—	35,400	35,400
Minority interest, net of tax	—	—	—	—
Depreciation and amortization	14,600	1,525	8,006	24,131
Total assets	135,760	60,374	62,577	258,711
Additions to long-lived assets	24,823	2,568	4,477	31,868

COACH, INC.

Notes to Consolidated Financial Statements — (Continued)

(dollars and shares in thousands, except per share data)

The following is a summary of the common costs not allocated in the determination of segment performance.

	Fiscal Year Ended		
	June 28, 2003	June 29, 2002	June 30, 2001
Manufacturing variances	$ 6,755	$ 2,180	$ (170)
Advertising, marketing and design	(48,491)	(44,526)	(44,837)
Administration and information systems	(51,843)	(38,512)	(35,011)
Distribution and customer service	(27,510)	(24,685)	(23,571)
Reorganization costs	—	(3,373)	(4,569)
Total corporate unallocated	$(121,089)	$(108,916)	$(108,158)

Geographic Area Information

As of June 28, 2003, Coach operated 156 retail stores and 76 factory stores in North America and operated four distribution, product development and quality control locations in the United States, Italy and China. Geographic revenue information is based on the location of the end customer. Geographic long-lived asset information is based on the physical location of the assets at the end of each period. Indirectly, through Coach Japan, Coach operates 93 retail and department store locations in Japan.

	United States	Japan	Other International(1)	Total
Fiscal 2003				
Net sales	$735,890	$177,821	$39,515	$953,226
Long-lived assets	127,251	31,966	785	160,002
Fiscal 2002				
Net sales	$590,237	$ 95,702	$33,464	$719,403
Long-lived assets	106,600	20,647	705	127,952
Fiscal 2001				
Net sales	$528,585	$ 40,861	$31,045	$600,491
Long-lived assets	87,217	489	377	88,083

(1) Other International sales reflect shipments to third-party distributors primarily in East Asia and, in fiscal 2002 and fiscal 2001, sales from Coach-operated retail stores in the United Kingdom.

11. Coach Japan, Inc. and the Acquisition of Distributors

In order to expand its presence in the Japanese market and to exercise greater control over its brand in that country, Coach formed Coach Japan, Inc. and has completed a program to acquire the existing distributors. This entity is a joint venture with Sumitomo, which manages the Coach business in Japan. Coach owns 50% of Coach Japan and is deemed to have control as Coach appoints a majority of the Board of Directors, and, as such, Coach Japan is accounted for as a consolidated subsidiary. Under the terms of the joint venture agreement, Coach supplies its merchandise to Coach Japan for distribution and sale in Japan. Additionally, the joint venture agreement contains provisions to enable Coach to purchase the remaining minority interest in Coach Japan after the beginning of the seventh year of the joint venture agreement. Alternatively, Sumitomo could require Coach to purchase its ownership interest in the joint venture after such time as established in the terms of the joint venture agreement.

COACH, INC.

Notes to Consolidated Financial Statements — (Continued)

(dollars and shares in thousands, except per share data)

On July 31, 2001, Coach Japan completed the purchase of 100% of the capital stock of P.D.C. Co. Ltd. (“PDC”) from the Mitsukoshi Department Store Group (“Mitsukoshi”) for a total purchase price of $9,018. Mitsukoshi established PDC in 1991 to expand Coach distribution to select department stores throughout Japan. At the time of acquisition PDC operated 63 retail and department store locations in Japan. The strength of the going concern and the established locations supported a premium above the fair value of the individual assets. The fair value of assets acquired was $22,351, and liabilities assumed were $20,732. Excess purchase price over fair market value is reported as goodwill. Results of the acquired business are included in the consolidated financial statements from August 1, 2001, onward. Unaudited pro forma information related to this acquisition are not included, as the impact of this transaction is not material to the consolidated results of the Company.

On January 1, 2002, Coach Japan completed the buyout of the distribution rights and assets, related to the Coach business, from J. Osawa and Company, Ltd. (“Osawa”) for $5,792 in cash. At the time of the acquisition, Osawa operated 13 retail and department store locations in Japan. The strength of the going concern and the established locations supported a premium above the fair value of the individual assets. The assets acquired of $5,371 were recorded at estimated fair values as determined by the Company’s management. Goodwill of $421 has been recognized for the excess of the purchase price over the estimate of fair market value of the net assets acquired. Results of the acquired business are included in the consolidated financial statements from January 1, 2002, onward. Unaudited pro forma information related to this acquisition are not included, as the impact of this transaction is not material to the consolidated results of the Company.

As of June 28, 2003 there were 95 Coach locations in Japan, including 75 department stores and 18 retail stores managed by Coach Japan and two airport locations operated by a distributor.

12. Derivative Instruments and Hedging Activities

Effective July 2, 2000, the Company adopted SFAS No. 133, “Accounting for Derivative Instruments and Hedging Activities”. SFAS No. 133, as amended and interpreted, establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. All derivatives, whether designated in hedging relationships or not, are required to be recorded on the balance sheet at fair value. If the derivative is designated as a fair value hedge, the changes in fair value of the hedged item are recorded in the statements of operations in the period incurred. If the derivative is designated as a cash flow hedge, effective changes in the fair value of the derivative are recorded in other comprehensive income and are recognized in the statement of operations when the hedged items affect earnings. Ineffective portions of changes in the fair value of cash flow hedges are recognized in earnings immediately. It is the Company’s policy not to enter into derivative instruments for trading or speculative purposes.

Substantially all purchases and sales involving international parties are denominated in U.S. dollars, the majority of which are not hedged using any derivative instruments. However, the Company is exposed to market risk from foreign currency exchange rate fluctuations with respect to Coach Japan as a result of its U.S. dollar-denominated inventory purchases. The Company, through Coach Japan, enters into certain foreign currency derivative contracts, primarily foreign exchange forward contracts, to manage these risks. Prior to the formation of Coach Japan, the Company had not used foreign currency derivative instruments. In addition, the Company is exposed to foreign currency exchange rate fluctuations related to the euro-denominated expenses of its Italian sourcing office. During the third quarter of fiscal 2003, the Company began a program to enter into certain foreign currency derivative contracts, primarily foreign exchange forward contracts, in order to manage these fluctuations.

(dollars and shares in thousands, except per share data)

In assessing the fair value of these contracts, the Company has utilized independent valuations. However, some judgment is required in developing estimates of fair values. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that the Company could settle in a current market exchange. The use of different market assumptions or methodologies could affect the estimated fair value.

The foreign currency contracts entered into by the Company have durations no greater than 12 months. The fair values of open foreign currency derivatives included in accrued liabilities at June 28, 2003 and June 29, 2002 were $0 and $3,308, respectively. The fair value of open foreign currency derivatives included in current assets was $405 and $0 at June 28, 2003 and June 29, 2002, respectively. For fiscal 2003, open foreign currency forward contracts not designated as hedges with a notional amount of $33,150 were fair valued and resulted in a pretax non cash benefit to earnings of $3,357. At June 29, 2002, open foreign currency forward contracts not designated as hedges with a notional amount of $33,150 were fair valued and resulted in a pretax non cash charge to earnings of $3,252. The fair value adjustment is included as a component of selling, general and administrative expenses. Also, as of June 28, 2003, open foreign currency forward contracts designated as hedges with a notional amount of $39,300 were fair valued resulting in an increase to equity as a benefit to other comprehensive income of $168, net of taxes. There were no foreign currency forward contracts entered into by the Company as of June 30, 2001.

13. Goodwill and Intangible Assets

The Company adopted SFAS No. 142 in the first quarter of fiscal 2002, resulting in no goodwill or trademark amortization expense in fiscal 2002 and fiscal 2003. Under this standard, goodwill and indefinite life intangible assets, such as the Company's trademarks, are no longer amortized but are subject to annual impairment tests. In accordance with SFAS No. 142, prior period amounts were not restated. Coach recorded goodwill and trademark amortization expense of $900 in fiscal 2001. If the guidance of the statement had been applied retroactively, prior year results would have been different than previously reported. A reconciliation of net income as reported to adjusted net income for the exclusion of goodwill and trademark amortization, net of tax, for fiscal 2001 is as follows:

	Fiscal Year Ended June 30, 2001
Net income, as reported	$64,030
Add back: amortization expense, net of tax	664
Proforma net income	$64,694
Earnings per share as reported:	
Basic	$ 0.78
Diluted	$ 0.76
Proforma earnings per share:	
Basic	$ 0.79
Diluted	$ 0.77
Shares used in computing earnings per share:	
Basic	81,860
Diluted	84,312

(dollars and shares in thousands, except per share data)

Changes in the carrying amounts of net goodwill for the years ended June 28, 2003 and June 29, 2002 are as follows:

	Direct-to-Consumer	Indirect	Total
Balance at June 30, 2001	$3,408	$1,516	$ 4,924
PDC acquisition	—	7,399	7,399
Osawa acquisition	—	421	421
Foreign exchange impact	—	262	262
Balance at June 29, 2002	$3,408	$9,598	$13,006
Foreign exchange impact	—	3	3
Balance at June 28, 2003	$3,408	$9,601	$13,009

14. Earnings Per Share

Prior to October 2, 2000, Coach operated as a division of Sara Lee and did not have any shares outstanding. The initial capitalization of Coach, Inc. was two shares. On October 2, 2000, a stock dividend was declared resulting in 70,052 shares held by Sara Lee. The number of shares outstanding has been restated to reflect the effect of this stock dividend for all periods presented prior to October 2, 2000. During October 2000, the initial public offering of the Company's common stock was accomplished, resulting in the issuance of an additional 16,974 shares. Following the offering, 87,026 shares were outstanding. Dilutive securities include share equivalents held in employee benefit programs and the impact of stock option programs.

The following is a reconciliation of the weighted-average shares outstanding and calculation of basic and diluted earnings per share:

	Fiscal Year Ended		
	June 28, 2003	June 29, 2002	June 30, 2001
Net earnings	$146,628	$85,827	$64,030
Total basic shares	89,779	88,048	81,860
Dilutive securities:			
Employee benefit and stock award plans	460	342	244
Stock option programs	2,682	2,562	2,208
Total diluted shares	92,921	90,952	84,312
Earnings per share:			
Basic	$ 1.63	$ 0.97	$ 0.78
Diluted	$ 1.58	$ 0.94	$ 0.76

15. Relationship with Sara Lee

Prior to the Separation Date, Coach operated as a division of Sara Lee. As a division three types of intercompany transactions were recorded in the Coach intercompany account with Sara Lee: cash collections from Coach's operations that were deposited into the intercompany account; cash borrowings that were used to fund operations; and allocations of corporate expenses and charges. Cash collections included all cash receipts required to be deposited into the intercompany account as part of the Sara Lee cash concentration system. Cash borrowings made by Coach from the Sara Lee cash concentration system were used to fund operating expenses.

The Company was charged with allocations of corporate expenses in the amounts of $31,437 for fiscal 2001, which was included as a component of selling, general and administrative expenses. These charges consisted of expenses for business insurance, medical insurance, employee benefit plan amounts, income, employment and other tax amounts and allocations from Sara Lee for certain centralized administration costs for treasury, real estate, accounting, auditing, tax, risk management, human resources and benefits administration. As of the Separation Date there are no further transactions of this nature.

16. Shareholder Rights Plan

On May 3, 2001 Coach declared a “poison pill” dividend distribution of rights to buy additional common stock to the holder of each outstanding share of Coach’s common stock.

Subject to limited exceptions, these rights may be exercised if a person or group intentionally acquires 10% or more of the Company’s common stock or announces a tender offer for 10% or more of the common stock on terms not approved by the Coach Board of Directors. In this event, each right would entitle the holder of each share of Coach’s common stock to buy one additional common share of the Company at an exercise price far below the then-current market price. Subject to certain exceptions, Coach’s Board of Directors will be entitled to redeem the rights at $0.001 per right at any time before the close of business on the tenth day following either the public announcement that, or the date on which a majority of Coach’s Board of Directors becomes aware that, a person has acquired 10% or more of the outstanding common stock. The Company is currently aware of one institutional shareholder whose common stock holdings exceed the 10% threshold established by the rights plan. This holder has been given permission to increase its ownership in the Company to a maximum of 15%, subject to certain exceptions, before triggering the provision of the rights plan.

17. Business Interruption Insurance

Coach operated a retail store in the World Trade Center since 1995. During fiscal 2001, the store generated sales of $4,382. As a result of the September 11, 2001 attack, the store was destroyed. Inventory of $180 and fixed assets of $353 were removed from the accounts, and Coach has received payments under its property insurance coverage.

Losses relating to the Company’s business interruption coverage have been filed with the insurers. Coach has held discussions with its insurance carriers and expects to fully recover these losses. In fiscal 2003 Coach received payments of $1,484 under its business interruption coverage. In fiscal 2002 Coach received payments of $1,413 under its business interruption coverage. These amounts have been included as a reduction of selling, general and administrative expenses.

18. Stock Repurchase Program

On September 17, 2001, the Coach Board of Directors authorized the establishment of a common stock repurchase program. Under this program, up to $80,000 may be utilized to repurchase common stock through September 2004. Purchases of Coach stock may be made from time to time, subject to market conditions and at prevailing market prices, through open market purchases. Repurchased shares will become authorized but unissued shares and may be issued in the future for general corporate and other uses. The Company may terminate or limit the stock repurchase program at any time.

On January 30, 2003, the Coach Board of Directors approved an additional common stock repurchase program to acquire up to $100,000 of Coach’s outstanding common stock through January 2006. The duration of Coach's existing repurchase program was also extended through January 2006. Purchases of Coach stock may be made from time to time, subject to market conditions and at prevailing market prices, through open market purchases. Repurchased shares will be retired and may be reissued in the future for general corporate or other purposes. The Company may terminate or limit the stock repurchase program at any time.

During the fiscal 2003, the Company repurchased 1,929 shares of common stock at an average cost of $25.89 per share. During fiscal 2002, the Company repurchased 860 shares of common stock at an average cost of $11.45 per share.

As of June 28, 2003, Coach had approximately $120,000 remaining in the stock repurchase program.

19. Related-Party Transaction

On July 26, 2001, Coach made a loan to Reed Krakoff, its President, Executive Creative Director, in the principal amount of $2,000. The loan bears interest at a rate of 5.12% per annum, compounded annually. This loan amount and the applicable accrued interest, less payments received, is recorded as a component of other noncurrent assets in the accompanying balance sheet as of June 28, 2003. Repayments of $400 principal must be made on or before each of July 26, 2003, 2004, 2005; the remaining $800 of principal, together with all accrued interest under the loan, must be paid on or before July 26, 2006. Mr. Krakoff may repay these amounts at any time. As collateral for the loan, Mr. Krakoff pledged to Coach his options to purchase 300 shares of Coach common stock at a price of $8.00 per share, including the shares of stock and any cash or other property he receives upon exercise of or in exchange for those options. Mr. Krakoff would be obligated to repay the loan in full immediately following certain events of default, including his failure to make payments under the loan as scheduled, his bankruptcy or the termination of his employment with Coach for any reason.

On November 7, 2002, Mr. Krakoff paid Coach the first principal payment of $400 under the loan agreement. Upon receipt of this payment, the collateral options were reduced proportionately under the terms of the agreement.

20. Subsequent Event

On August 7, 2003, Coach's Board of Directors authorized a two-for-one split of the Company's common stock, to be effected in the form of a special dividend of one share of the Company's common stock for each share outstanding. The additional shares issued as a result of the stock split will be distributed on October 1, 2003 to stockholders of record on September 17, 2003. The presented financial statements do not reflect the impact of the stock split other than the proforma disclosures presented on the consolidated statements of income, as the distribution of the additional shares has not occurred.

(dollars and shares in thousands, except per share data)

21. Quarterly Financial Data (Unaudited)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Fiscal 2003				
Net sales	192,791	308,523	220,396	231,516
Gross profit	131,224	216,842	159,807	169,556
Net income	22,480	62,431	31,853	29,864
Earnings per common share:				
Basic	$ 0.25	$ 0.70	$ 0.35	$ 0.33
Diluted	$ 0.24	$ 0.68	$ 0.34	$ 0.32
Fiscal 2002				
Net sales	150,702	235,750	161,571	171,380
Gross profit	96,571	161,618	111,106	114,067
Net income	12,538	44,166	11,817	17,306
Earnings per common share:				
Basic	$ 0.14	$ 0.51	$ 0.13	$ 0.19
Diluted	$ 0.14	$ 0.49	$ 0.13	$ 0.19
Fiscal 2001				
Net sales	131,495	211,028	125,714	132,254
Gross profit	81,931	136,882	80,442	82,729
Net income	7,591	39,204	7,993	9,242
Earnings per common share:				
Basic	$ 0.11	$ 0.45	$ 0.09	$ 0.11
Diluted	$ 0.11	$ 0.44	$ 0.09	$ 0.10

The sum of the quarterly earnings per common share may not equal the full-year amount since the computations of the weighted-average number of common-equivalent shares outstanding for each quarter and the full year are made independently.

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COACH, INC.

Market and Dividend Information

Coach's common stock is listed on the New York Stock Exchange and is traded under the symbol "COH". Prior to the October 4, 2000 initial public offering, there was no public trading market for any of our securities. The following table sets forth, for the fiscal periods indicated, the high and low closing prices per share of Coach's common stock as reported on the New York Stock Exchange Composite Tape.

	Fiscal Year Ended 2003	
	High	Low
Quarter ended		
September 28, 2002	$29.36	$18.13
December 28, 2002	34.47	23.59
March 29, 2003	39.93	29.17
June 28, 2003	52.88	37.08
Closing price at June 27, 2003	$49.94	

	Fiscal Year Ended 2002	
	High	Low
Quarter ended		
September 29, 2001	$21.10	$10.95
December 29, 2001	19.32	11.42
March 30, 2002	26.28	18.98
June 29, 2002	29.94	23.93
Closing price at June 28, 2002	$27.45	

	Fiscal Year Ended 2001	
	High	Low
Quarter ended		
September 30, 2000	$ —	$ —
December 30, 2000	14.38	8.00
March 31, 2001	18.00	11.22
June 30, 2001	19.25	11.80
Closing price at June 29, 2001	$19.03	

Coach has never declared or paid any cash dividends on its common stock. Coach currently intends to retain future earnings, if any, for use in its business and is presently not planning to pay regular cash dividends in its common stock. The Fleet facility prohibits Coach from paying dividends while the credit facility is in place, with certain exceptions. Any future determination to pay cash dividends will be at the discretion of Coach's Board of Directors and will be dependent upon Coach's financial condition, operating results, capital requirements and such other factors as the Board of Directors deems relevant.

COACH, INC.

Schedule II — Valuation and Qualifying Accounts

For the Fiscal Years Ended June 28, 2003, June 30, 2002 and June 30, 2001

	Balance at Beginning of Year	Provision Charged to Costs and Expenses	Write-offs/ Allowances Taken	Balance at End of Year
		(amounts in thousands)		
Fiscal 2003				
Allowance for bad debts	$1,335	$ 97	$ (120)	$1,312
Allowance for returns	2,841	3,561	(1,619)	4,783
Total	$4,176	$3,658	$(1,739)	$6,095
Fiscal 2002				
Allowance for bad debts	$ 776	$ 674	$ (115)	$1,335
Allowance for returns	5,512	268	(2,939)(1)	2,841
Total	$6,288	$ 942	$(3,054)	$4,176
Fiscal 2001				
Allowance for bad debts	$ 535	$ 355	$ (114)	$ 776
Allowance for returns	5,396	3,048	(2,932)	5,512
Total	$5,931	$3,403	$(3,046)	$6,288

(1) Includes a reclassification to accrued liabilities of $2,412 related to consumer returns where there is not an outstanding receivable.

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COACH, INC.

EXHIBITS TO FORM 10-K

For the Fiscal Year Ended June 28, 2003

Commission File No. 1-16153

(a) Exhibits (numbered in accordance with Item 601 of Regulation S-K)

Exhibit No.	Description
3.1	Amended and Restated Bylaws of Coach, Inc., dated May 3, 2001, which is incorporated herein by reference from Exhibit 3.1 to Coach's Current Report on Form 8-K filed on May 9, 2001
3.2	Articles Supplementary of Coach, Inc., dated May 3, 2001, which is incorporated herein by reference from Exhibit 3.2 to Coach's Current Report on Form 8-K filed on May 9, 2001
3.3	Articles of Amendment of Coach, Inc., dated May 3, 2001, which is incorporated herein by reference from Exhibit 3.3 to Coach's Current Report on Form 8-K filed on May 9, 2001
3.4	Articles of Amendment of Coach, Inc., dated May 3, 2002, which is incorporated by reference from Exhibit 3.4 to Coach's Annual Report on Form 10-K for the fiscal year ended June 29, 2002
4.1	Rights Agreement, dated as of May 3, 2001, between Coach, Inc. and Mellon Investor Services LLC, which is incorporated herein by reference from Exhibit 4 to Coach's Current Report on Form 8-K filed on May 9, 2001.
4.2	Specimen Certificate for Common Stock of Coach, which is incorporated herein by reference from Exhibit 4.1 to Coach's Registration Statement on Form S-1 (Registration No. 333-39502)
10.1	Revolving Credit Agreement by and between Coach, certain lenders and Fleet National Bank, which is incorporated herein by reference from Exhibit 10.18 to Coach's Registration Statement on Form S-4 (Registration No. 333-54402)
10.2	Master Separation Agreement between Coach and Sara Lee, which is incorporated herein by reference from Exhibit 2.1 to Coach's Registration Statement on Form S-1 (Registration No. 333-39502)
10.3	Tax Sharing Agreement between Coach and Sara Lee, which is incorporated herein by reference from Exhibit 2.2 to Coach's Registration Statement on Form S-1 (Registration No. 333-39502)
10.4	General Assignment and Assumption Agreement between Coach and Sara Lee, which is incorporated herein by reference from Exhibit 2.3 to Coach's Registration Statement on Form S-1 (Registration No. 333-39502)
10.5	Employee Matters Agreement between Coach and Sara Lee, which is incorporated by reference herein from Exhibit 2.4 to Coach's Form 10-Q for the quarterly period ended September 30, 2000, filed with the Commission on November 14, 2000
10.6	Real Estate Matters Agreement between Coach and Sara Lee, which is incorporated herein by reference from Exhibit 2.5 to Coach's Registration Statement on Form S-1 (Registration No. 333-39502)
10.7	Master Transitional Services Agreement between Coach and Sara Lee, which is incorporated herein by reference from Exhibit 2.6 to Coach's Registration Statement on Form S-1 (Registration No. 333-39502)
10.8	Indemnification and Insurance Matters Agreement between Coach and Sara Lee, which is incorporated herein by reference from Exhibit 2.7 to Coach's Registration Statement on Form S-1 (Registration No. 333-39502)
10.9	Lease Indemnification and Reimbursement Agreement between Sara Lee and Coach, which is incorporated herein by reference from Exhibit 2.10 to Coach's Registration Statement on Form S-1 (Registration No. 333-39502)
10.10	Coach, Inc. 2000 Stock Incentive Plan
10.11	Coach, Inc. Executive Deferred Compensation Plan

Exhibit No.	Description
10.12	Coach, Inc. Performance-Based Annual Incentive Plan, which is incorporated by reference from Appendix C to the Registrant's Definitive Proxy Statement for the 2001 Annual Meeting of Stockholders, filed on October 4, 2001
10.13	Coach, Inc. 2000 Non-Employee Director Stock Plan
10.14	Coach, Inc. Non-Qualified Deferred Compensation Plan for Outside Directors
10.15	Coach, Inc. 2001 Employee Stock Purchase Plan, which is incorporated by reference from Exhibit 10.15 to Coach's Annual Report on Form 10-K for the fiscal year ended June 29, 2002
10.16	Jacksonville, FL Lease Agreement, which is incorporated herein by reference from Exhibit 10.6 to Coach's Registration Statement on Form S-1 (Registration No. 333-39502)
10.17	New York, NY Lease Agreement, which is incorporated herein by reference from Exhibit 10.7 to Coach's Registration Statement on Form S-1 (Registration No. 333-39502)
10.18	Secured Loan Agreement dated July 26, 2001 between Coach and Reed Krakoff, which is incorporated by reference herein from Exhibit 10.17 to Coach's Form 10-K for the fiscal year ended June 30, 2001, filed with the Commission on September 21, 2001
10.19	Pledge, Assignment and Security Agreement dated July 26, 2001 between Coach and Reed Krakoff, which is incorporated by reference herein from Exhibit 10.18 to Coach's Form 10-K for the fiscal year ended June 30, 2001, filed with the Commission on September 21, 2001
10.20	Employment Agreement dated June 1, 2003 between Coach and Lew Frankfort
10.21	Employment Agreement dated June 1, 2003 between Coach and Reed Krakoff
10.22	Employment Agreement dated June 1, 2003 between Coach and Keith Monda
21.1	List of Subsidiaries of Coach
23.1	Consent of Deloitte & Touche LLP
31.1	Rule 13(a)-14(a)/15(d)-14(a) Certifications
32.1	Section 1350 Certifications

(b) Reports on Form 8-K

Current Report on Form 8-K, filed with the Commission on April 22, 2003. This report contained the Company's preliminary earnings result for the third quarter of fiscal year 2003.

Current Report on Form 8-K, filed with the Commission on June 13, 2003. This report described a Rule 10b5-1 trading plan instituted by the Company's Chairman and Chief Executive Officer.

Current Report on Form 8-K, filed with the Commission on July 29, 2003. This report contained the Company's preliminary earnings result for the fourth quarter of, and full year for, fiscal year 2003.

Exhibit 10.10

COACH, INC.
2000 STOCK INCENTIVE PLAN
(Amended and Restated as of August 6, 2003)

The Coach, Inc. 2000 Stock Incentive Plan was originally approved by the Board of Directors of Coach, Inc. on June 23, 2000 and was originally approved by the stockholders of Coach, Inc. on June 29, 2000. In furtherance of the purposes of said plan and in order to amend said plan in certain respects, the plan has been amended and restated in its entirety, effective as of August 6, 2003. This amendment and restatement constitutes a complete amendment, restatement and continuation of the Coach, Inc. 2000 Stock Incentive Plan.

ARTICLE I - PURPOSES

The purposes of the Coach, Inc. 2000 Stock Incentive Plan are to promote the interests of the Company and its stockholders by strengthening the Company's ability to attract and retain highly competent officers and employees, and to provide a means to encourage stock ownership and proprietary interest in the Company. The Stock Incentive Plan is intended to provide Plan participants with stock-based incentive compensation which is not subject to the deduction limitation rules prescribed under Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), and, when applicable should be construed to the extent possible as providing for remuneration which is "performance-based compensation" within the meaning of Section 162(m) of the Code and the regulations promulgated thereunder.

ARTICLE II - DEFINITIONS

Unless the context clearly indicates otherwise, the following terms shall have the following meanings:

(a) "AWARD" means, individually or in the aggregate, an award granted to a Participant under the Plan in the form of an Option, a Stock Award, or an SAR, or any combination of the foregoing.

(b) "BOARD" means the Board of Directors of Coach, Inc.

(c) "CHANGE OF CONTROL" has the meaning set forth in Article X.

(d) "COMMITTEE" means the Compensation and Employee Benefits Committee of the Board, a subcommittee thereof, or such other committee as may be appointed by the Board. The Committee shall be comprised of three (3) or more members of the Board, each of whom is both a "non-employee director" under Rule 16b-3 of the Exchange Act and an "outside director" under Section 162(m) of the Code.

(e) "COMPANY" means Coach, Inc., a Maryland corporation, or any entity that is directly or indirectly controlled by Coach, Inc. and its subsidiaries.

(f) "EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended.

(g) "FAIR MARKET VALUE" means the average of the highest and lowest sale prices of a Share on the New York Stock Exchange Composite Transactions Tape on the date of determination, provided that if there should be no sales of Shares reported on such date, the Fair Market Value of a Share on such date shall be the average of the highest and lowest sale prices of a Share on such Composite Tape for the last preceding date on which sales of Shares were reported and, provided further, that the Fair Market Value of Shares on the date on which the Company first issues Shares to the public that are required to be registered under the Exchange Act (the "IPO") shall be the initial offering price of Shares on such date. In the event that Shares are not traded on the New York Stock Exchange as of a given date, the Fair Market Value of a Share as of such date shall be established by the Committee acting in good faith.

(h) "INCENTIVE STOCK OPTION" means a stock option that complies with Section 422 of the Code, or any successor law.

(i) "NON-QUALIFIED STOCK OPTION" means a stock option that does not meet the requirements of Section 422 of the Code, or any successor law.

(j) "OPTION" means an option awarded under Article VI to purchase Shares. An option may be either an Incentive Stock Option or a Non-Qualified Stock Option, as determined by the Committee in its sole discretion.

(k) "PARTICIPANT" means any of the following individuals designated by the Committee as eligible to receive an Award or Awards under the Plan: (i) an officer or key employee of the Company at or above the "director" level, (ii) all other employees of the Company, including, but not limited to, Regional Managers, District Managers, Area Managers and Store Managers in the Company's Retail Division, (iii) a person expected to become an employee of the Company, or (iv) a former officer or employee of the Company for the purposes of adjustments to Awards pursuant to Article V(b) of the Plan. Notwithstanding the foregoing, an employee of the Company who terminated employment prior to the Company's IPO shall not be eligible to receive new Awards under the Plan, except to the extent such employee is subsequently rehired by the Company and is eligible to become a Participant in the Plan under (i), (ii) or (iii) above.

(l) "PLAN" means this Coach, Inc. 2000 Stock Incentive Plan, as amended and restated effective as of August 6, 2003, and as may be further amended from time to time.

(m) "PRIOR PLANS" means the Sara Lee Corporation 1989 Incentive Stock Plan, the Sara Lee Corporation 1995 Long-Term Incentive Stock Plan, the Sara Lee Corporation 1998 Long-Term Incentive Plan and the Sara Lee Corporation Share 2000 Global Stock Plan, as they may be amended and restated from time to time.

(n) "SAR" means a stock appreciation right.

(o) "SHARES" means shares of Coach, Inc. common stock, par value $0.01 per share.

(p) "STOCK AWARD" means an Award made under Article VI(a)(iii).

ARTICLE III - EFFECTIVE DATE AND DURATION

The Plan became effective on June 29, 2000, the date it was approved by the sole stockholder of the Company, and was amended and restated in its entirety effective as of August 6, 2003. Unless sooner terminated by the Board, the Plan shall expire when Shares are no longer available for the grant, exercise or settlement of Awards.

ARTICLE IV - ADMINISTRATION

The Committee shall be responsible for administering the Plan, and shall have full power to interpret the Plan and to adopt such rules, regulations and guidelines for carrying out the Plan as it may deem necessary or appropriate. This power includes, but is not limited to, selecting Award recipients, establishing all Award terms and conditions, adopting procedures and regulations governing Awards, and making all other determinations necessary or advisable for the administration of the Plan. In no event, however, shall the Committee have the power to cancel outstanding Options or SARs for the purpose of replacing or regranting such Options or SARs with a purchase price that is less than the purchase price of the original Option or SAR. All decisions made by the Committee shall be final and binding on all persons.

The Committee may delegate some or all of its power to the Chairman and Chief Executive Officer or other executive officer of the Company as the Committee deems appropriate; provided, that (i) the Committee may not delegate its power with regard to the grant of an Award to any person who is a "covered employee" within the meaning of Section 162(m) of the Code or who, in the Committee's judgment, is likely to be a covered employee at any time during the period an Award to such employee would be outstanding and (ii) the Committee may not delegate its power with regard to the selection for participation in the Plan of an officer or other person subject to Section 16 of the Exchange Act or decisions concerning the timing, pricing or amount of an Award to such an officer or other person.

ARTICLE V - AVAILABLE SHARES

(a) LIMITATIONS - Subject to Article V(b) of the Plan, the aggregate number of Shares which may be delivered to participants under the Plan shall be seven-million four-hundred thousand seven-hundred and ninety-two (7,400,792) Shares, reduced by the aggregate number of Shares which become subject to outstanding Awards; provided, that the number of Shares subject to Awards that are granted in substitution of an option or other award (a "Substitute Award") issued under the Prior Plans or by an entity acquired by (or whose assets are acquired by) the Company shall not reduce the number of Shares available under the Plan. To the extent that Shares subject to an outstanding Award are not delivered to a participant by reason of the expiration, termination, cancellation or forfeiture of such award or by reason of the tendering or withholding of Shares to satisfy all or a portion the tax withholding obligations relating to an Award, and to the extent Shares are purchased by the Company with the amount of cash obtained upon the exercise of Options, then such Shares shall not be deemed to have been delivered for purposes of determining the maximum number of Shares available for delivery under the Plan. If the exercise price of any Option granted under the Plan or any Prior Plan is satisfied by tendering Shares (by actual delivery or attestation), only the number of Shares issued to the participant net of the Shares tendered shall be deemed to be delivered for purposes of determining the maximum number of Shares available for delivery under the Plan.

The aggregate number of Shares that may be used in settlement or payment of Stock Awards is one-million four hundred eighty-thousand one-hundred and fifty-eight (1,480,158) Shares, of which no more than seven hundred forty thousand seventy nine (740,079) Shares may be issued without provisions limiting vesting to either (i) a period of no less than one year, in the case of Stock Awards tied to specific performance criteria, or (ii) a period of no less than three years (which may occur in pro rata installments over such period), for all other types of Stock Awards. The number of Shares for which Awards may be granted to any person over the term of the Plan shall not exceed one-
one-million four hundred eighty-thousand one-hundred and fifty-eight (1,480,158) Shares; provided, that such limit shall be five-hundred thousand (500,000) Shares with respect to the calendar year in which such person begins service as the Chief Executive Officer of the Company; and provided, further, that neither limit shall include any Restoration Options and the number of Shares for which Restoration Options may be granted to any person in any calendar year shall not exceed five-hundred thousand (500,000) Shares. Issued Shares shall consist of authorized and unissued Shares, or treasury Shares, and no fractional Shares shall be issued. Cash may be paid in lieu of any fractional Shares in settlement of Awards.

(b) ADJUSTMENTS - In the event of any stock dividend, stock split, combination or exchange of securities, merger, consolidation, recapitalization, spin-off or other distribution (other than normal cash dividends) of any or all of the assets of the Company to stockholders, or any other similar change or event, such proportionate adjustments, if any, as the Committee in its discretion may deem appropriate to reflect such change or event shall be made with respect to the number and class of securities available under the Plan, the limits under Article V(a), the number and class of securities subject to each outstanding Option and the purchase price per security, the terms of each outstanding SAR, and the number and class of securities subject to each outstanding Stock Award shall be appropriately adjusted by the Committee, such adjustments to be made in the case of outstanding Options without an increase in the aggregate purchase price. If any such adjustment would result in a fractional security being (a) available under the Plan, such fractional security shall be disregarded, or (b) subject to an Award, the Company shall pay the holder of such Award, in connection with the first vesting, exercise or settlement of such award in whole or in part occurring after such adjustment, an amount in cash determined by multiplying (i) the fraction of such security (rounded to the nearest hundredth) by (ii) the excess, if any, of (A) the Fair Market Value on the vesting, exercise or settlement date over (B) the exercise price, if any, of such Award.

ARTICLE VI - AWARDS

(a) GENERAL - The Committee shall determine the type or types of Award(s) to be made to each Participant. Awards may be granted singly, in combination or in tandem, and either individually or on the basis of designated groups or categories. In the sole discretion of the Committee, Awards also may be made in combination or in tandem with, in replacement of, as alternatives to, or as the payment form for grants or rights under the Prior Plans or any other compensation plan of the Company, including a plan of any entity acquired by (or whose assets are acquired by) the Company. The types of Awards that may be granted under the Plan are:

(i) OPTIONS - An Option shall represent the right to purchase a specified number of Shares during a specified period up to ten (10) years as determined by the Committee. The purchase price per Share for each Option shall not be less than one-hundred percent (100%) of the Fair Market Value on the date of grant; provided, that a Substitute Award may be granted with a purchase price per Share that is intended to preserve the economic value of the award being replaced. If an Option is granted retroactively in substitution for an SAR, the Fair Market Value in the Award agreement may be the Fair Market Value on the grant date of the SAR. An Option may be in the form of an Incentive Stock Option, or a Non-Qualified Stock Option, as determined by the Committee; provided that Founders' Grants shall always be Non-Qualified Stock Options. The Shares covered by an Option may be purchased, in accordance with the applicable Award agreement, by cash payment or such other method permitted by the Committee, including (i) tendering (either actually or by attestation) Shares owned at least six (6) months, valued at the Fair Market Value at the date of exercise; (ii) authorizing a third party to sell the Shares (or a sufficient portion thereof) acquired upon exercise of an Option, and assigning the delivery to the Company of a sufficient amount of the sale proceeds to pay for all the Shares acquired through such exercise and any tax withholding obligation resulting from such exercise, or (iii) any combination of the above. The Committee may grant Options that provide for the grant of a restoration option ("Restoration Options") if the exercise price and tax withholding obligations are satisfied by tendering (either actually or by attestation) Shares to, or having Shares withheld by, the Company. The Restoration Option would cover the number of Shares tendered or withheld, would have an option purchase price per Share set at the market price of the shares tendered or withheld as described in the previous sentence (determined, if applicable, as the price at which such shares are sold into the market), and would have a term equal to the remaining term of the original Option. No person may be granted Restoration Options more than twice in any calendar year.

(ii) SARs - An SAR shall represent a right to receive a payment, in cash, Shares or a combination, equal to the excess of the Fair Market Value of a specified number of Shares on the date the SAR is exercised over the Fair Market Value on the grant date of the SAR, as set forth in the Award agreement, except that if an SAR is granted retroactively in substitution for an Option, the designated Fair Market Value in the Award agreement may be the Fair Market Value on the grant date of the Option.

(iii) STOCK AWARDS - A Stock Award shall represent an Award made in or valued in whole or in part by reference to Shares, such as performance shares or units or phantom shares or units. Stock Awards may be payable in whole or in part in Shares. All or part of any Stock Award may be subject to conditions and restrictions established by the Committee and set forth in the Award agreement or other plan or document, which may include, but are not limited to, continuous service with the Company and/or the achievement of one or more performance goals. The performance criteria that may be used by the Committee in granting Stock Awards contingent on performance goals shall consist of total stockholder return, appreciation in the fair market value of the Company's stock, net sales growth, net revenue, EBITDA, gross margin, cost reductions or savings, funds from operations, operating income, income before income taxes, net income, income per share (basic or diluted), earnings per share (basic or diluted) profitability as measured by return ratios, including return on invested capital, return on equity, return on sales and return on investment, cash flows, market share or cost reduction goals. The Committee may select one criterion or multiple criteria for measuring performance, and the measurement may be based on Company or business unit performance, or based on comparative performance with other companies.

ARTICLE VII - DIVIDENDS AND DIVIDEND EQUIVALENTS

The Committee may provide that any Awards under the Plan earn dividends or dividend equivalents. Such dividends or dividend equivalents may be paid currently or may be credited to a Participant's account under a deferred compensation plan maintained by the Company (to the extent permitted under such deferred compensation plan). Any crediting of dividends or dividend equivalents may be subject to such restrictions and conditions as the Committee may establish, including reinvestment in additional Shares or Share equivalents.

ARTICLE VIII - PAYMENTS AND PAYMENT DEFERRALS

Payment of Awards may be in the form of cash, Shares, other Awards or combinations thereof as the Committee shall determine, and with such restrictions as it may impose. The Committee, either at the time of grant or by subsequent amendment, may require or permit Participants to elect to defer the issuance of Shares or the settlement of Awards in cash under such rules and procedures as it may establish. It also may provide that deferred settlements include the payment or crediting of interest on the deferral amounts, or the payment or crediting of dividend equivalents where the deferral amounts are denominated in Share equivalents.

ARTICLE IX - TRANSFERABILITY

Unless otherwise specified in an Award agreement, Awards shall not be transferable or assignable other than by will or the laws of descent and distribution or pursuant to beneficiary designation procedures approved by the Company. The interests of Participants under the Plan are not subject to their debts or other obligations and, except as may be required by the tax withholding provisions of the Code or any state's income tax act, or pursuant to an agreement between a Participant and the Company, may not be voluntarily sold, transferred, alienated, assigned or encumbered.

ARTICLE X - CHANGE OF CONTROL

Immediately prior to any Change of Control (as defined below) all Options and SARs previously granted to any Participant shall become fully vested and exercisable and all restrictions with respect to any Stock Awards previously granted to any Participant shall lapse. The phrase "immediately prior to any Change of Control" shall be understood to mean sufficiently in advance of a Change of Control to permit Participants to take all steps reasonably necessary to exercise all Options and SARs and to deal with the Shares underlying all Stock Awards so that all Awards and Shares issuable with respect thereto may be treated in the same manner as the shares of stock of other shareholders in connection with the Change of Control.

A "Change of Control" shall occur when:

(a) A "Person" (which term, when used in this Article X, shall have the meaning it has when it is used in Section 13(d) of the Exchange Act, but shall not include the Company, any underwriter temporarily holding securities pursuant to an offering of such securities, any trustee or other fiduciary holding securities under an employee benefit plan of the Company, or any corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of Voting Stock (as defined below) of the Company) is or becomes, without the prior consent of a majority of the Continuing Directors (as defined below), the Beneficial Owner (as defined in Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of Voting Stock (as defined below) representing twenty percent (20%) (or, even with such prior consent, thirty-five percent (35%)) or more of the combined voting power of the Company's then outstanding securities; or

(b) The stockholders of the Company approve and the Company consummates a reorganization, merger or consolidation of the Company or the Company sells, or otherwise disposes of, all or substantially all of the Company's property and assets, or the Company liquidates or dissolves (other than a reorganization, merger, consolidation or sale which would result in all or substantially all of the beneficial owners of the Voting Stock of the Company outstanding immediately prior thereto continuing to beneficially own, directly or indirectly (either by remaining outstanding or by being converted into voting securities of the resulting entity), more than fifty percent (50%) of the combined voting power of the voting securities of the Company or such entity resulting from the transaction (including, without limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the Company's property or assets, directly or indirectly) outstanding immediately after such transaction in substantially the same proportions relative to each other as their ownership immediately prior to such transaction); or

(c) The individuals who are Continuing Directors of the Company (as defined below) cease for any reason to constitute at least a majority of the Board of the Company.

(d) For purposes of this Article X, (i) the term "Continuing Director" means (A) any member of the Board who is a member of the Board immediately after the issuance of any class of securities of the Company that are required to be registered under Section 12 of the Exchange Act, or (B) any person who subsequently becomes a member of the Board whose nomination for election or election to the Board is recommended by a majority of the Continuing Directors and (ii) the term "Voting Stock" means all capital stock of the Company which by its terms may be voted on all matters submitted to stockholders of the Company generally.

ARTICLE XI - AWARD AGREEMENTS

Awards must be evidenced by an agreement (or rules, in the case of Founders' Grants or any "Employee Options" or "Executive Options" as defined in the Written Consent of the Committee in Lieu of Special Meeting dated March 2, 2001) that sets forth the terms, conditions and limitations of such Award. Such terms may include, but are not limited to, the term of the Award, the provisions applicable in the event the Participant's employment terminates, and the Company's authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind any Award. The Committee need not require the execution of any such agreement by a Participant, in which case acceptance of the Award by the respective Participant shall constitute agreement by the Participant to the terms of the Award.

ARTICLE XII - AMENDMENTS

The Board may amend the Plan at any time as it deems necessary or appropriate, subject to any requirement of stockholder approval required by applicable law, rule or regulation, including Section 162(m) and Section 422 of the Code; provided, however, that no amendment shall be made without stockholder approval if such amendment would increase the maximum number of Shares available under the Plan (subject to Article V(b)), or effect any change inconsistent with Section 422 of the Code. No amendment may impair the rights of a holder of an outstanding Award without the consent of such holder. The Board may suspend the Plan or discontinue the Plan at any time; provided, that no such action shall adversely affect any outstanding Award.

ARTICLE XIII MISCELLANEOUS PROVISIONS

(a) EMPLOYMENT RIGHTS - The Plan does not constitute a contract of employment and participation in the Plan will not give a Participant the right to continue in the employ or service of the Company on a full-time, part-time, or any other basis. Participation in the Plan will not give any Participant any right or claim to any benefit under the Plan, unless such right or claim has specifically accrued under the terms of the Plan.

(b) GOVERNING LAW - Except to the extent superseded by the laws of the United States, the laws of the State of Maryland, without regard to its conflict of laws principles, shall govern in all matters relating to the Plan.

(c) SEVERABILITY - In the event any provision of the Plan shall be held to be illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if such illegal or invalid provisions had never been contained in the Plan.

(d) WITHHOLDING - The Company shall have the right to withhold from any amounts payable under the Plan all federal, state, foreign, city and local taxes as shall be legally required using statutory rates.

(e) EFFECT ON OTHER PLANS OR AGREEMENTS - Payments or benefits provided to a Participant under any stock, deferred compensation, savings, retirement or other employee benefit plan are governed solely by the terms of such plan.

(f) FOREIGN EMPLOYEES - Without amending the Plan, the Committee may grant awards to eligible persons who are foreign nationals on such terms and conditions different from those specified in the Plan as may, in the judgment of the Committee, be necessary or desirable to foster and promote achievement of the purposes of the Plan and, in furtherance of such purposes, the Committee may make such modifications, amendments, procedures, subplans and the like as may be necessary or advisable to comply with provisions of laws in other countries or jurisdictions in which the Company or its subsidiaries operates or has employees.

* * * * *

I hereby certify that the Plan was originally approved by the Board of Directors of Coach, Inc. on June 23, 2000 and was originally approved by the stockholders of Coach, Inc. on June 29, 2000.

I hereby certify that the Plan, as amended and restated in its entirety, was approved by the by the Board of Directors of Coach, Inc., effective as of August 6, 2003.

Executed on this sixth day of August, 2003.

/s/ Carole P. Sadler

Carole P. Sadler
Secretary

Exhibit 10.11

COAC, INC.
EXECUTIVE DEFERRED COMPENSATION PLAN
(Amended and Restated as of October 21, 2002)

ARTICLE I
INTRODUCTION

1.1 The Plan and Its Effective Date. The Coach, Inc. Executive Deferred Compensation Plan was originally established as of June 1, 2000 (the "Effective Date"). In furtherance of the purposes of said plan and in order to amend said plan in certain respects, the plan has been amended and restated in its entirety, effective as of October 21, 2002. Such amendment and restatement constitutes a complete amendment, restatement and continuation of the Coach, Inc. Executive Deferred Compensation Plan (as amended and restated, the "Plan").

1.2 Purpose. The Plan is established by Coach, Inc., a Maryland corporation (the "Company"), to enable Eligible Employees (as defined in Section 2.1) to defer future compensation from the Company or an Employer (as defined in Section 6) and to permit such employees to elect to transfer all amounts deferred and not yet paid under the Sara Lee Corporation Executive Deferred Compensation Plan (the "Prior Plan") to the Plan. To the extent that an Eligible Employee elects a transfer of all amounts deferred and not yet paid under the Prior Plan to the Plan, the provisions of the Plan amend and supercede the provisions of the Prior Plan; provided, that elections and beneficiary designations made by such Eligible Employee under the Prior Plan shall remain in effect under the Plan, except as specifically provided in subsection 2.2(i) below. The Plan is intended to be a top-hat plan described in Section 201(2) of the Employee Retirement Income Security Act of 1974 ("ERISA").

1.3 Administration. The Plan shall be administered by the Company's Board of Directors (the "Board") or such committee or subcommittee of the Board to whom the Board may delegate its authority to administer the Plan (the Board, or such committee or subcommittee shall be referred to herein as the "Administrator"). Unless otherwise determined by the Board, the Administrator shall be the Compensation and Employee Benefits Committee of the Board. The Administrator shall have the powers set forth in the Plan and the power to interpret its provisions. Any decisions of the Administrator shall be final and binding on all persons with regard to the Plan. The Administrator may delegate its authority hereunder to any officer or officers of the Company as it may deem appropriate.

1.4 Plan Year. The Plan shall be administered on the basis of the calendar year (the "Plan Year").

ARTICLE II
PARTICIPATION AND DEFERRAL ELECTIONS

2.1 Eligibility and Participation. Subject to the conditions and limitations of the Plan, all officers and other key employees of the Company designated by the Administrator shall be eligible to participate in the Plan ("Eligible Employees"). Notwithstanding any other provision of this Plan, the term Eligible Employee shall not include any individual classified by the Company as an independent contractor or as a leased employee, regardless of (a) whether such individual is or has been treated as an employee of the Company for any other purpose and (b) any subsequent reclassification of any such individual as an employee of the Company by the Internal Revenue Service or in connection with a settlement with the Internal Revenue Service or otherwise. Any Eligible Employee who makes a Deferral Election as described in Section 2.2 below shall become a participant in the Plan ("Participant") and shall remain a Participant until the entire balance of his Deferral Account (defined in Section 3.1 below) is distributed to him.

2.2 Rules for Deferral Elections. Any Eligible Employee may make irrevocable elections to defer receipt of the amounts described in Section 2.3 below (each such election shall be referred to as a "Deferral Election" and the amount deferred pursuant to such an election the "Deferral") for a Plan Year in accordance with the rules set forth below.

(a) An Eligible Employee shall be eligible to make a Deferral Election only if he is an active, regular, full-time employee of an Employer on the date such election is made.

(b) For each Plan Year, an Eligible Employee may make no more than one Deferral Election for the Eligible Employee's Annual Bonus and such number of Deferral Elections with respect to the Eligible Employee's Annual Base Salary as the Administrator may prescribe.

(c) Subject to the following, all Deferral Elections must be made in such manner as the Administrator may prescribe and must be received by the Administrator or its delegate no later than the date specified by the Administrator (the "Election Deadline").In no event will the Election Deadline be later than: (A) for any Plan Year (other than the Plan Year in which an individual first becomes an Eligible Employee), the end of the Plan Year preceding the Plan Year in which the compensation is anticipated to be paid, or (B) for the Plan Year in which an individual first becomes an Eligible Employee, the thirtieth (30th) day following the date such individual first becomes an Eligible Employee.

(d) As part of each Deferral Election, the Eligible Employee must specify the date on which the Deferral will be paid (the "Distribution Date"). The Distribution Dates specified in an Eligible Employee's Deferral Elections may, but need not necessarily, be the same for all Deferrals. Except as provided in subsection (f) and Section 4.12 below, each Distribution Date is irrevocable and shall apply only to that portion of the Participant's Deferral Account which is attributable to the Deferral.

(e) The Distribution Date selected by an Eligible Employee shall not be earlier than the January 1 immediately following the first anniversary of the date on which the Deferral Election is made.

(f) A Participant may make an irrevocable election to extend a Distribution Date (a "Re-Deferral Election"); provided, that no Re-Deferral Election shall be effective unless (i) the Administrator receives the election prior to the Election Deadline of the Plan Year preceding the Plan Year in which the Distribution Date to be changed occurs, and (ii) the new Distribution Date is not earlier than the January 1 immediately following the first anniversary of the date the Re-Deferral Election is made. All Re-Deferral Elections must be made in such manner and pursuant to such rules as the Administrator may prescribe.

(g) As part of each Deferral Election, an Eligible Employee must elect the manner in which the Deferral will be paid beginning on the selected Distribution Date. The Deferral may be paid in a single lump sum or in substantially equal annual installments over a period not exceeding ten (10) years as provided under Section 4.1. Except as provided in Section 4.1, an Eligible Employee's election as to the manner of payment shall be irrevocable. If the Participant elects an installment method of payment the Distribution Date must be as of January 1.

(h) A Deferral Election shall be irrevocable; provided, that if the Administrator determines that a Participant has an Unforeseeable Financial Emergency (as defined in Section 4.7), then the Participant's Deferral Elections then in effect shall be revoked with respect to all amounts not previously deferred.

(i) Any Eligible Employee who was a participant in the Prior Plan on the Effective Date may elect to transfer his or her Prior Plan Deferral Account to the Plan at such time and in accordance with such rules as may be established by the Administrator. Amounts transferred under this subsection shall be subject to the Deferral Election and any beneficiary designation made under the Prior Plan and shall be treated as a separate Deferral for all purposes of this Plan.

2.3 Amounts Deferred. An Eligible Employee may make a Deferral Election to defer receipt of the following amounts:

(a) All or any portion of the Eligible Employee's annual bonus for a year due under an annual bonus plan or any other short-term incentive plan of the Company or an Employer (an "Annual Bonus").

(b) All or any portion of the Eligible Employee's Annual Base Salary. "Annual Base Salary" shall mean the regular rate of compensation to be paid to the Eligible Employee for services rendered during the Plan Year excluding severance or termination payments, commissions, foreign service payments, payments for consulting services and such other unusual or extraordinary payments as the Administrator may determine.

(c) Such other bonuses and incentive payments (including without limitation the award or vesting of any Restricted Stock Units or similar awards) under any plan or arrangement established by the Company or an Employer as the Administrator may designate as compensation eligible for deferral under this Plan in such increments and subject to such limitations and restrictions as the Administrator may establish.

ARTICLE III
DEFERRAL ACCOUNTS

3.1 Deferral Accounts. All amounts deferred pursuant to a Participant's Deferral Elections under the Plan shall be allocated to a bookkeeping account in the name of the Participant ("Deferral Account") and the Administrator shall maintain a separate subaccount under a Participant's Deferral Account for each Deferral. Deferrals shall be credited to the Deferral Account as of the business day coinciding with or next following the date on which, in the absence of a Deferral Election (a "Deferral Crediting Date"), the Participant would otherwise have received the Deferral.

3.2 Investment of Deferral Account.

(a) A Participant must make an investment election at the time of each Deferral Election. The investment election must be made in writing on such forms and pursuant to such rules as the Administrator may prescribe, subject to paragraph 3.3, and shall designate the portion of the Deferral which is to be treated as invested in each investment alternative. The two investment alternatives shall be as follows:

(i) Stock Equivalent Account. Under the Stock Equivalent Account, the Participant's Deferral Account shall be invested in "Deferred Stock Units" under which each Deferred Stock Unit represents the right to receive one share of Coach, Inc. common stock, par value $0.01 per share ("Common Stock"), on the Distribution Date (subject to Sections 4.1, 4.11 and 4.12 below). The number of Coach, Inc. Deferred Stock Units to be credited to the Participant's Deferral Account and appropriate subaccounts on each Deferral Crediting Date shall be determined by dividing the Deferral to be "invested" on that date by the average of the high and low quotes of a share of Common Stock on the applicable day on the New York Stock Exchange Composite Transaction Tape ("Market Value"). Fractional Deferred Stock Units will be computed to two decimal places. On any Common Stock dividend record date, an amount equal to the number of Deferred Stock Units held as of such dividend record date multiplied by the dividend paid on Common Stock on the applicable dividend payment date shall either (A) be credited to the Participant's Deferral Account and appropriate subaccount as of the March 31st, June 30th, September 30th or December 31st coincident with or next following the dividend payment date and "invested" in additional Deferred Stock Units as though such dividend credits were a Deferral or (B) at the election of the Participant at such time and in accordance with such rules as established by the Administrator, be paid in cash to the Participant as of the March 31st, June 30th, September 30th or December 31st coincident with or next following the dividend payment date. In the event of any stock dividend, stock split, combination or exchange of securities, merger, consolidation, recapitalization, spin-off or other distribution (other than normal cash dividends) of any or all of the assets of the Company to stockholders, or any other similar change or event effected without receipt of consideration, such proportionate adjustments, if any, as the Administrator in its discretion may deem appropriate to reflect such change or event shall be made with respect to the number of Deferred Stock Units credited to a Participant's Deferral Account. Subject to Sections 4.1 and 4.11, the number of shares of Common Stock to be paid to a Participant on a Distribution Date shall be equal to the number of Deferred Stock Units accumulated in the Deferral Account on such date divided by the total of the payments to be made. Deferred Stock Units shall not have voting rights.

(ii) Interest Account. Under the Interest Account, interest will be credited to the Participant's Deferral Account as of the business day coinciding with or next following each June 30 and December 31 (a "Valuation Date") and on the date the final payment of a Deferral is to be made based on the balance in the Participant's Deferral Account "invested" in the Interest Account on the Valuation Date or such final payment date. The rate of interest to be credited for a Plan Year will be set at the beginning of each Plan Year based upon the U.S. Prime Rate in effect as of such date as reported in the Wall Street Journal or such other source as may be designated by the Administrator. If installment payments are elected, the amount to be paid to the Participant on a Distribution Date shall be determined as follows: the amount of the principal payment of each installment shall be determined by dividing the current principal balance by the number of remaining installment payments and the amount of the interest payment shall be determined by dividing the current interest balance by the number of remaining installment payments. All payments from the Interest Account shall be made in cash.

3.3 Investment Elections and Changes. A Participant's investment election shall be subject to the following rules:

(a) If the Participant fails to make an investment election with respect to a Deferral, the Deferral shall be deemed to be invested in the Interest Account.

(b) All investments in the Stock Equivalent Account shall be irrevocable, except as otherwise provided in Section 4.12.

(c) A Participant may elect to transfer amounts invested in the Interest Account to the Stock Equivalent Account as of any Valuation Date by filing an investment change election with the Administrator prior to the Valuation Date the change is to become effective. The amount elected to be transferred to the Stock Equivalent Account shall be treated as invested in Deferred Stock Units as of the Valuation Date and the number of Deferred Stock Units to be credited to the Participant's Deferral Account and appropriate subaccounts as of the Valuation Date shall be determined by dividing the amount to be transferred by the Market Value on such Valuation Date.

(d) Until invested as of the Deferral Crediting Date in either the Interest Account or Stock Equivalent Account, a Participant's Deferral shall be credited with interest in such amount, if any, as the Administrator may determine.

3.4 Vesting. A Participant shall be fully vested at all times in the balance of his Deferral Account.

ARTICLE IV
PAYMENT OF BENEFITS

4.1 Time and Method of Payment. Payment of a Participant's Deferral shall be made in a single lump sum or shall commence in installments as elected by the Participant in the Deferral Election. A Participant may make a one-time election after the original Deferral Election to change the method of payment elected by the Participant; provided, that such election shall not be effective unless the election to change the method of payment is received by the Administrator prior to the December 1 of the Plan Year preceding the Plan Year in which the Distribution Date specified in the original Deferral Election occurs. If a Participant's Deferral Account is payable in a single lump sum, the payment shall be made as soon as practicable following the Distribution Date but not later than thirty (30) days following the Distribution Date. If a Participant's Deferral is payable in installment payments, then the Participant's Deferral shall be paid in annual installments of substantially equal shares over the period as elected by the Participant in the Deferral Election commencing as soon as practicable following the Distribution Date but not later than thirty (30) days following the Distribution Date. The Company may, its sole discretion, deduct from any distribution under the Plan any amounts owed by such Participant (whether or not related to this Plan) to the Company.

4.2 Payment Upon Total Disability. In the event a Participant becomes totally disabled before all amounts credited to his Deferral Account have been paid, payment of the

Participant's Deferral Account shall be made or shall commence in the method of payment elected by the disabled Participant; provided, that the disabled Participant requests payment in writing within one-hundred eighty (180) days of becoming disabled. If such a request is not made, the disabled Participant's Deferrals will be paid pursuant to the Deferral Elections and the normal provisions of the Plan. A Participant will be considered to be totally disabled for purposes of the Plan if the Participant is determined to be totally disabled under the Company's disability plan applicable to the Participant.

4.3 Payment Upon Retirement or Other Termination of Employment. In the event the Participant retires or otherwise terminates employment with the Company for any reason before the entire balance in the Participant's Deferral Account has been paid, the Participant's Deferral Account shall continue to be maintained for the benefit of the Participant and Deferrals shall be paid pursuant to the Deferral Elections and the normal provisions of the Plan; provided, that a Participant's Deferral Election may provide for the immediate payment of the Participant's Deferral Account upon his retirement or other termination of employment.

4.4 Payment Upon Death of a Participant. In the event a Participant dies before all amounts credited to his Deferral Account have been paid, payment of the Participant's Deferral Account shall be made or shall commence in the method of payment elected by the Participant's Beneficiary (as defined in Section 4.5) or the Executor/Executrix of the Participant's estate; provided, that the request is made in writing within one-hundred eighty (180) days of the Participant's death. If such a request is not made, the deceased Participant's Deferrals will be paid pursuant to the Deferral Elections and the normal provisions of the Plan.

4.5 Beneficiary. Each Participant shall designate one or more individuals or entities (collectively, the "Beneficiary") to receive the balance of the Participant's Deferral Account in the event of the Participant's death prior to the payment of his entire Deferral Account. To be effective, any Beneficiary designation shall be filed in writing with the Administrator. A Participant may revoke an existing Beneficiary designation by filing another written Beneficiary designation with the Administrator. The latest Beneficiary designation received by the Administrator shall be controlling. If no Beneficiary is named by a Participant or if he survives all of his named Beneficiaries, the Deferral Account shall be paid in the following order of precedence:

(a) the Participant's spouse;

(b) the Participant's children (including adopted children), per stirpes; or

(c) the Participant's estate.

4.6 Form of Payment. The payment of a portion of a Deferral deemed to be invested in the Investment Account shall be made in cash. The distribution of that portion of a Deferral deemed to be invested in the Stock Equivalent Account shall be distributed in whole shares of Common Stock with fractional shares credited to federal income taxes withheld.

4.7 Unforeseeable Financial Emergency. If the Administrator or its designee determines that a Participant has incurred an Unforeseeable Financial Emergency (as defined below), the Participant may withdraw in cash and/or stock the portion of the balance of his Deferral Account needed to satisfy the Unforeseeable Financial Emergency, to the extent that the

Unforeseeable Financial Emergency may not be relieved through reimbursement or compensation by insurance or otherwise or by liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship. An "Unforeseeable Financial Emergency" is a severe financial hardship to the Participant resulting from (a) a sudden and unexpected illness or accident of the Participant or of a dependent of the Participant; (b) loss of the Participant's property due to casualty; (c) the involuntary termination of the Participant's employment by the Company which, in the Administrator's good faith judgment, would necessitate or make advisable the availability of all of the Participant's assets, or (d) such other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant as determined by the Administrator. A withdrawal on account of an Unforeseeable Financial Emergency shall be paid as soon as possible following the date on which the withdrawal is approved.

4.8 Early Withdrawal with Penalty. Notwithstanding the other provisions of the Plan to the contrary, a Participant may request a withdrawal from his Deferral Account by filing a request with the Administrator or its designee in writing. Payment will be made to the Participant within thirty (30) days of the approval of such a request. Any amount withdrawn under this provision will be charged with a ten (10) percent early withdrawal penalty which will be withheld from the amount withdrawn and forfeited as provided in Section 5.5.

4.9 Withholding of Taxes. The Company shall withhold any applicable minimum statutory Federal, state or local income tax from payments due under the Plan. The Company shall also withhold Social Security taxes, including the Medicare portion of such taxes, and any other employment taxes as necessary to comply with applicable laws.

4.10 Small Amounts. Notwithstanding any election by the Participant regarding the timing and manner of payment of his Deferrals, in the event of a Participant's retirement or other termination of employment, the Employer may elect to pay the Participant a lump sum distribution of the entire value of the Participant's Deferral Account; provided, that the value is less than ten-thousand dollars ($10,000) determined as of the Valuation Date coinciding with or immediately following the Participant's termination of employment.

4.11 Payment Upon Bankruptcy Liquidation. Notwithstanding anything contained in the Plan to the contrary, in the event that the Company is liquidated in bankruptcy, (a) no distributions from the Plan shall be made in shares of Common Stock and (b) distributions to a Participant shall be made in cash in an amount determined by multiplying each Deferred Stock Unit in the Participant's Deferral Account by the Market Value of Common Stock on the date such Deferred Stock Unit was first credited to the Participant's Deferral Account.

4.12 Change of Control.

(a) Notwithstanding anything contained in the Plan to the contrary, immediately prior to any Change of Control (as defined below):

(i) Each Participant may elect to transfer amounts invested in the Stock Equivalent Account to the Interest Account as of the effective time of the Change of Control by filing an investment change election with the Administrator prior to the date the Change of Control is to become effective. The amount to be credited to the Participant's Interest Account as of the effective time of the Change of Control shall be determined by multiplying the number of Deferred Stock Units to be transferred by the Market Value upon the Change of Control. For purposes of the foregoing, Market Value shall be equal to the consideration paid for a share of Common Stock in connection with the Change of Control, as determined by the Administrator.

(ii) In addition, each Participant's Distribution Date shall be accelerated to be the earlier to occur of (A) the Distribution Date specified in the Participant's Deferral Election or (B) the first business day of the first calendar year following the occurrence of the Change in Control.

The phrase "immediately prior to any Change of Control" shall be understood to mean sufficiently in advance of a Change of Control to permit Participants to take all steps reasonably necessary to receive full payment of each Participant's Deferral and to deal with the shares underlying all Deferred Stock Units so that all Deferred Stock Units and shares issuable with respect thereto may be treated in the same manner as the shares of stock of other shareholders in connection with the Change of Control.

(b) A "Change of Control" shall occur when:

(i) A "Person" (which term, when used in this Section 4.12, shall have the meaning it has when it is used in Section 13(d) of the Securities Exchange Act of 1934 (the "Exchange Act"), but shall not include the Company, any underwriter temporarily holding securities pursuant to an offering of such securities, any trustee or other fiduciary holding securities under an employee benefit plan of the Company, or any corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of Voting Stock (as defined below) of the Company) is or becomes, without the prior consent of a majority of the Continuing Directors (as defined below), the Beneficial Owner (as defined in Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of Voting Stock (as defined below) representing twenty percent (20%) or more of the combined voting power of the Company's then outstanding securities; or

(ii) The stockholders of the Company approve and the Company consummates a reorganization, merger or consolidation of the Company or the Company sells, or otherwise disposes of, all or substantially all of the Company's property and assets, or the Company liquidates or dissolves (other than a reorganization, merger, consolidation or sale which would result in all or substantially all of the beneficial owners of the Voting Stock of the Company outstanding immediately prior thereto continuing to beneficially own, directly or indirectly (either by remaining outstanding or by being converted into voting securities of the resulting entity), more than fifty percent (50%) of the combined voting power of the voting securities of the Company or such entity resulting from the transaction (including, without limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the Company's property or assets, directly or indirectly) outstanding immediately after such transaction in substantially the same proportions relative to each other as their ownership immediately prior to such transaction); or

(iii) The individuals who are Continuing Directors of the Company (as defined below) cease for any reason to constitute at least a majority of the Board of the Company.

(iv) For purposes of this Section 4.12, (A) the term "Continuing Director" means (I) any member of the Board who is a member of the Board immediately after the issuance of any class of securities of the Company that are required to be registered under Section 12 of the Exchange Act, or (II) any person who subsequently becomes a member of the Board whose nomination for election or election to the Board is recommended by a majority of the Continuing Directors and (B) the term "Voting Stock" means all capital stock of the Company which by its terms may be voted on all matters submitted to stockholders of the Company generally.

(c) Immediately upon the consummation of a Change in Control, the Company shall, or shall cause any acquirer or successor to, deposit into an irrevocable grantor trust (the "Rabbi Trust") an amount of cash equal to the then aggregate value of the Deferral Accounts. The trustee of the Rabbi Trust and the terms and conditions of the agreement of trust establishing the Rabbi Trust shall be determined by the Company prior to the consummation of the Change in Control; provided, however, that the Rabbi Trust shall provide for the distribution of its assets to Participants in accordance with the terms of this Plan; provided, further, that the Rabbi Trust shall meet the requirements of Revenue Procedure 92-64, 1992-2 C.B. 422, issued by the Internal Revenue Service, such that Participants will not incur tax liability in connection with the establishment of, or deposit of any assets in, the Rabbi Trust. From time to time, the Company shall make such additional contributions to the Rabbi Trust as the Administrator shall determine are necessary or appropriate in order to continue to fully fund the Deferral Accounts of all Participants.

ARTICLE V
MISCELLANEOUS

5.1 Funding. Benefits payable under the Plan to any Participant shall be paid directly by the Participant's Employer (including the Company if the Participant is employed by the Company). The Company and the Employers shall not be required to fund, or otherwise segregate assets to be used for payment of benefits under the Plan.

5.2 Account Statements. As soon as practical after the end of each Plan Year (or after such additional date or dates as the Administrator, in its discretion, may designate), each Participant shall be provided with a statement of the balance of his Deferral Account hereunder as of the last day of such Plan Year (or as of such other dates as the Administrator, in its discretion, may designate).

5.3 No Employment Rights. Establishment of the Plan shall not be construed to give any Eligible Employee the right to be retained in the Company's service or to any benefits not specifically provided by the Plan.

5.4 Interests Not Transferable. Except as (a) provided under (i) Section 4.9 or (ii) an agreement between a Participant and the Company, or (b) required for purposes of withholding of any tax under the laws of the United States or any state or locality, no benefit payable at any time under the Plan shall be subject in any manner to alienation, sale, transfer, assignment, pledge, attachment, or other legal process, or encumbrance of any kind. Any attempt to alienate, sell, transfer, assign, pledge or otherwise encumber any such benefits, whether currently or thereafter payable, shall be void. No person shall, in any manner, be liable for or subject to the debts or liabilities of any person entitled to such benefits. If any person shall attempt to, or shall alienate, sell, transfer, assign, pledge or otherwise encumber his benefits under the Plan, or if by any reason of his bankruptcy or other event happening at any time, such benefits would devolve upon any other person or would not be enjoyed by the person entitled thereto under the Plan, then the Administrator, in its discretion, may terminate the interest in any such benefits of the person entitled thereto under the Plan and hold or apply them for or to the benefit of such person entitled thereto under the Plan or his spouse, children or other dependents, or any of them, in such manner as the Administrator may deem proper.

5.5 Forfeitures and Unclaimed Amounts. Unclaimed amounts shall consist of the amounts of the Deferral Account of a Participant that are not distributed because of the Administrator's inability, after a reasonable search, to locate a Participant or his Beneficiary, as applicable, within a period of two (2) years after the date upon which the payment of any benefits becomes due and the amount by which a Participant's Account is reduced under Section 4.8. Unclaimed amounts shall be forfeited at the end of such two-year period. These forfeitures will reduce the obligations of the Company under the Plan and the Participant or Beneficiary, as applicable, shall have no further right to his Deferral Account unless the Administrator determines otherwise in a particular case.

5.6 Controlling Law. The law of the State of Maryland, except its law with respect to choice of law, shall be controlling in all matters relating to the Plan to the extent not preempted by ERISA.

5.7 Gender and Number. Words in the masculine gender shall include the feminine, and the plural shall include the singular and the singular shall include the plural.

5.8 Action by the Company. Except as otherwise specifically provided herein, any action required of or permitted by the Company under the Plan shall be by resolution of the Board of Directors of the Company or by action of any committee or subcommittee of the Board or other person(s) authorized by resolution of the Board.

5.9 Assumption of Plan. The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, whether pursuant to a Change in Control or otherwise, to expressly assume and agree to perform the obligations under this Plan in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

ARTICLE VI
EMPLOYER PARTICIPATION

Any subsidiary or affiliate of the Company incorporated under the laws of any state in the United States (an "Employer") may, with the approval of the Administrator and under such terms and conditions as the Administrator may prescribe, adopt the corresponding portions of the Plan. The Administrator may amend the Plan as necessary or desirable to reflect the adoption of the Plan by an Employer; provided, however, that an adopting Employer shall not have the authority to amend or terminate the Plan under Article VII.

ARTICLE VII
AMENDMENT AND TERMINATION

The Company intends the Plan to be permanent, but reserves the right at any time by action of its Board of Directors to modify, amend or terminate the Plan; provided, however, that any amendment or termination of the Plan shall not reduce or eliminate any Deferral Account accrued through the date of such amendment or termination. The Administrator shall have the same authority to adopt amendments to the Plan as the Board of Directors of the Company in the following circumstances:

(a) to adopt amendments to the Plan which the Administrator determines are necessary or desirable for the Plan to comply with or to obtain benefits or advantages under the provisions of applicable law, regulations or rulings or requirements of the Internal Revenue Service or other governmental or administrative agency or changes in such law, regulations, rulings or requirements; and

(b) to adopt any other procedural or cosmetic amendment that the Administrator determines to be necessary or desirable that does not materially change benefits to Participants or their Beneficiaries or materially increase the Company's or adopting Employers' obligations under the Plan.

* * * * *

I hereby certify that the Plan was originally established effective as of June 1, 2000. I hereby certify that the Plan, as amended and restated in its entirety, was approved by the Board of Directors of Coach, Inc., effective as of October 21, 2002.

Executed on this 21st day of October, 2002.

____
Carole P. Sadler, Secretary

Exhibit 10.13

COACH, INC.
2000 NON-EMPLOYEE DIRECTOR STOCK PLAN
(Amended and Restated as of August 6, 2003)

The Coach, Inc. 2000 Non-Employee Director Stock Plan was originally approved by the Board of Directors of Coach, Inc. on June 23, 2000 and was originally approved by the stockholders of the Coach, Inc. on June 29, 2000. In furtherance of the purposes of said plan and in order to amend said plan in certain respects, the plan has been amended and restated in its entirety, effective as of August 6, 2003. This amendment and restatement constitutes a complete amendment, restatement and continuation of the Coach, Inc. 2000 Non-Employee Director Stock Plan.

ARTICLE I - PURPOSE OF THE PLAN

The purpose of the Plan is to promote the long-term growth of the Company by increasing the proprietary interest of Non-Employee Directors in the Company and to attract and retain highly qualified and capable Non-Employee Directors.

ARTICLE II - DEFINITIONS

Unless the context clearly indicates otherwise, the following terms shall have the following meanings:

2.1 "ANNUAL CASH RETAINER" means that portion of the annual retainer fee payable in cash by the Company to a Non-Employee Director for services as a director of the Company, as such amount may be changed from time to time.

2.2 "ANNUAL OPTION RETAINER" means that portion of the annual retainer fee payable in the form of Options by the Company to a Non-Employee Director for services as a director of the Company, as such amount may be changed from time to time.

2.3 "AWARD" means an award granted to a Non-Employee Director under the Plan in the form of Options or Shares, or any combination thereof.

2.4 "BOARD" means the Board of Directors of the Company.

2.5 "CODE" means the United States Internal Revenue Code of 1986, as amended, or any successor law.

2.6 "COMPANY" means Coach, Inc., a Maryland corporation.

2.7 "FAIR MARKET VALUE" means, with respect to any date, the average between the highest and lowest sale prices per Share on the New York Stock Exchange Composite Transactions Tape on such date, provided that if there shall be no sales of Shares reported on such date, the Fair Market Value of a Share on such date shall be deemed to be equal to the average between the highest and lowest sale prices per Share on such Composite Tape for the last preceding date on which sales of Shares were reported and, provided further, that the Fair Market Value of a Share on the date the Company first offers Shares to the public in an initial public offering shall be the initial offering price of Shares on such date. In the event that Shares are not traded on the New York Stock Exchange as of a given date, the Fair Market Value of a Share as of such date shall be established by the Board acting in good faith.

2.8 "OPTION" means an option to purchase Shares awarded under Article VIII, which option shall not be an "incentive stock option" within the meaning of Section 422 of the Code.

2.9 "OPTION GRANT DATE" means the date upon which an Option is granted to a Non-Employee Director.

2.10 "OPTIONEE" means a Non-Employee Director of the Company to whom an Option has been granted or, in the event of such Non-Employee Director's death prior to the expiration of an Option, such Non-Employee Director's executor, administrator, beneficiary or similar person, or, in the event of a transfer permitted by Article VII hereof, such permitted transferee.

2.11 "NON-EMPLOYEE DIRECTOR" means a director of the Company who is not an employee of the Company or any subsidiary of the Company.

2.12 "PLAN" means the Coach, Inc. 2000 Non-Employee Director Stock Plan, as amended and restated effective as of August 6, 2003, and as may be further amended from time to time.

2.13 "SHARES" means shares of the Company's common stock, par value $0.01 per share.

2.14 "STOCK AWARD DATE" means the date on which Shares are awarded to a Non-Employee Director.

2.15 "STOCK OPTION AGREEMENT" means a written agreement between a Non-Employee Director and the Company evidencing an Option.

ARTICLE III - ADMINISTRATION OF THE PLAN

3.1 ADMINISTRATOR OF THE PLAN. The Plan shall be administered by the Board.

3.2 AUTHORITY OF THE BOARD. The Board shall have full power and authority to: (a) interpret and construe the Plan and adopt such rules and regulations as it shall deem necessary and advisable to implement and administer the Plan and (b) designate persons other than members of the Board to carry out its responsibilities, subject to such limitations, restrictions and conditions as it may prescribe, such determinations to be made in accordance with the Board's best business judgment as to the best interests of the Company and its stockholders and in accordance with the purposes of the Plan. The Board may delegate administrative duties under the Plan to one or more agents as it shall deem necessary or advisable.

3.3 EFFECT OF BOARD DETERMINATIONS. No member of the Board shall be personally liable for any action or determination made in good faith with respect to the Plan or any Award or to any settlement of any dispute between a Non-Employee Director and the Company. Any decision or action taken by the Board with respect to an Award or the administration or interpretation of the Plan shall be conclusive and binding upon all persons.

3.4 GOVERNING LAW. Except to the extent superseded by the laws of the United States, the laws of the State of New York, without regard to its conflict of laws principles, shall govern in all matters relating to the Plan.

ARTICLE IV - AWARDS UNDER THE PLAN

Awards in the form of Options or Shares shall be granted to Non-Employee Directors in accordance with Article VIII. Each Option granted under the Plan shall be evidenced by a Stock Option Agreement. Except as may otherwise be determined by the Board, each Option granted under the Plan shall provide for the grant of a restoration Option if the purchase price of the Shares subject to the original Option is satisfied by surrendering (or attesting to the ownership of) Shares in accordance with Section 8.2. Each such restoration Option shall (a) be an Option to purchase the number of Shares surrendered (either actually or by attestation), plus the number of Shares that the Optionee would have surrendered to pay withholding taxes, calculated as if such Optionee had been obligated to pay such taxes and had surrendered Shares to satisfy such obligation, (b) be fully exercisable (subject to the restrictions contained herein and in the applicable restoration Stock Option Agreement) on and after that date which is six (6) months after the Option Grant Date of the restoration Option, (c) have a purchase price per Share equal to one-hundred percent (100%) of the Fair Market Value per Share on the Option Grant Date of the restoration Option and (d) have a term equal to the remaining term of the original Option.

ARTICLE V - ELIGIBILITY

Each Non-Employee Director of the Company shall be eligible to participate in the Plan in accordance with Article VIII.

ARTICLE VI - SHARES SUBJECT TO THE PLAN

Subject to adjustment as provided in Article XI, the aggregate number of Shares available for all grants of Options and awards of Shares in any fiscal year shall be two-tenths (2/10) of one (1) percent (.2%) of the outstanding Shares as of the last day of the immediately preceding fiscal year; provided, however, that no annual adjustment to the number of available shares shall occur after November 7, 2011 (the tenth (10th) anniversary of the date on which the Plan was last approved by the Company's stockholders).

ARTICLE VII - TRANSFERABILITY OF OPTIONS

Options granted under the Plan shall not be transferable or assignable other than by will or the laws of descent and distribution, except that the Board may provide for the transferability of any particular Option in the manner set forth in the related Stock Option Agreement.

ARTICLE VIII - ANNUAL RETAINER ELECTIONS

Each Non-Employee Director shall be eligible to be granted Options or Shares, or a combination thereof, subject to the following terms and conditions:

8.1 GRANT OF OPTIONS OR SHARES. Options and Shares shall be awarded to Non-Employee Directors pursuant to the Plan as follows:

(a) An Option to purchase 5,000 Shares shall be granted to each Non-Employee Director on the day that the Company first offers Shares to the public in an initial public offering.

(b) On the day of the last regularly scheduled meeting of the Board held in the second fiscal quarter of each fiscal year: (i) each Non-Employee Director shall be granted the Annual Option Retainer, and (ii) each Non-Employee Director who, at least ten (10) business days prior thereto, files with the Board or its designee a written election to receive Options or Shares, or a combination thereof, in lieu of all or a portion of such Non-Employee Director's Annual Cash Retainer for the one-year period beginning in the month of November coincident with or next following such meeting date, shall be granted such Options or Shares. In the event a Non-Employee Director does not file a written election in accordance with the preceding sentence, Options or Shares, or a combination thereof, shall be granted to such Non-Employee Director on the tenth (10th) business day after the date such Non-Employee Director files with the Board or its designee a written election to receive Options or Shares, or a combination thereof, in lieu of all or a portion of such Non-Employee Director's Annual Cash Retainer. An election pursuant to Section 8.1(b)(ii) shall be irrevocable on and after the tenth (10th) business day prior to the date of grant of the Options or Shares, as the case may be. An election pursuant to the second sentence of this Section 8.1(b) shall be irrevocable.

(c) The Board may, in its sole discretion, grant Options or award Shares to any Non-Employee Director pursuant to such terms and conditions as the Board shall determine, consistent with the terms of the Plan. The terms and conditions of any such grant or award shall be set forth in a Stock Option Agreement or other written agreement entered into between the Company and the Non-Employee Director governing the award of Shares hereunder.

8.2 NUMBER AND TERMS OF OPTIONS. The number of Shares subject to an Option granted pursuant to Section 8.1(b)(ii) above shall be the number of whole Shares equal to the ratio of (a) the product of (i) three and (ii) the portion of the Annual Cash Retainer (expressed as a dollar amount) which the Non-Employee Director has elected pursuant to Section 8.1(b)(ii) to be payable in Options to (b) the Fair Market Value per Share on the Option Grant Date. Any fraction of a Share shall be disregarded and the remaining amount of such Annual Retainer shall be paid in cash or Shares as the Non-Employee Director has elected. The purchase price per Share under each Option granted pursuant to Section 8.1(a) or 8.1(b) shall be equal to the Fair Market Value per Share on the Option Grant Date.

Subject to Article IX and any restrictions contained in the applicable Stock Option Agreement, each Option granted to a Non-Employee Director shall become fully vested and exercisable with respect to all Shares covered by such Option on the six month anniversary of the Option Grant Date. In no event shall the period of time over which the Option may be exercised exceed ten (10) years from the Option Grant Date. An Option, or portion thereof, may be exercised in whole or in part only with respect to whole Shares.

Shares shall be issued to the Optionee pursuant to the exercise of an Option only upon receipt by the Company from the Optionee of payment in full either in cash or by surrendering (or attesting to the ownership of) Shares together with proof acceptable to the Board that such Shares have been owned by the Optionee for at least six (6) months prior to the date of exercise of the Option, or a combination of cash and Shares, in an amount or having a combined value equal to the aggregate purchase price for the Shares subject to the Option or portion thereof being exercised. The value of owned Shares submitted (directly or by attestation) in full or partial payment for the Shares purchased upon exercise of an Option shall be equal to the aggregate Fair Market Value of such owned Shares on the date of the exercise of such Option.

8.3 NUMBER OF SHARES. The number of Shares granted pursuant to this Article shall be the number of whole Shares equal to the ratio of (a) the portion of the Annual Retainer which the Non-Employee Director has elected pursuant to Section 8.1 to be payable in Shares (expressed as a dollar amount) to (b) the Fair Market Value per Share on the Stock Award Date. Any fraction of a Share shall be disregarded and the remaining amount of such Annual Retainer shall be paid in cash or Options as the Non-Employee Director has elected. Upon an Award of Shares to a Non-Employee Director, the stock certificate representing such Shares shall be issued and transferred to the Non-Employee Director, whereupon the Non-Employee Director shall become a stockholder of the Company with respect to such Shares and shall be entitled to vote the Shares; provided, however, subject to Article IX, any stock certificates representing Shares awarded in respect of, and prior to, the one-year period beginning on the date of grant of a Stock Award shall not be transferred to the Non-Employee Director until immediately after the first annual meeting of stockholders held after the date of grant of the Stock Award and (x) an amount equal to the amount of dividends that would otherwise be paid on such Shares on or after the date of the meeting at which such Shares are granted and prior to such annual meeting of stockholders shall be held by the Company until immediately after such annual meeting of stockholders and (y) such Shares and dividend equivalents shall be forfeited in the event the Non-Employee Director is not elected a director of the Company at such annual meeting of stockholders.

ARTICLE IX - CHANGE OF CONTROL

9.1 EFFECT OF CHANGE OF CONTROL. Upon the occurrence of an event of "Change of Control", as defined below, any and all outstanding Options shall become immediately vested and exercisable and any and all stock certificates representing Shares awarded to a Non-Employee Director pursuant to the first sentence of Section 8.1 and not transferred to such Non-Employee Director pursuant to Section 8.3, and any and all dividend equivalents with respect thereto held by the Company pursuant to Section 9.3, shall be transferred to such Non-Employee Director.

9.2 DEFINITION OF CHANGE OF CONTROL. A "Change of Control" shall occur when:

(a) A "Person" (which term, when used in this Section 9.2, shall have the meaning it has when it is used in Section 13(d) of the Exchange Act, but shall not include the Company, any underwriter temporarily holding securities pursuant to an offering of such securities, any trustee or other fiduciary holding securities under an employee benefit plan of the Company, or any Company owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of Voting Stock (as defined below) of the Company) is or becomes, without the prior consent of a majority of the Continuing Directors (as defined below), the Beneficial Owner (as defined in Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of Voting Stock (as defined below) representing twenty percent (20%) or more of the combined voting power of the Company's then outstanding securities; or

(b) The stockholders of the Company approve and the Company consummates a reorganization, merger or consolidation of the Company or the Company sells, or otherwise disposes of, all or substantially all of the Company's property and assets, or the Company liquidates or dissolves (other than a reorganization, merger, consolidation or sale which would result in all or substantially all of the beneficial owners of the Voting Stock of the Company outstanding immediately prior thereto continuing to beneficially own, directly or indirectly (either by remaining outstanding or by being converted into voting securities of the resulting entity), more than fifty percent (50%) of the combined voting power of the voting securities of the Company or such entity resulting from the transaction (including, without limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the Company's property or assets, directly or indirectly) outstanding immediately after such transaction in substantially the same proportions relative to each other as their ownership immediately prior to such transaction): or

(c) The individuals who are Continuing Directors of the Company (as defined below) cease for any reason to constitute at least a majority of the Board of the Company.

(d) For purposes of this Section 9.2, (i) the term "Continuing Director" means (A) any member of the Board who is a member of the Board immediately after the issuance of any class of securities of the Company that are required to be registered under Section 12 of the Exchange Act, or (B) any person who subsequently becomes a member of the Board whose nomination for election or election to the Board is recommended by a majority of the Continuing Directors and (ii) the term "Voting Stock" means all capital stock of the Company which by its terms may be voted on all matters submitted to stockholders of the Company generally.

ARTICLE X - AMENDMENT AND TERMINATION

The Board may amend the Plan from time to time or terminate the Plan at any time; provided, however, that no action authorized by this Article shall adversely change the terms and conditions of an outstanding Award without the Non-Employee Director's consent.

ARTICLE XI - ADJUSTMENT PROVISIONS

11.1 If the Company shall at any time change the number of issued Shares without new consideration to the Company (such as by stock dividend, stock split, recapitalization, reorganization, exchange of shares, liquidation, combination or other change in corporate structure affecting the Shares) or make a distribution of cash or property which has a substantial impact on the value of issued Shares, the total number of Shares reserved for issuance under the Plan shall be appropriately adjusted and the number of Shares covered by each outstanding Option and the purchase price per Share under each outstanding Option shall be adjusted so that the aggregate consideration payable to the Company and the value of each such Option shall not be changed.

11.2 Notwithstanding any other provision of the Plan, and without affecting the number of Shares reserved or available hereunder, the Board shall authorize the issuance, continuation or assumption of outstanding Options or provide for other equitable adjustments after changes in the Shares resulting from any merger, consolidation, sale of assets, acquisition of property or stock, recapitalization, reorganization or similar occurrence in which the Company is the continuing or surviving Company, upon such terms and conditions as it may deem necessary to preserve the rights of Optionees and holders of Shares that are subject to any restrictions under the Plan.

11.3 In the case of any sale of assets, merger, consolidation or combination of the Company with or into another Company other than a transaction in which the Company is the continuing or surviving Company and which does not result in the outstanding Shares being converted into or exchanged for different securities, cash or other property, or any combination thereof (an "Acquisition"), any Optionee who holds an outstanding Option shall have the right (subject to the provisions of the Plan and any limitation applicable to the Option) thereafter and during the term of the Option, to receive upon exercise thereof the Acquisition Consideration (as defined below) receivable upon the Acquisition by a holder of the number of Shares which would have been obtained upon exercise of the Option or portion thereof, as the case may be, immediately prior to the Acquisition. The term "Acquisition Consideration" shall mean the kind and amount of Shares of the surviving or new Company, cash, securities, evidence of indebtedness, other property or any combination thereof receivable in respect of one Share of the Company upon consummation of an Acquisition.

ARTICLE XIII - FOREIGN DIRECTORS

Without amending the Plan, Awards granted to Non-Employee Directors who are foreign nationals may have such terms and conditions different from those specified in the Plan as may, in the judgment of the Board, be necessary or desirable to foster and promote achievement of the purposes of the Plan and, in furtherance of such purposes, the Board may make such modifications, amendments, procedures, subplans and the like as may be necessary or advisable to comply with provisions of laws in other countries or jurisdictions in which the Company or its subsidiaries operate or have Non-Employee Directors.

ARTICLE XIV - EFFECTIVE DATE AND TERM OF PLAN

The Plan originally became effective on June 29, 2000, the date it was approved by the stockholders of the Company, and shall terminate when terminated by the Board.

* * * * *

I hereby certify that the Plan was originally approved by the Board of Directors of Coach, Inc. on June 23, 2000 and was originally approved by the stockholders of Coach, Inc. on June 29, 2000.

I hereby certify that the Plan, as amended and restated in its entirety, was approved by the by the Board of Directors of Coach, Inc., effective as of August 6, 2003.

Executed on this sixth day of August, 2003.

____
Carole P. Sadler
Secretary

Exhibit 10.14

COACH, INC. NON-QUALIFIED DEFERRED COMPENSATION PLAN FOR OUTSIDE DIRECTORS
(Amended and Restated as of October 21, 2002)

The Coach, Inc. Non-Qualified Deferred Compensation Plan for Outside Directors was originally approved by the Board of Directors (the "Board") of Coach, Inc., a Maryland corporation (the "Company"), on June 23, 2000, and was originally approved by the stockholders of the Company on June 29, 2000. In furtherance of the purposes of said plan and in order to amend said plan in certain respects, the plan has been amended and restated in its entirety, effective as of October 21, 2002. This amendment and restatement constitutes a complete amendment, restatement and continuation of the Coach, Inc. Non-Qualified Deferred Compensation Plan for Outside Directors (as amended and restated, the "Plan").

SECTION 1. PARTICIPATION.

(a) A member of the Board who is not an employee of the Company may elect to defer the compensation that he or she earns for services as a director that he or she has not elected to receive in a form other than cash ("Annual Cash Retainer") which would otherwise be payable for each fiscal year quarter (or other payment period established by the Company) ("Retainer Payment Quarter") but for such director's election to participate in the Plan.

(b) The deferred Annual Cash Retainer ("Deferred Compensation") shall be paid on such future date (the "Distribution Date") or dates and in such manner as a director who elects to participate in the Plan ("Participating Director") shall elect in a written Deferred Compensation Agreement in such form, consistent with the terms of the Plan, as shall be provided by the Board or its delegate ("Deferred Compensation Agreement"); provided, however, that no Deferred Compensation shall be paid in the same calendar year in which any portion of the Annual Cash Retainer representing the Deferred Compensation is earned. Any election to defer all or any portion of the Annual Cash Retainer shall be applicable to all future Annual Cash Retainer fees earned until the election is revoked by the Participating Director pursuant to Section 4 hereof.

(c) All Deferral Elections must be made in such manner as the Administrator may prescribe and must be received by the Company or its delegate no later than the date specified by the Company (the "Election Deadline"). In no event will the Election Deadline be later than the end of the Retainer Payment Quarter preceding the Retainer Payment Quarter in which the compensation is anticipated to be paid.

SECTION 2. ADMINISTRATION. The Plan shall be administered by the Board. The Board may delegate certain administrative authority to a committee or subcommittee of the Board or to one or more employees of the Company, but shall retain the ultimate responsibility for the interpretation of, and amendments to, the Plan. Members of the Board shall not be liable for any of their actions or determinations made in good faith with respect to the administration of the Plan. Except to the extent superseded by the laws of the United States, the laws of the State of Maryland, without regard to its conflict of laws principles, shall govern in all matters relating to the Plan.

SECTION 3. ESTABLISHMENT AND MAINTENANCE OF DEFERRAL ACCOUNTS.

(a) The Company shall establish and maintain a separate Deferred Compensation account ("Deferral Account") for each Participating Director which, except as otherwise may be provided pursuant to Section 6, shall be a bookkeeping account. Deferred Compensation shall be credited to the Deferral Account as of the the date the retainer fees would otherwise have been paid to the Participating Director ("Credit Dates").

(b) Each Participating Director must make an investment election at the time such Participating Director elects to defer compensation pursuant to Section 1. The Participating Director shall, pursuant to the applicable Deferred Compensation Agreement, designate the portion of the Deferred Compensation which is to be treated as invested in each investment alternative. The two investment alternatives shall be as follows:

(i) Stock Equivalent Account. Under the Stock Equivalent Account, the Participating Director's Deferral Account shall be invested in "Deferred Stock Units" under which each Deferred Stock Unit represents the right to receive one share of Coach, Inc. common stock, par value $0.01 per share ("Common Stock"), on the Distribution Date (subject to Section 5(a)). The number of Coach, Inc. Deferred Stock Units to be credited to the Participating Director's Deferral Account and appropriate subaccounts on each Credit Date shall be determined by dividing the Deferred Compensation to be "invested" on that date by the average of the high and low quotes of a share of Common Stock on the applicable day on the New York Stock Exchange Composite Transaction Tape ("Market Value"). Fractional Deferred Stock Units will be computed to two decimal places. On any Common Stock dividend record date, an amount equal to the number of Deferred Stock Units held as of such dividend record date multiplied by the dividend paid on Common Stock on the applicable dividend payment date shall either (A) be credited to the Participating Director's Deferral Account and appropriate subaccount as of the March 31st, June 30th, September 30th or December 31st coincident with or next following the dividend payment date and "invested" in additional Deferred Stock Units as though such dividend credits were Deferred Compensation or (B) at the election of the Participating Director at such time and in accordance with such rules as established by the Board, be paid in cash to the Participating Director as of the March 31st, June 30th, September 30th or December 31st coincident with or next following the dividend payment date. In the event of any stock dividend, stock split, combination or exchange of securities, merger, consolidation, recapitalization, spin-off or other distribution (other than normal cash dividends) of any or all of the assets of the Company to stockholders, or any other similar change or event effected without receipt of consideration, such proportionate adjustments, if any, as the Board in its discretion may deem appropriate to reflect such change or event shall be made with respect to the number of Deferred Stock Units credited to a Participating Director's Deferral Account. Subject to Section 5(a), the number of shares of Common Stock to be paid to a Participating Director on a Distribution Date shall be equal to the number of Deferred Stock Units accumulated in the Deferral Account on such date divided by the total of the payments to be made. Deferred Stock Units shall not have voting rights.

(ii) Interest Account. Under the Interest Account, interest will be credited to the Participating Director's Deferral Account as of the business day coinciding with or next following each June 30 and December 31 (a "Valuation Date") and on the date the final payment of Deferred Compensation is to be made based on the balance in the Participating Director's Deferral Account "invested" in the Interest Account on the Valuation Date or such final payment date. The rate of interest to be credited for a Plan Year (as defined in Section 4) will be set at the beginning of each calendar year based upon the U.S. Prime Rate in effect as of such date as reported in the Wall Street Journal or such other source as may be designated by the Board. If installment payments are elected, the amount to be paid to the Participating Director on a Distribution Date shall be determined as follows: the amount of the principal payment of each installment shall be determined by dividing the current principal balance by the number of remaining installment payments and the amount of the interest payment shall be determined by dividing the current interest balance by the number of remaining installment payments. All payments from the Interest Account shall be made in cash.

(c) A Participating Director's investment election shall be subject to the following rules:

(i) If the Participating Director fails to make an investment election with respect to Deferred Compensation, the Deferred Compensation shall be deemed to be invested in the Interest Account.

(ii) All investments in the Stock Equivalent Account shall be irrevocable.

(iii) A Participating Director may elect to transfer amounts invested in the Interest Account to the Stock Equivalent Account as of any Valuation Date by filing an investment change election with the Board prior to the Valuation Date the change is to become effective. The amount elect to be transferred to the Stock Equivalent Account shall be treated as invested in Deferred Stock Units as of the Valuation Date and the number of Deferred Stock Units to be credited to the Participating Director's Deferral Account and appropriate subaccounts as of the Valuation Date shall be determined by dividing the amount to be transferred by the Market Value on such Valuation Date.

(iv) Until invested as of the Credit Date in either the Interest Account or Stock Equivalent Account, a Participating Director's Deferred Compensation shall be credited with interest in such amount as the Board may determine.

(d) A Participating Director may make an irrevocable election to extend a Distribution Date (a "Re-Deferral Election"); provided, that no Re-Deferral Election shall be effective unless (i) the plan administrator receives the election prior to the last Election Deadline of the calendar year preceding the calendar year in which the Distribution Date to be changed occurs, and (ii) the new Distribution Date is not earlier than the January 1 immediately following the first anniversary of the date the Re-Deferral Election is made. All Re-Deferral Elections must be made in such manner and pursuant to such rules as the Company or its designee may prescribe.

SECTION 4. REVOCATION OF ELECTION. A Participating Director may elect to revoke the election to defer his or her Annual Cash Retainer by written notice delivered to the Secretary of the Company at least seven (7) business days prior to the date the retainer fees would otherwise have been paid to the Participating Director ("Revocation Notice"). The revocation shall become effective at the beginning of the next immediate Retainer Payment Quarter and shall be applicable only to Annual Cash Retainer fees earned after the effective date of the Revocation Notice, and, thereafter, the Participating Director shall not be entitled to defer any future Annual Cash Retainer fees for the remaining portion of the Plan Year in which the Revocation Notice is delivered. "Plan Year" means the twelve-month period beginning on November 1 and ending on October 31.

SECTION 5. PAYMENTS OF DEFERRED COMPENSATION.

(a) As specified in the Deferred Compensation Agreement, a Participating Director may elect to receive payments of Deferred Compensation either (i) in a lump sum payment as of the Distribution Date or (ii) in annual installments over a period not to exceed ten (10) years commencing as of the Distribution Date. If the Participating Director elects an installment method of payment the Distribution Date must be as of January 1.

(b) The Deferral Account shall continue to be maintained for the benefit of the Participating Director and paid in accordance with the Deferred Compensation Agreement in the event that the Participating Director's service as a director shall terminate prior to all of the outstanding balance in the Deferral Account being paid out.

(c) If a Participating Director shall die while an active director of the Company prior to all the payments being made from the Deferral Account, the unpaid balance of the Deferral Account shall be paid on the thirtieth (30th) day after the date the Secretary of the Company has been duly notified of his or her death to either of the Participating Director's estate or to his or her designated beneficiary or beneficiaries, as designated in the Deferred Compensation Agreement, or in the absence of such designation, to his or her personal representative. Such death payment shall be made in a single lump sum, irrespective of the time and manner of payment specified in the Deferred Compensation Agreement.

SECTION 6. UNFUNDED OBLIGATION OF THE COMPANY. Deferral Account balances shall constitute general contractual obligations of the Company to the

Participating Directors. The Company shall not segregate assets, create any security interest or encumber its assets in order to provide for or fund the payment of any Deferral Account balances.

SECTION 7. NON-ASSIGNABILITY. The rights and benefits of a Participating Director under the Plan are personal and cannot be pledged, transferred or assigned except by designation of a beneficiary (or beneficiaries), by will or the laws of descent and distribution.

SECTION 8. CHANGE OF CONTROL.

(a) Notwithstanding anything contained in the Plan to the contrary, immediately prior to any Change of Control (as defined below):

(i) Each Participating Director may elect to transfer amounts invested in the Stock Equivalent Account to the Interest Account as of the effective time of the Change of Control by filing an investment change election with the Administrator prior to the date the Change of Control is to become effective. The amount to be credited to the Participating Director's Interest Account as of the effective time of the Change of Control shall be determined by multiplying the number of Deferred Stock Units to be transferred by the Market Value upon the Change of Control. For purposes of the foregoing, Market Value shall be equal to the consideration paid for a share of Common Stock in connection with the Change of Control, as determined by the Administrator.

(ii) In addition, each Participating Director's Distribution Date shall be accelerated to be the earlier to occur of (A) the Distribution Date specified in the Participiping Director's investment election or (B) the first business day of the first calendar year following the occurrence of the Change in Control.

The phrase "immediately prior to any Change of Control" shall be understood to mean sufficiently in advance of a Change of Control to permit Participating Directors to take all steps reasonably necessary to receive full payment of each Participating Director's Deferral Account and to deal with the shares underlying all Deferred Stock Units so that all Deferred Stock Units and shares issuable with respect thereto may be treated in the same manner as the shares of stock of other shareholders in connection with the Change of Control.

(b) A "Change of Control" shall occur when:

(i) A "Person" (which term, when used in this Section 8, shall have the meaning it has when it is used in Section 13(d) of the Securities Exchange Act of 1934 (the "Exchange Act"), but shall not include the Company, any underwriter temporarily holding securities pursuant to an offering of such securities, any trustee or other fiduciary holding securities under an employee benefit plan of the Company, or any corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of Voting Stock (as defined below) of the Company) is or becomes, without the prior consent of a majority of the Continuing

Directors (as defined below), the Beneficial Owner (as defined in Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of Voting Stock (as defined below) representing twenty percent (20%) or more of the combined voting power of the Company's then outstanding securities; or

(ii) The stockholders of the Company approve and the Company consummates a reorganization, merger or consolidation of the Company or the Company sells, or otherwise disposes of, all or substantially all of the Company's property and assets, or the Company liquidates or dissolves (other than a reorganization, merger, consolidation or sale which would result in all or substantially all of the beneficial owners of the Voting Stock of the Company outstanding immediately prior thereto continuing to beneficially own, directly or indirectly (either by remaining outstanding or by being converted into voting securities of the resulting entity), more than fifty percent (50%) of the combined voting power of the voting securities of the Company or such entity resulting from the transaction (including, without limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the Company's property or assets, directly or indirectly) outstanding immediately after such transaction in substantially the same proportions relative to each other as their ownership immediately prior to such transaction); or

(iii) The individuals who are Continuing Directors of the Company (as defined below) cease for any reason to constitute at least a majority of the Board of the Company.

(iv) For purposes of this Section 8, (A) the term "Continuing Director" means (I) any member of the Board who is a member of the Board immediately after the issuance of any class of securities of the Company that are required to be registered under Section 12 of the Exchange Act, or (II) any person who subsequently becomes a member of the Board whose nomination for election or election to the Board is recommended by a majority of the Continuing Directors and (B) the term "Voting Stock" means all capital stock of the Company which by its terms may be voted on all matters submitted to stockholders of the Company generally.

(c) Immediately upon the consummation of a Change in Control, the Company shall, or shall cause any acquirer or successor to, deposit into an irrevocable grantor trust (the "Rabbi Trust") an amount of cash equal to the then aggregate value of the Deferral Accounts. The trustee of the Rabbi Trust and the terms and conditions of the agreement of trust establishing the Rabbi Trust shall be determined by the Company prior to the consummation of the Change in Control; provided, however, that the Rabbi Trust shall provide for the distribution of its assets to Participating Directors in accordance with the terms of this Plan; provided, further, that the Rabbi Trust shall meet the requirements of Revenue Procedure 92-64, 1992-2 C.B. 422, issued by the Internal Revenue Service, such that Participating Directors will not incur tax liability in connection with the establishment of, or deposit of any assets in, the Rabbi Trust. From time to time, the Company shall make such additional contributions to the Rabbi Trust as the Board shall determine are necessary or appropriate in order to continue to fully fund the Deferral Accounts of all Participating Directors.

SECTION 9. ASSUMPTION OF PLAN. The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, whether pursuant to a Change in Control or otherwise, to expressly assume and agree to perform the obligations under this Plan in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

SECTION 10. AMENDMENTS. Any substantive amendment to the Plan shall be approved by the Board. No amendment shall be made which would adversely affect the tax status of the Deferred Compensation accumulated in the Deferral Accounts.

SECTION 11. EFFECTIVE DATE; TERMINATION. The Plan originally became effective on June 29, 2000. The Board may terminate the Plan at any time; provided that, such termination shall not affect the rights of Participating Directors that have accrued under the Plan prior to such termination. In the event of a termination, the payment schedule specified in the Deferred Compensation Agreement or under the terms of the Plan shall continue to be followed.

* * * * *

I hereby certify that the Plan was originally approved by the Board of Directors of Coach, Inc. on June 23, 2000 and was originally approved by the stockholders of Coach, Inc. on June 29, 2000.

I hereby certify that the Plan, as amended and restated in its entirety, was approved by the by the Board of Directors of Coach, Inc., effective as of October 21, 2002.

Executed on this twenty-first (21st) day of October, 2002.

/s/ Carole P. Sadler

Carole P. Sadler
Secretary

Exhibit 10.20

EMPLOYMENT AGREEMENT

THIS AGREEMENT, effective as of June 1, 2003 (the "Effective Date"), is made by and between Coach, Inc., a Maryland corporation (the "Company") and Lew Frankfort (the "Executive").

RECITALS:

A. It is the desire of the Company to assure itself of the services of the Executive by engaging the Executive as its Chairman and Chief Executive Officer.

B. The Executive desires to commit himself to serve the Company on the terms herein provided.

NOW, THEREFORE, in consideration of the foregoing and of the respective covenants and agreements set forth below, the parties hereto agree as follows:

1. Certain Definitions

(a) "Affiliate" shall mean with respect to any Person, any other Person directly or indirectly, through one or more intermediaries, controlling, controlled by, or under common control with, such Person. For purposes of this Section 1(a), "control" shall have the meaning given such term under Rule 405 of the Securities Act of 1933, as amended.

(b) "Annual Base Salary" shall have the meaning set forth in Section 5(a).

(c) "Board" shall mean the Board of Directors of the Company.

(d) "Bonus" shall have the meaning set forth in Section 5(b).

(e) The Company shall have "Cause" to terminate the Executive's employment upon (i) the Executive's failure to attempt in good faith to substantially perform the duties as Chairman and Chief Executive Officer (other than any such failure resulting from the Executive's physical or mental incapacity) which is not remedied within 30 days after receipt of written notice from the Company specifying such failure; (ii) the Executive's failure to attempt in good faith to carry out, or comply with, in any material respect any lawful and reasonable directive of the Board, which is not remedied within 30 days after receipt of written notice from the Company specifying such failure; (iii) the Executive's commission at any time of any act or omission that results in, or may reasonably be expected to result in, a conviction, plea of no contest, or imposition of unadjudicated probation for any felony (or any other crime involving fraud, embezzlement, material misconduct or misappropriation having a material adverse impact on the Company); (iv) the Executive's unlawful use (including being under the influence) or possession of illegal drugs on the Company's premises or while performing the Executive's duties and responsibilities; or (v) the Executive's willful commission at any time of any act of fraud, embezzlement, misappropriation, misconduct, or breach of fiduciary duty against the Company (or any predecessor thereto or successor thereof) having a material adverse impact on the Company.

(f) "Change in Control" shall occur when:

(i) A Person (which term, when used in this Section 1(f), shall not include the Company, any underwriter temporarily holding securities pursuant to an offering of such securities, any trustee or other fiduciary holding securities under an employee benefit plan of the Company, or any Company owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of Voting Stock of the Company) is or becomes, without the prior consent of a majority of the Continuing Directors, the beneficial owner (as defined in Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended), directly or indirectly, of Voting Stock representing, without the prior written consent of a majority of the Continuing Directors twenty percent (20%) (or, even with such prior consent, thirty-five percent (35%)) or more of the combined voting power of the Company's then outstanding securities; or

(ii) The Company consummates a reorganization, merger or consolidation of the Company (which prior to the date of such consummation has been approved by the Company's stockholders) or the Company sells, or otherwise disposes of, all or substantially all of the Company's property and assets (other than a reorganization, merger, consolidation or sale which would result in all or substantially all of the beneficial owners of the Voting Stock of the Company outstanding immediately prior thereto continuing to beneficially own, directly or indirectly (either by remaining outstanding or by being converted into voting securities of the resulting entity), more than fifty percent (50%) of the combined voting power of the voting securities of the Company or such entity resulting from the transaction (including, without limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the Company's property or assets, directly or indirectly) outstanding immediately after such transaction in substantially the same proportions relative to each other as their ownership immediately prior to such transaction), or the Company's stockholders approve a liquidation or dissolution of the Company; or

(iii) The individuals who are Continuing Directors of the Company (as defined below) cease for any reason to constitute at least a majority of the Board.

(g) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(h) "Committee" shall mean the Human Resources and Corporate Governance Committee of the Board.

(i) "Common Stock" shall mean the $.01 par value common stock of the Company.

(j) "Company" shall, except as otherwise provided in Section 9, have the meaning set forth in the preamble hereto.

(k) "Competitive Business" shall mean any entity that, as of the date of the Executive's termination of employment, the Committee has designated in its sole discretion as an entity that competes with any of the businesses of the Company; provided, that (i) not more than 20 entities (which term "entities" shall include any subsidiaries, parent entities and other Affiliates thereof) shall be designated as Competitive Businesses at one time and (ii) such entities are the same 20 entities used for any list of competitive entities for any other arrangement with an executive of the Company; and, provided further, that the Committee may change its designation of Competitive Businesses at any time that is not less than 90 days prior to the Executive's termination of employment upon written notice thereof to the Executive (and any such change within the 90 day period immediately preceding the Executive's termination of employment shall not be effective). The list of Competitive Businesses in effect as of the Effective Date (which the parties acknowledge and agree may be changed by the Committee in accordance with the terms of the immediately preceding sentence) shall be communicated by the Company to the Executive as soon as reasonably practicable following the Effective Date.

(l) "Continuing Director" means (i) any member of the Board (other than an employee of the Company) as of the Effective Date or (ii) any person who subsequently becomes a member of the Board (other than an employee of the Company) whose election or nomination for election to the Board is recommended by a majority of the Continuing Directors.

(m) "Contract Year" shall mean (i) the period beginning on June 1, 2003 and ending on June 30, 2004 and (ii) each twelve-month period beginning on July 1, 2004 or any anniversary thereof.

(n) "Date of Termination" shall mean (i) if the Executive's employment is terminated by his death, the date of his death and (ii) if the Executive's employment is terminated pursuant to Section 6(a)(ii) - (vi), the date specified in the Notice of Termination (or if no such date is specified, the last day of the Executive's active employment with the Company).

(o) "Disability" shall mean any mental or physical illness, condition, disability or incapacity which:

(i) Prevents the Executive from discharging substantially all of his essential job responsibilities and employment duties;

(ii) Shall be attested to in writing by a physician or a group of physicians selected by the Executive and acceptable to the Company; and

(iii) Has prevented the Executive from so discharging his duties for any 180 days in any 365 day period.

A Disability shall be deemed to have occurred on the 180th day in any such 365 day period.

(p) "Executive" shall have the meaning set forth in the preamble hereto.

(q) "Extension Term" shall have the meaning set forth in Section 2.

(r) "Financial Gain" with respect to any specified period of time shall mean the sum of all (i) Retention Option Gains realized by the Executive during such period and (ii) Retention RSU Gains realized by the Executive during such period.

(s) The Executive shall have "Good Reason" to resign his employment upon the occurrence of any of the following: (i) failure of the Company to continue the Executive in the position of Chairman and Chief Executive Officer; (ii) a material diminution in the nature or scope of the Executive's responsibilities, duties or authority(including, without limitation, the Executive's failure to continue to serve as member of the Board); (iii) relocation of the Company's executive offices more than 50 miles outside of New York, New York or relocation of Executive away from the executive offices; (iv) failure of the Company to timely make any material payment or provide any material benefit under this Agreement, or the Company's material reduction of any compensation, equity or benefits that the Executive is eligible to receive under this Agreement; or (v) the Company's material breach of this Agreement; provided, however, that notwithstanding the foregoing the Executive may not resign his employment for Good Reason unless: (x) the Executive provides the Company with at least 30 days prior written notice of his intent to resign for Good Reason (which notice is provided not later than the 60th day following the occurrence of the event constituting Good Reason) and (y) the Company does not remedy the alleged violation(s) within such 30-day period; and, provided, further, that Executive may resign his employment for Good Reason if in connection with any Change in Control the surviving entity does not assume this Agreement (or, with the written consent of the Executive, substitute a substantially identical agreement) with respect to the Executive in writing delivered to the Executive prior to, or as soon as reasonably practicable following, the occurrence of such Change in Control.

(t) "Initial Term" shall have the meaning set forth in Section 2.

(u) "Intellectual Property" shall have the meaning set forth in Section 9(f).

(v) "Maximum Bonus" shall have the meaning set forth in Section 5(b).

(w) "Notice of Termination" shall have the meaning set forth in Section 6(b).

(x) "Option" shall mean an option to purchase Common Stock pursuant to the Stock Incentive Plan (or any other equity based compensation plan or agreement that may be adopted or entered into by the Company from time to time).

(y) "Person" shall mean an individual, partnership, corporation, business trust, limited liability company, joint stock company, trust, unincorporated association, joint venture, governmental authority or other entity of whatever nature.

(z) "Pro-Rata Bonus" shall have the meaning set forth in Section 7(d).

(aa) "Release" shall have the meaning set forth in Section 7(b).

(bb) "Retention Option Gain" with respect to any specified period of time shall mean the product of (i) the number of shares of Common Stock purchased upon the exercise of any Retention Options during such period and (ii) the excess of (A) the fair market value per share of Common Stock as of the date of such exercise over (B) the exercise price per share of Common Stock subject to such Retention Options.

(cc) "Retention Options" shall have the meaning set forth in Section 5(c).

(dd) "Retention RSU Gain" with respect to any specified period of time shall mean the product of (i) the number of shares of Common Stock subject to Retention RSUs that first become vested during such period and (ii) the fair market value per share of Common Stock as of the date such Retention RSUs first become vested.

(ee) "Retention RSUs" shall have the meaning set forth in Section 5(d).

(ff) "Stock Incentive Plan" shall mean the Company's 2000 Stock Incentive Plan, as amended from time to time.

(gg) "Target Bonus" shall have the meaning set forth in Section 5(b).

(hh) "Term" shall have the meaning set forth in Section 2.

(ii) "Voting Stock" means all capital stock of the Company which by its terms may be voted on all matters submitted to stockholders of the Company generally.

2. Employment. The Company shall employ the Executive and the Executive shall continue in the employ of the Company, for the period set forth in this Section 2, in the positions set forth in the first sentence of Section 3 and upon the other terms and conditions herein provided. The initial term of employment under this Agreement (the "Initial Term") shall be for the period beginning on the Effective Date and ending on July 1, 2008, unless earlier terminated as provided in Section 6. The Initial Term shall automatically be extended for successive one-year periods (each, an "Extension Term") unless either party hereto gives written notice of non-extension to the other no later than 180 days prior to the scheduled

expiration of the Initial Term or the then applicable Extension Term (the Initial Term and any Extension Term shall be collectively referred to hereunder as the "Term").

3. Position and Duties. The Executive shall serve as Chairman and Chief Executive Officer of the Company, reporting to the Board, with such responsibilities, duties and authority as are customary for such role. The Executive shall also be nominated for a seat on the Board. The Executive shall devote all necessary business time and attention, and employ his reasonable best efforts, toward the fulfillment and execution of all assigned duties, and the satisfaction of defined annual and/or longer-term performance criteria. Notwithstanding the foregoing, the Executive may manage his personal investments, be involved in charitable and professional activities (including serving on charitable and professional boards), and, with the consent of the Board, serve on for profit boards of directors and advisory committees so long as such service does not materially interfere with Executive's obligations hereunder or violate Section 9 hereof.

4. Place of Performance. In connection with his employment during the Term, the Executive shall be based at the Company's offices in New York, New York, except for necessary travel on the Company's business.

5. Compensation and Related Matters

(a) Annual Base Salary. At the commencement of the Term, the Executive shall receive a base salary at a rate of $811,000 per annum (the "Annual Base Salary"), paid in accordance with the Company's general payroll practices for executives, but no less frequently than monthly. No less frequently than annually during the Term, the Board and the Committee shall review the rate of Annual Base Salary payable to the Executive, and may, in their discretion, increase the rate of Annual Base Salary payable hereunder; provided, however, that any increased rate shall thereafter be the rate of "Annual Base Salary" hereunder.

(b) Bonus. Except as otherwise provided for herein, with respect to each Contract Year on which the Executive is employed hereunder on the last day, the Executive shall be eligible to receive a bonus (the "Bonus"), as determined pursuant to the Coach, Inc. Performance-Based Annual Incentive Plan or another "qualified performance-based compensation" bonus plan that has been approved by the stockholders of the Company in accordance with the provisions for such approval under Code Section 162(m) and the regulations promulgated thereunder (collectively, the "Bonus Plan"), and on the basis of the Executive's or the Company's attainment of objective financial or other operating criteria established by the Committee in its sole discretion and in accordance with Code Section 162(m) and the regulations promulgated thereunder. With respect to each Contract Year (i) the Executive shall be eligible to receive a maximum Bonus (the "Maximum Bonus") in an amount equal to at least 150% of his Annual Base Salary and (ii) the Executive's target-level Bonus (the "Target Bonus") shall be equal to 75% of the amount of the Maximum Bonus. In addition, the Executive shall be eligible to participate in any other bonus plan or program that may be established by the Committee and that covers the Executive (even if such plan or program does not provide for qualified performance-based bonuses within the meaning of Code Section 162(m)).

(c) Stock Options

(i) During the Term, the Executive shall be eligible to be granted Options at such time(s) and in such amount(s) as may be determined by the Committee in its sole discretion; provided, that the Executive shall be granted such Options in accordance with the Company's customary past practice unless the Committee determines in its good faith discretion that the amount or timing of such Option grants shall be revised based upon the Executive's performance.

(ii) In addition to any Options granted in accordance with subsection (i), as of July 1, 2003 the Executive shall be granted a non-qualified stock option (the "Retention Options") to purchase 222,222 shares of Common Stock, pursuant to the terms and conditions of the Stock Incentive Plan and a written Retention Stock Option Agreement to be entered into by and between the Company and Executive as of the date hereof in substantially the form attached hereto as Exhibit A. The Retention Options shall have an exercise price equal to the fair market value per share of Common Stock as of July 1, 2003 and shall have a term of 10 years. The Retention Options shall become exercisable in two cumulative installments as follows: (A) the first installment shall consist of 30% of the shares of Common Stock covered by the Retention Options and shall become vested and exercisable on July 1, 2007 and (B) the second installment shall consist of 70% of the shares of Common Stock covered by the Retention Options and shall become exercisable on July 1, 2008; provided, that, except as otherwise provided in Section 7 or in the Retention Stock Option Agreement, no portion of the Retention Options not then exercisable shall become exercisable following the Executive's termination of employment for any reason. In the event of the Executive's termination of employment for any reason other than for Cause, the Retention Options to the extent then exercisable shall remain exercisable until the earlier of (x) the date provided in the Retention Stock Option Agreement or (y) July 1, 2013. The Company and the Executive acknowledge and agree that the Retention Options shall not provide for the grant of any "Restoration Options" as defined in the Stock Incentive Plan.

(d) Restricted Stock Units

(i) During the Term, the Executive shall be eligible to be awarded Restricted Stock Units ("RSUs") and other equity compensation awards pursuant to the Stock Incentive Plan (or any other equity based compensation plan that may be adopted by the Company from time to time), at such time(s) and in such amount(s) as may be determined by the Committee in its sole discretion.

(ii) In addition to any RSUs awarded in accordance with subsection (i), as of July 1, 2003 the Executive shall be awarded that number of RSUs that, as of July 1, 2003, have a projected aggregate value equal to $3,333,333 (assuming the market value per share of Common Stock is exactly $30 greater on July 1, 2008 than on July 1, 2003) (the "Retention RSUs"), pursuant to the terms and conditions of the Stock Incentive Plan and a written

Retention RSU Agreement to be entered into by and between the Company and Executive as of the date hereof in substantially the form attached hereto as Exhibit B. The Retention RSUs shall become vested with respect to 30% of the Retention RSUs on July 1, 2007 and with respect to 70% of RSUs on July 1, 2008; provided, that, except as otherwise provided in Section 7 or in the Retention RSU Agreement, no Retention RSUs not then vested shall become vested following the Executive's termination of employment.

(e) Benefits. The Executive shall be entitled to receive such benefits and to participate in such employee group benefit plans, including life, health and disability insurance policies, as are generally provided by the Company to its senior executives in accordance with the plans, practices and programs of the Company.

(f) Expenses. The Company shall reimburse the Executive for all reasonable and necessary expenses incurred by the Executive in connection with the performance of the Executive's duties as an employee of the Company. Such reimbursement is subject to the submission to the Company by the Executive of appropriate documentation and/or vouchers in accordance with the customary procedures of the Company for expense reimbursement, as such procedures may be revised by the Company from time to time.

(g) Vacations. The Executive shall be entitled to paid vacation in accordance with the Company's vacation policy as in effect from time to time. However, in no event shall the Executive be entitled to less than four weeks vacation per Contract Year. The Executive shall also be entitled to paid holidays and personal days in accordance with the Company's practice with respect to same as in effect from time to time (but in no event shall the Executive be entitled to fewer than two personal days per Contract Year).

(h) Automobile. During the Term, the Company shall provide the Executive with a Company-leased automobile in accordance with the Company's applicable policies and procedures.

(i) Retirement Eligibility. The Company acknowledges and agrees that, as of the Effective Date, the Executive shall have attained at least age 55 and been credited with at least 10 years of service under the applicable retirement plans of the Company (and its predecessor) and that the Executive shall be eligible for retirement ("Retirement") under such retirement plans upon any voluntary departure by the Executive from employment with the Company following the Effective Date and shall be treated as retired for purposes of all benefit and equity plans and programs (other than for purposes of the Retention Options and Retention RSUs (unless otherwise provided in the Retention Stock Option Agreement or Retention RSU Agreement)). This Agreement shall not impair any rights that the Executive may have with respect to the treatment of any Options or RSUs upon the Executive's Retirement under any Option or RSU agreement or other retirement arrangement entered into prior to the Effective Date.

6. Termination. The Executive's employment hereunder may be terminated by the Company, on the one hand, or the Executive, on the other hand, as applicable, without any breach of this Agreement only under the following circumstances:

(a) Terminations

(i) Death. The Executive's employment hereunder shall terminate upon his death.

(ii) Disability. In the event of the Executive's Disability, the Company may give the Executive written notice of its intention to terminate the Executive's employment. In such event, the Executive's employment with the Company shall terminate effective on the 14th day after delivery of such notice, provided that within the 14 days after such delivery, the Executive shall not have returned to full-time performance of his duties.

(iii) Cause. The Board may, with the approval of two-thirds of the Continuing Directors after a meeting (of which the Executive is provided with at least 10 days prior written notice of the intent of the meeting and the specifics of the grounds for Cause termination being alleged) at which the Executive has been given an opportunity to appear with counsel, terminate the Executive's employment hereunder for Cause; provided, however, that, notwithstanding the foregoing, if (A) the Board terminates the Executive's employment for Cause pursuant to Section 1(e)(iii) and (B) the Executive (i) is not indicted for, or otherwise charged by any court or other governmental or regulatory authority with, any felony or any other crime involving fraud, embezzlement, material misconduct or misappropriation having a material adverse impact on the Company (which felony or other crime was the reason for such termination) within 18 months following the date of his termination of employment, or (ii) is not convicted of, does not plea no contest to, and does not receive unadjudicated probation for, any felony (or any other crime involving fraud, embezzlement, material misconduct or misappropriation having a material adverse impact on the Company) (which felony or other crime was the reason for such termination), then the Executive's termination of employment will be deemed to be without Cause and the Executive shall retroactively be eligible for severance payments to the extent provided by Section 7(b).

(iv) Good Reason. The Executive may terminate his employment for Good Reason (whether or not due to his Retirement).

(v) Without Cause. The Company may terminate the Executive's employment hereunder without Cause. A notice by the Company of non-extension of the Term shall be treated as a termination without Cause as of the last day of the Term.

(vi) Resignation without Good Reason. The Executive may resign his employment without Good Reason (whether or not due to his Retirement) upon 180 days written notice to the Company.

(b) Notice of Termination. Any termination of the Executive's employment by the Company or by the Executive under this Section 6 (other than termination pursuant to paragraph (a)(i)) shall be communicated by a written notice to the other party hereto indicating the specific termination provision in this Agreement relied upon, setting forth in reasonable detail any facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated, and specifying a Date of Termination which, except in the case of termination for Cause or Disability, shall be at least thirty days (or such longer period provided by Section 6(a)(vi)) following the date of such notice (a "Notice of Termination"); provided, the Company may pay out such notice period instead of employing the Executive.

7. Severance Payments and Benefits

(a) Termination for any Reason. In the event the Executive's employment with the Company is terminated for any reason, the Company shall pay the Executive (or his beneficiary in the event of his death) any unpaid Annual Base Salary that has accrued as of the Date of Termination, any unreimbursed expenses due to the Executive and an amount for any accrued but unused vacation days and any earned but unpaid bonus for any fiscal year of the Company completed prior to the date of such termination. The Executive shall also be entitled to accrued, vested benefits under the Company's benefit plans and programs as provided therein. The Executive shall be entitled to the cash severance payments described below only as set forth herein and the provisions of this Section 7 shall supersede in their entirety any severance payment provisions in any severance plan, policy, program or arrangement maintained by the Company.

(b) Terminations without Cause or for Good Reason. Except as otherwise provided by Section 7(c) with respect to certain terminations of employment in connection with a Change in Control, if the Executive's employment shall terminate without Cause (pursuant to Section 6(a)(v)), or for Good Reason (pursuant to Section 6(a)(iv)), the Company shall (subject to the Executive's entering into a Separation and Release Agreement with the Company in substantially the form attached hereto as Exhibit C (the "Release")):

(i) Pay to the Executive an amount equal to the product of (A) the sum of his then current (i) Annual Base Salary and (ii) Target Bonus for the year of termination, and (B) two; payable in equal monthly installments during the period beginning on the Date of Termination and ending on the second anniversary thereof; provided, however, that no amount shall be payable pursuant to this Section 7(b)(i) on or following the date the Executive first (i) violates any of the covenants set forth in Section 9(a) or 9(b), or (ii) materially violates any of the covenants set forth in Section 9(c), 9(e) or 9(f);

(ii) Continue to provide the Executive with all health and welfare benefits and perquisites which he was participating in or receiving as of the Date of Termination until the earlier of (A) the second anniversary of the Date of Termination or (B) the date the Executive first (i) violates any of the covenants set forth in Section 9(a) or 9(b), or (ii) materially violates any of the covenants set forth in Section 9(c), 9(e) or 9(f). If such benefits cannot be provided under the Company's programs, such benefits and perquisites will be provided on an individual basis to the Executive such that his after-tax costs will be no greater than the costs for such benefits and perquisites under the Company's programs;

(iii) Notwithstanding any provision to the contrary in any Option or RSU agreement, cause all (A) Retention RSUs and Retention Options not vested or exercisable as of the Date of Termination to remain or become vested and remain exercisable in accordance with the terms and conditions of the applicable Retention Option or Retention RSU agreement and (B) except as otherwise provided by Section 7(f) with respect to certain terminations of employment due to the Executive's Retirement, Options and RSUs (other than the Retention Options and the Retention RSUs) then held by the Executive to continue to become vested and exercisable in accordance with their terms as if the Executive had remained employed by the Company until the second anniversary of the Date of Termination (and all Options and RSUs (other than the Retention Options and the Retention RSUs) that do not become vested and exercisable on or prior to the second anniversary of the Date of Termination shall thereupon be forfeited);

(iv) Pay to the Executive a Pro-Rata Bonus, as defined in Section 7(d), when bonuses are paid for the year of termination based on actual results and the relative portion of the fiscal year during which the Executive was employed.

(c) Certain Terminations in connection with a Change in Control. If the Executive's employment shall terminate without Cause (pursuant to Section 6(a)(v)) or for Good Reason (pursuant to Section 6(a)(iv)) within six months prior to a Change in Control or during the 12 month period immediately following such Change in Control, the Company shall (subject to the receipt of the Release):

(i) Pay to the Executive an amount equal to the product of (A) the sum of his then current (i) Annual Base Salary and (ii) Target Bonus for the year of termination, and (B) two; payable in equal monthly installments during the period beginning on the Date of Termination and ending on the second anniversary thereafter; provided, however, that no amount shall be payable pursuant to this Section 7(c)(i) on or following the date the Executive first (i) violates any of the covenants set forth in Section 9(a) or 9(b), or (ii) materially violates any of the covenants set forth in Section 9(c), 9(e) or 9(f);

(ii) Continue to provide the Executive with all health and welfare benefits and perquisites which he was participating in or receiving as of the Date of Termination until the earlier of (A) the second anniversary of the Date of Termination or (B) the date the Executive first (i) violates any of the covenants set forth in Section 9(a) or 9(b), or (ii) materially violates any of the covenants set forth in Section 9(c), 9(e) or 9(f). If such benefits cannot be provided under the Company's programs, such benefits and perquisites will be provided on an individual basis to the Executive such that his after-tax costs will be no greater than the costs for such benefits and perquisites under the Company's programs;

(iii) Notwithstanding any provision to the contrary in any Option or RSU agreement, cause all Options (including without limitation the Retention Options), RSUs (including without limitation the Retention RSUs) and other equity based compensation awards then held by the Executive to become fully vested and exercisable with respect to all shares subject thereto effective immediately prior to the Date of Termination and all Options shall remain exercisable for the remainder of the 10 year term;

(iv) Pay Executive a Pro-Rata Bonus, as defined in Section 7(d), within 10 days following the date of such termination.

(d) Termination by Reason of Disability or Death. If the Executive's employment shall terminate by reason of his Disability (pursuant to Section 6(a)(ii)) or death (pursuant to Section 6(a)(i)), then (i) the Company shall pay to the Executive (or Executive's estate) a pro-rated amount of the Executive's Target Bonus for the Contract Year in which the Date of Termination occurs (the "Pro-Rata Bonus"); (ii) all Retention Options and Retention RSUs not vested or exercisable as of the Date of Termination shall thereupon be forfeited; provided, that in the alternative the Committee may, in its sole discretion, cause all or any portion of any Retention Options or Retention RSUs then held by the Executive to become vested and exercisable effective as of the Date of Termination; and (iii) all Options and RSUs (other than Retention Options and the Retention RSUs) then held by the Executive shall be or become vested and shall remain exercisable in accordance with the terms of the applicable Option or RSU agreement.

(e) Termination for Cause or without Good Reason. If the Executive's employment shall terminate by reason of his voluntary resignation without Good Reason (pursuant to Section 6(a)(vi)) or by the Company for Cause (pursuant to Section 6(a)(iii)), then (i) notwithstanding any provision to the contrary in any Option or RSU agreement, all Retention RSUs and Retention Options not vested or exercisable as of the Date of Termination shall thereupon be forfeited and (ii) except as otherwise provided by Section 7(f) with respect to certain terminations of employment due to the Executive's Retirement, all Options and RSUs (other than the Retention Options and the Retention RSUs) or other equity based compensation awards not vested or exercisable as of the Date of Termination shall thereupon be forfeited and, except as set forth in Section 7(a), the Company shall have no further obligations to the Executive.

(f) Retirement. Notwithstanding any provision of this Agreement to the contrary, if the Executive's employment shall be terminated due to his Retirement (whether such termination is with or without Good Reason), then (i) notwithstanding any provision to the contrary in any Option or RSU agreement(s), all Retention RSUs and Retention Options not vested or exercisable as of the Date of Termination shall thereupon be forfeited; (ii) all Options (other than the Retention Options) then held by the Executive will vest and expire in accordance with the terms set forth in the applicable Option agreement; and (iii) all RSUs (other than the Retention RSUs) then held by the Executive shall vest (and shares underlying such RSUs shall be distributed to the Executive) in accordance with the terms set forth in the applicable RSU agreement.

(g) Survival. The expiration or termination of the Term shall not impair the rights or obligations of any party hereto which shall have accrued hereunder prior to such expiration.

(h) No Mitigation. The Executive shall have no obligation to mitigate any payments due hereunder. Any amounts earned by the Executive from other employment shall not offset amounts due hereunder, except as provided in this Section 7.

8. Parachute Payments.

(a) If it is determined by a nationally recognized United States public accounting firm selected by the Company and approved in writing by the Executive (which approval shall not be unreasonably withheld) (the "Auditors") that any payment or benefit made or provided to the Executive in connection with this Agreement or otherwise (including without limitation any Option or RSU vesting) (collectively, a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Code (the "Parachute Tax"), then the Company shall pay to the Executive, prior to the time the Parachute Tax is payable with respect to such Payment, an additional payment (a "Gross-Up Payment") in an amount such that, after payment by the Executive of all taxes (including any Parachute Tax) imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Parachute Tax imposed upon the Payment. The amount of any Gross-Up Payment shall be determined by the Auditors, subject to adjustment, as necessary, as a result of any Internal Revenue Service position. For purposes of making the calculations required by this Agreement, the Auditors may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code, provided that the Auditors' determinations must be made with substantial authority (within the meaning of Section 6662 of the Code).

(b) The federal tax returns filed by the Executive (and any filing made by a consolidated tax group which includes the Company) shall be prepared and filed on a basis consistent with the determination of the Auditors with respect to the Parachute Tax payable by the Executive. The Executive shall make proper payment of the amount of any Parachute Tax, and at the request of the Company, provide to the Company true and correct copies (with any amendments) of his federal income tax return as filed with the Internal Revenue Service, and such other documents reasonably requested by the Company, evidencing such payment. If, after the Company's payment to the Executive of the Gross-Up Payment, the Auditors determine in good faith that the amount of the Gross-Up Payment should be reduced or increased, or such determination is made by the

Internal Revenue Service, then within ten business days of such determination, the Executive shall pay to the Company the amount of any such reduction, or the Company shall pay to the Executive the amount of any such increase; provided, however, that in no event shall the Executive have any such refund obligation if it is determined by the Company that to do so would be a violation of the Sarbanes-Oxley Act of 2002, as it may be amended from time to time; and provided, further, that if the Executive has prior thereto paid such amounts to the Internal Revenue Service, such refund shall be due only to the extent that a refund of such amount is received by the Executive; and provided, further, that (i) the fees and expenses of the Auditors (and any other legal and accounting fees) incurred for services rendered in connection with the Auditor's determination of the Parachute Tax or any challenge by the Internal Revenue Service or other taxing authority relating to such determination shall be paid by the Company and (ii) the Company shall indemnify and hold the Executive harmless on an after-tax basis for any interest and penalties imposed upon the Executive to the extent that such interest and penalties are related to the Auditor's determination of the Parachute Tax or the Gross-Up Payment. Notwithstanding anything to the contrary herein, the Executive's rights under this Section 8 shall survive the termination of his employment for any reason and the termination or expiration of this Agreement for any reason.

9. Certain Restrictive Covenants

(a) The Executive shall not, at any time during the Term or during the 24-month period following the Date of Termination (the "Restricted Period") directly or indirectly engage in, have any equity interest in, or manage or operate any (i) Competitive Business, (ii) new luxury accessories business that competes directly with the existing or planned product lines of the Company or (iii) business with respect to which Reed Krakoff is a designer or marketer (or with respect to which Reed Krakoff otherwise performs similar duties to those he performs for the Company); provided, however, that the Executive shall be permitted to acquire a passive stock or equity interest in such a business provided the stock or other equity interest acquired is not more than five percent (5%) of the outstanding interest in such business; and, provided, further, that this Section 9(a) shall not apply in the event that, prior to July 1, 2007 (A) the Executive's employment is terminated by reason of his voluntary resignation without Good Reason (pursuant to Section 6(a)(vi)), (B) the Executive's employment is terminated by the Company without Cause (pursuant to Section 6(a)(v)) or (C) the Executive's employment is terminated by the Executive for Good Reason (pursuant to Section 6(a)(iv)) and, in connection with such termination, the Executive agrees in writing to waive his right to receive all payments and benefits that he would otherwise be entitled to receive pursuant to Section 7(b) or 7(c), as applicable.

(b) During the Restricted Period, the Executive will not, directly or indirectly recruit or otherwise solicit or induce any employee, director, consultant, wholesale customer, vendor, supplier, lessor or lessee of the Company to terminate its employment or arrangement with the Company, otherwise change its relationship with the Company, or establish any relationship with the Executive or any of his Affiliates for any business purpose.

(c) Except as required in the good faith opinion of the Executive in connection with the performance of the Executive's duties hereunder or as specifically set forth in this Section 9(c), the Executive shall, in perpetuity, maintain in confidence and shall not directly, indirectly or otherwise, use, disseminate, disclose or publish, or use for his benefit or the benefit of any person, firm, corporation or other entity any confidential or proprietary information or trade secrets of or relating to the Company, including, without limitation, information with respect to the Company's operations, processes, products, inventions, business practices, finances, principals, vendors, suppliers, customers, potential customers, marketing methods, costs, prices, contractual relationships, regulatory status, business plans, designs, marketing or other business strategies, compensation paid to employees or other terms of employment, or deliver to any person, firm, corporation or other entity any document, record, notebook, computer program or similar repository of or containing any such confidential or proprietary information or trade secrets. The parties hereby stipulate and agree that as between them the foregoing matters are important, material and confidential proprietary information and trade secrets and affect the successful conduct of the businesses of the Company (and any successor or assignee of the Company). Upon termination of the Executive's employment with the Company for any reason, the Executive will promptly deliver to the Company all correspondence, drawings, manuals, letters, notes, notebooks, reports, programs, plans, proposals, financial documents, or any other documents concerning the Company's customers, business plans, designs, marketing or other business strategies, products or processes, provided that the Executive may retain his rolodex, address book and similar information and any non-proprietary documents he received as a director.

(d) Notwithstanding Section 9(c), the Executive may respond to a lawful and valid subpoena or other legal process or other government or regulatory inquiry but shall give the Company prompt notice thereof (except to the extent legally prohibited), and shall, as much in advance of the return date as is reasonably practicable, make available to the Company and its counsel copies of any documents sought which are in the Executive's possession or to which the Executive otherwise has reasonable access. In addition, the Executive shall reasonably cooperate with and assist the Company and its counsel at any time and in any manner reasonably requested by the Company or its counsel (with due regard for the Executive's other commitments if he is not employed by the Company) in connection with any litigation or other legal process affecting the Company of which the Executive has knowledge as a result of his employment with the Company (other than any litigation with respect to this Agreement). In the event of such requested cooperation, the Company shall reimburse the Executive's reasonable out of pocket expenses.

(e) The Executive shall not disparage the Company, any of its products or practices, or any of its directors, officers, agents, representatives, or employees, either orally or in writing, at any time. The Company (including without limitation its directors) shall not disparage the Executive, either orally or in writing, at any time. Notwithstanding the foregoing, nothing in this Section 9(e) shall limit the ability of the Company or the Executive, as applicable, to provide truthful testimony as required by law or any judicial or administrative process.

(f) The Executive agrees that all strategies, methods, processes, techniques, marketing plans, merchandising schemes, themes, layouts, mechanicals, trade secrets, copyrights, trademarks, patents, ideas, specifications and other material or work product ("Intellectual Property") that the Executive creates, develops or assembles in connection with his employment hereunder shall become the permanent and exclusive property of the Company to be used in any manner it sees fit, in its sole discretion. The Executive shall not communicate to the Company any ideas, concepts, or other intellectual property of any kind (other than in his capacity as an officer of the Company) which (i) were earlier communicated to the Executive in confidence by any third party as proprietary information, or (ii) the Executive knows or has reason to know is the proprietary information of any third party. Further, the Executive shall adhere to and comply with the Company's Global Business Integrity Program Guide. All Intellectual Property created or assembled in connection with the Executive's employment hereunder shall be the permanent and exclusive property of the Company. The Company and the Executive mutually agree that all Intellectual Property and work product created in connection with this agreement, which is subject to copyright, shall be deemed to be "work made for hire," and that all rights to copyrights shall be vested in the Company. If for any reason the Company cannot be deemed to have commissioned "work made for hire," and its rights to copyright are thereby in doubt, then the Executive agrees not to claim to be the proprietor of the work prepared for the Company, and to irrevocably assign to the Company, at the Company's expense, all rights in the copyright of the work prepared for the Company.

(g) As used in this Section 9, the term "Company" shall include the Company and any of its Affiliates or direct or indirect subsidiaries.

(h) The Company and the Executive expressly acknowledge and agree that the agreements and covenants contained in this Section 9 are reasonable. In the event, however, that any agreement or covenant contained in this Section 9 shall be determined by any court of competent jurisdiction to be unenforceable by reason of its extending for too great a period of time or over too great a geographical area or by reason of its being too extensive in any other respect, it will be interpreted to extend only over the maximum period of time for which it may be enforceable, and/or over the maximum geographical area as to which it may be enforceable and/or to the maximum extent in all other respects as to which it may be enforceable, all as determined by such court in such action.

10. Specific Performance. It is recognized and acknowledged by the Executive that a breach of the covenants contained in Section 9 will cause irreparable damage to the Company and its goodwill (or to the Executive, as the case may be), the exact amount of which will be difficult or impossible to ascertain, and that the remedies at law for any such breach will be inadequate. Accordingly, the parties agree that in the event a party breaches any covenant contained in Section 9, in addition to any other remedy which may be available at law or in equity (or pursuant to Section 11 of this Agreement or under any other agreement between the Company and the Executive), the other party will be entitled to specific performance and injunctive relief.

11. Claw-Backs

(a) In the event that the Executive violates any of the covenants set forth in Section 9(a) or 9(b) or materially violates any of the covenants set forth in Section 9(c), 9(e) or 9(f), the Executive shall, in addition to any other remedy which may be available (i) at law or in equity, (ii) pursuant to Section 10 or (iii) pursuant to any applicable Option or RSU agreement, be required to pay to the Company an amount equal to all Financial Gain that the Executive has received during the 24-month period immediately preceding (or at any time after) the date that the Executive first breaches such covenant. In addition, all Retention Options that have not been exercised prior to the date that the Executive violates any of the covenants set forth in Section 9(a) or 9(b), or materially violates any of the covenants set forth in Section 9(c), 9(e), or 9(f) and all Retention RSUs that have not become vested prior to the date of such breach shall thereupon be forfeited.

(b) If at any time during the Term the Executive willfully commits any act of fraud, embezzlement, misappropriation, material misconduct, or breach of fiduciary duty against the Company (or any predecessor thereto or successor thereof) having a material adverse impact on the Company, then (in addition to any remedy which may be available under any applicable Option or RSU agreement) the Executive shall be required to pay to the Company an amount equal to all Financial Gain that the Executive has received at any time following the date of such act. The Executive shall not be required to make any payments of Financial Gain pursuant to this Section 11(b) to the extent the Executive makes payments of such Financial Gain in connection with the same act pursuant to Section 11(a).

12. Purchases and Sales of the Company's Securities. The Executive agrees to use his reasonable best efforts to comply in all respects with the Company's applicable written policies regarding the purchase and sale of the Company's securities by employees, as such written policies may be amended from time to time and disclosed to the Executive. In particular, and without limitation, the Executive agrees that he shall not purchase or sell Company securities (a) at any time that he possesses material non-public information about the Company or any of its businesses; and (b) while an employee during any "trading blackout period" as may be determined by the Company and set forth in the Company's applicable written policies from time to time.

13. Indemnification. The Executive shall be entitled to indemnification set forth in the Company's Charter to the maximum extent allowed under the laws of the State of Maryland, and he shall be entitled to the protection of any insurance policies the Company may elect to maintain generally for the benefit of its directors and officers against all costs, charges and expenses incurred or sustained by him in connection with any action, suit or proceeding to which he may be made a party by reason of his being or having been a director, officer or employee of the Company or any of its subsidiaries or his serving or having served any other enterprise or benefit plan as a director, officer, employee or fiduciary at the request of the Company (other than any dispute, claim or controversy arising under or relating to this Agreement). Notwithstanding anything to the contrary herein, the Executive's rights under this

Section 13 shall survive the termination of his employment for any reason and the expiration of this Agreement for any reason.

14. Delegation and Assignment. The Executive shall not delegate his employment obligations under this Agreement to any other person. The Company may not assign any of its obligations hereunder other than to any entity that acquires (by purchase, merger or otherwise) all or substantially all of the Voting Stock or assets of the Company. In the event of the Executive's death while he is receiving severance hereunder the remainder shall be paid to his estate.

15. Notices. Any written notice required by this Agreement will be deemed provided and delivered to the intended recipient when (a) delivered in person by hand; or (b) three days after being sent via U.S. certified mail, return receipt requested; or (c) the day after being sent via by overnight courier, in each case when such notice is properly addressed to the following address and with all postage and similar fees having been paid in advance:

If to the Company:	Coach, Inc. 516 West 34th Street New York, New York 10001 Atn: General Counsel
with a copy to:	Latham & Watkins LLP 885 Third Avenue, Suite 1000 New York, NY 10022 Attn: Jed W. Brickner
If to the Executive:	to him at the most recent address in the Company's records.

Either party may change the address to which notices, requests, demands and other communications to such party shall be delivered personally or mailed by giving written notice to the other party in the manner described above.

16. Legal Fees. The Company shall pay the Executive's reasonable attorneys' fees and disbursements incurred by him in connection with the negotiation of this Agreement.

17. Binding Effect. This Agreement shall be for the benefit of and binding upon the parties hereto and their respective heirs, personal representatives, legal representatives, successors and, where applicable, assigns.

18. Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter described in this Agreement and supersedes all prior agreements, understandings and arrangements, both oral and written, between the parties with respect to such subject matter; provided, however, that any written agreements between the Executive and the Company concerning Options, RSUs or any other equity compensation awards shall remain in full force and effect in accordance with their terms. This Agreement may not be modified, amended, altered or rescinded in any manner, except by written instrument signed by both of the parties hereto; provided, however, that the waiver by either party of a breach or

compliance with any provision of this Agreement shall not operate nor be construed as a waiver of any subsequent breach or compliance.

19. Severability. In case any one or more of the provisions of this Agreement shall be held by any court of competent jurisdiction or any arbitrator selected in accordance with the terms hereof to be illegal, invalid or unenforceable in any respect, such provision shall have no force and effect, but such holding shall not affect the legality, validity or enforceability of any other provision of this Agreement.

20. Dispute Resolution and Arbitration. In the event that any dispute arises between the Company and the Executive regarding or relating to this Agreement and/or any aspect of the Executive's employment relationship with the Company, AND IN LIEU OF LITIGATION AND A TRIAL BY JURY, the parties consent to resolve such dispute through mandatory arbitration under the Commercial Rules of the American Arbitration Association ("AAA"), before a single arbitrator in New York, New York. The parties hereby consent to the entry of judgment upon award rendered by the arbitrator in any court of competent jurisdiction. Notwithstanding the foregoing, however, should adequate grounds exist for seeking immediate injunctive or immediate equitable relief, any party may seek and obtain such relief. The parties hereby consent to the exclusive jurisdiction in the state and Federal courts of or in the State of New York for purposes of seeking such injunctive or equitable relief as set forth above. Any and all out-of-pocket costs and expenses incurred by the parties in connection with such arbitration (including attorneys' fees) shall be allocated by the arbitrator in substantial conformance with his or her decision on the merits of the arbitration.

21. Choice of Law. The Executive and the Company intend and hereby acknowledge that jurisdiction over disputes with regard to this Agreement, and over all aspects of the relationship between the parties hereto, shall be governed by the laws of the State of New York without giving effect to its rules governing conflicts of laws.

22. Section Headings. The section headings contained in this Agreement are for reference purposes only and shall not affect in any manner the meaning or interpretation of this Agreement.

23. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

24. Force Majeure. Neither Company nor the Executive shall be liable for any delay or failure in performance of any part of this Agreement to the extent that such delay or failure is caused by an event beyond its reasonable control including, but not be limited to, fire, flood, explosion, war, strike, embargo, government requirement, acts of civil or military authority, and acts of God not resulting from the negligence of the claiming party.

25. Right of Offset. The Company may offset any payment to be made to the Executive pursuant to this Agreement by any amount that the Executive owes to the Company (including without limitation any amount that the Executive may be required to pay to the Company pursuant to Section 11) as of the time such payment would otherwise be made. This

right of offset shall be cumulative (but not duplicative) with any similar obligation with respect to which the Executive may be subject under any other agreement with the Company. Notwithstanding the foregoing, no amount of (a) Annual Base Salary or Bonus deferred by the Executive on or following the Effective Date pursuant to any deferred compensation plan or arrangement maintained by the Company, or (b) compensation deferred by the Executive prior to the Effective Date pursuant to any deferred compensation plan or arrangement maintained by the Company shall be subject to the Company's right of offset described in this Section 25.

26. Withholding. The Company shall be entitled to withhold from any amounts payable under this Agreement any federal, state, local or foreign withholding or other taxes or charges which the Company is required to withhold. The Company shall be entitled to rely on an opinion of counsel if any questions as to the amount or requirement of withholding shall arise.

[signature page follows]

IN WITNESS WHEREOF, the parties have executed this Agreement on the date and year first above written.

COMPANY

By: ____

Its: ____

EXECUTIVE

____
Lew Frankfort

Exhibit 10.21

EMPLOYMENT AGREEMENT

THIS AGREEMENT, effective as of June 1, 2003 (the "Effective Date"), is made by and between Coach, Inc., a Maryland corporation (the "Company"), and Reed Krakoff (the "Executive").

RECITALS:

A. It is the desire of the Company to assure itself of the services of the Executive by engaging the Executive as its President and Executive Creative Director.

B. The Executive desires to commit himself to serve the Company on the terms herein provided.

NOW, THEREFORE, in consideration of the foregoing and of the respective covenants and agreements set forth below, the parties hereto agree as follows:

1. Certain Definitions

(a) "Affiliate" shall mean with respect to any Person, any other Person directly or indirectly, through one or more intermediaries, controlling, controlled by, or under common control with, such Person. For purposes of this Section 1(a), "control" shall have the meaning given such term under Rule 405 of the Securities Act of 1933, as amended.

(b) "Annual Base Salary" shall have the meaning set forth in Section 5(a).

(c) "Annual Bonus" shall have the meaning set forth in Section 5(b).

(d) "Board" shall mean the Board of Directors of the Company.

(e) The Company shall have "Cause" to terminate the Executive's employment upon (i) the Executive's failure to attempt in good faith to substantially perform the duties as President and Executive Creative Director (other than any such failure resulting from the Executive's physical or mental incapacity) which is not remedied within 30 days after receipt of written notice from the Company specifying such failure; (ii) the Executive's failure to attempt in good faith to carry out, or comply with, in any material respect any lawful and reasonable directive of the Board, which is not remedied within 30 days after receipt of written notice from the Company specifying such failure; (iii) the Executive's commission at any time of any act or omission that results in, or may reasonably be expected to result in, a conviction, plea of no contest, or imposition of unadjudicated probation for any felony (or any other crime involving fraud, embezzlement, material misconduct or misappropriation having a material adverse impact on the Company); (iv) the Executive's unlawful use (including being under the influence) or possession of illegal drugs on the Company's premises or while performing the Executive's duties and responsibilities; or (v) the Executive's willful commission at any time of any act of fraud, embezzlement, misappropriation, misconduct, or breach of fiduciary duty against the Company (or any predecessor thereto or successor thereof), having a material adverse impact on the Company.

(f) "Change in Control" shall occur when:

(i) A Person (which term, when used in this Section 1(f), shall not include the Company, any underwriter temporarily holding securities pursuant to an offering of such securities, any trustee or other fiduciary holding securities under an employee benefit plan of the Company, or any Company owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of Voting Stock of the Company) is or becomes, without the prior consent of a majority of the Continuing Directors, the beneficial owner (as defined in Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended), directly or indirectly, of Voting Stock representing, without the prior written consent of a majority of the Continuing Directors, twenty percent (20%) (or, even with such prior consent, thirty-five percent (35%)) or more of the combined voting power of the Company's then outstanding securities; or

(ii) The Company consummates a reorganization, merger or consolidation of the Company (which prior to the date of such consummation has been approved by the Company's stockholders) or the Company sells, or otherwise disposes of, all or substantially all of the Company's property and assets (other than a reorganization, merger, consolidation or sale which would result in all or substantially all of the beneficial owners of the Voting Stock of the Company outstanding immediately prior thereto continuing to beneficially own, directly or indirectly (either by remaining outstanding or by being converted into voting securities of the resulting entity), more than fifty percent (50%) of the combined voting power of the voting securities of the Company or such entity resulting from the transaction (including, without limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the Company's property or assets, directly or indirectly) outstanding immediately after such transaction in substantially the same proportions relative to each other as their ownership immediately prior to such transaction), or the Company's stockholders approve a liquidation or dissolution of the Company; or

(iii) The individuals who are Continuing Directors of the Company (as defined below) cease for any reason to constitute at least a majority of the Board.

(g) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(h) "Committee" shall mean the Human Resources and Corporate Governance Committee of the Board.

(i) "Common Stock" shall mean the $.01 par value common stock of the Company.

(j) "Company" shall, except as otherwise provided in Section 9, have the meaning set forth in the preamble hereto.

(k) "Competitive Business" shall mean any entity that, as of the date of the Executive's termination of employment, the Committee has designated in its sole discretion as an entity that competes with any of the businesses of the Company; provided, that (i) not more than 20 entities (which term "entities" shall include any subsidiaries, parent entities and other Affiliates thereof) shall be designated as Competitive Businesses at one time and (ii) such entities are the same 20 entities used for any list of competitive entities for any other arrangement with an executive of the Company; and, provided further, that the Committee may change its designation of Competitive Businesses at any time that is not less than 90 days prior to the Executive's termination of employment upon written notice thereof to the Executive (and any such change within the 90 day period immediately preceding the Executive's termination of employment shall not be effective). The list of Competitive Businesses in effect as of the Effective Date (which the parties acknowledge and agree may be changed by the Committee in accordance with the terms of the immediately preceding sentence) shall be communicated by the Company to the Executive as soon as reasonably practicable following the Effective Date.

(l) "Continuing Director" means (i) any member of the Board (other than an employee of the Company) as of the Effective Date or (ii) any person who subsequently becomes a member of the Board (other than an employee of the Company) whose election or nomination for election to the Board is recommended by a majority of the Continuing Directors.

(m) "Contract Year" shall mean (i) the period beginning on June 1, 2003 and ending on June 30, 2004 and (ii) each twelve month period beginning on July 1, 2004 or any anniversary thereof.

(n) "Date of Termination" shall mean (i) if the Executive's employment is terminated by his death, the date of his death and (ii) if the Executive's employment is terminated pursuant to Section 6(a)(ii) - (vi), the date specified in the Notice of Termination (or if no such date is specified, the last day of the Executive's active employment with the Company).

(o) "Disability" shall mean any mental or physical illness, condition, disability or incapacity which:

(i) Prevents the Executive from discharging substantially all of his essential job responsibilities and employment duties;

(ii) Shall be attested to in writing by a physician or a group of physicians selected by the Executive and acceptable to the Company; and

(iii) Has prevented the Executive from so discharging his duties for any 180 days in any 365 day period.

A Disability shall be deemed to have occurred on the 180th day in any such 365 day period.

(p) "Executive" shall have the meaning set forth in the preamble hereto.

(q) "Extension Term" shall have the meaning set forth in Section 2.

(r) "Financial Gain" with respect to any specified period of time shall mean the sum of all (i) Retention Bonuses paid to Executive during such period; (ii) Retention Option Gains realized by the Executive during such period and (iii) Retention RSU Gains realized by the Executive during such period.

(s) The Executive shall have "Good Reason" to resign his employment upon the occurrence of any of the following: (i) failure of the Company to continue the Executive in the position of President and Executive Creative Director (or any other position not less senior to such position); (ii) a material diminution in the nature or scope of the Executive's responsibilities, duties or authority; (iii) relocation of the Company's executive offices more than 50 miles outside of New York, New York or relocation of Executive away from the executive offices; (iv) failure of the Company to timely make any material payment or provide any material benefit under this Agreement or the Company's material reduction of any compensation, equity or benefits that the Executive is eligible to receive under this Agreement; or (v) the Company's material breach of this Agreement; provided, however, that notwithstanding the foregoing the Executive may not resign his employment for Good Reason unless: (x) the Executive provides the Company with at least 30 days prior written notice of his intent to resign for Good Reason (which notice is provided not later than the 60th day following the occurrence of the event constituting Good Reason) and (y) the Company does not remedy the alleged violation(s) within such 30-day period; and, provided, further, that Executive may resign his employment for Good Reason if in connection with any Change in Control the surviving entity does not assume this Agreement (or, with the written consent of the Executive, substitute a substantially identical agreement) with respect to the Executive in writing delivered to the Executive prior to, or as soon as reasonably practicable following, the occurrence of such Change in Control.

(t) "Initial Term" shall have the meaning set forth in Section 2.

(u) "Intellectual Property" shall have the meaning set forth in Section 9(f).

(v) "Maximum Bonus" shall have the meaning set forth in Section 5(b).

(w) "Notice of Termination" shall have the meaning set forth in Section 6(b).

(x) "Option" shall mean an option to purchase Common Stock pursuant to the Stock Incentive Plan (or any other equity based compensation plan or agreement that may be adopted or entered into by the Company from time to time).

(y) "Person" shall mean an individual, partnership, corporation, business trust, limited liability company, joint stock company, trust, unincorporated association, joint venture, governmental authority or other entity of whatever nature.

(z) "Pro-Rata Bonus" shall have the meaning set forth in Section 7(d).

(aa) "Release" shall have the meaning set forth in Section 7(b).

(bb) "Retention Bonuses" shall have the meaning set forth in Section 5(d).

(cc) "Retention Option Gain" with respect to any specified period of time shall mean the product of (i) the number of shares of Common Stock purchased upon the exercise of any Retention Options during such period and (ii) the excess of (A) the fair market value per share of Common Stock as of the date of such exercise over (B) the exercise price per share of Common Stock subject to such Retention Options.

(dd) "Retention Options" shall have the meaning set forth in Section 5(e).

(ee) "Retention RSU Gain" with respect to any specified period of time shall mean the product of (i) the number of shares of Common Stock subject to Retention RSUs that first become vested during such period and (ii) the fair market value per share of Common Stock as of the date such Retention RSUs first become vested.

(ff) "Retention RSUs" shall have the meaning set forth in Section 5(f).

(gg) "Stock Incentive Plan" shall mean the Company's 2000 Stock Incentive Plan, as amended from time to time.

(hh) "Target Bonus" shall have the meaning set forth in Section 5(b).

(ii) "Term" shall have the meaning set forth in Section 2.

(jj) "Voting Stock" means all capital stock of the Company which by its terms may be voted on all matters submitted to stockholders of the Company generally.

2. Employment. The Company shall employ the Executive and the Executive shall continue in the employ of the Company, for the period set forth in this Section 2, in the positions set forth in the first sentence of Section 3 and upon the other terms and conditions herein provided. The initial term of employment under this Agreement (the "Initial Term") shall be for the period beginning on the Effective Date and ending on July 1, 2008, unless earlier terminated as provided in Section 6. The Initial Term shall automatically be

extended for successive one-year periods (each, an "Extension Term") unless either party hereto gives written notice of non-extension to the other no later than 90 days prior to the scheduled expiration of the Initial Term or the then applicable Extension Term (the Initial Term and any Extension Term shall be collectively referred to hereunder as the "Term").

3. Position and Duties. The Executive shall serve as President and Executive Creative Director of the Company, reporting to the Company's Chief Executive Officer, with such responsibilities, duties and authority as are customary for such role. The Executive shall devote all necessary business time and attention, and employ his reasonable best efforts, toward the fulfillment and execution of all assigned duties, and the satisfaction of defined annual and/or longer-term performance criteria. Notwithstanding the foregoing, the Executive may manage his personal investments, be involved in charitable and professional activities (including serving on charitable and professional boards), and, with the consent of the Company's Chief Executive Officer, serve on for profit boards of directors and advisory committees so long as such service does not materially interfere with Executive's obligations hereunder or violate Section 9 hereof.

4. Place of Performance. In connection with his employment during the Term, the Executive shall be based at the Company's offices in New York, New York, except for necessary travel on the Company's business.

5. Compensation and Related Matters

(a) Annual Base Salary. At the commencement of the Term, the Executive shall receive a base salary at a rate of $1,000,000 per annum (the "Annual Base Salary"), paid in accordance with the Company's general payroll practices for executives, but no less frequently than monthly. No less frequently than annually during the Term, the Board and the Committee shall review the rate of Annual Base Salary payable to the Executive, and may, in their discretion, increase the rate of Annual Base Salary payable hereunder; provided, however, that any increased rate shall thereafter be the rate of "Annual Base Salary" hereunder.

(b) Annual Bonus. Except as otherwise provided for herein, with respect to each Contract Year on which the Executive is employed hereunder on the last day, the Executive shall be eligible to receive an annual bonus, as determined pursuant to the Coach, Inc. Performance-Based Annual Incentive Plan or another "qualified performance-based compensation" bonus plan that has been approved by the stockholders of the Company in accordance with the provisions for such approval under Code Section 162(m) and the regulations promulgated thereunder (collectively, the "Bonus Plan"), and on the basis of the Executive's or the Company's attainment of objective financial or other operating criteria established by the Committee in its sole discretion and in accordance with Code Section 162(m) and the regulations promulgated thereunder (the "Annual Bonus"). With respect to each Contract Year (i) the Executive shall be eligible to receive a maximum Annual Bonus (the "Maximum Bonus") in an amount equal to at least 100% of his Annual Base Salary and (ii) the Executive's target-level Annual Bonus (the "Target Bonus") shall be equal to 75% of the amount of the Maximum Bonus. For the avoidance of doubt, the Maximum Bonus may be greater than 100% of his Annual Base Salary with respect to any Contract Year. In addition, the Executive shall be eligible to participate in any other bonus plan or program that may be established by the Committee and that covers the Executive (even if such plan or program does not provide for qualified performance-based bonuses within the meaning of Code Section 162(m)).

(c) Employment Agreement Signing Bonus. As of the Effective Date, the Executive shall be paid a supplemental bonus in the amount of $2,750,000. Notwithstanding the foregoing, if the Executive's employment with the Company is terminated for any reason (other than by the Company without Cause, by the Executive for Good Reason, or due to the Executive's death or Disability) prior to the third anniversary of the Effective Date, then, in addition to any amount the Executive may be required to pay to the Company pursuant to Section 11, the Executive shall be required to pay to the Company an amount equal to the product of (i) $2,750,000 and (ii) the ratio of (A) 36 minus the number of full months the Executive was employed by the Company following the Effective Date and prior to the date of such termination, to (B) 36.

(d) Retention Bonuses. During the Term, in addition to any Annual Bonuses paid to the Executive, the Executive shall be eligible to receive the following supplemental retention bonus payments (the "Retention Bonuses") pursuant to the terms and conditions set forth in this Section 5(d):

(i) Subject to the Executive's continued employment with the Company: (A) through July 1, 2004, the Executive shall be paid a supplemental bonus in the amount of $750,000; (B) through July 1, 2005, the Executive shall be paid a supplemental bonus in the amount of $750,000; (C) through July 1, 2006, the Executive shall be paid a supplemental bonus in the amount of $2,500,000; (D) through July 1, 2007, the Executive shall be paid a supplemental bonus in the amount of $1,500,000; and (E) through July 1, 2008, the Executive shall be paid a supplemental bonus in the amount of $1,500,000.

(ii) With respect to the Contract Year ending on June 30, 2007, the Executive shall be eligible to receive an additional bonus under the Bonus Plan or otherwise in the maximum amount of $1,500,000 on the basis of the Company's attainment of objective financial or other operating criteria established by the Committee in its sole discretion and in accordance with Code Section 162(m) and the regulations promulgated thereunder, such additional bonus to be paid at the time bonuses under the Bonus Plan are paid generally but, in any event, no later than 90 days after the end of the applicable Contract Year.

(iii) With respect to the Contract Year ending on June 30, 2008, the Executive shall be eligible to receive an additional bonus under the Bonus Plan or otherwise in the maximum amount of $2,500,000 on the basis of the Company's attainment of objective financial or other operating criteria established by the Committee in its sole discretion and in accordance with Code Section 162(m) and the regulations promulgated thereunder, such additional bonus to be paid at the time bonuses under the Bonus Plan are paid generally but, in any event, no later than 90 days after the end of the applicable Contract Year.

(e) Stock Options

(i) During the Term, the Executive shall be eligible to be granted Options at such time(s) and in such amount(s) as may be determined by the Committee in its sole discretion; provided, that the Executive shall be granted such Options in accordance with the Company's customary past practice unless the Committee determines in its good faith discretion that the amount or timing of such Option grants shall be revised based upon the Executive's performance.

(ii) In addition to any Options granted in accordance with subsection (i), as of July 1, 2003 the Executive shall be granted a non-qualified stock option (the "Retention Options") to purchase 200,000 shares of Common Stock, pursuant to the terms and conditions of the Stock Incentive Plan and a written Retention Stock Option Agreement to be entered into by and between the Company and Executive as of the date hereof in substantially the form attached hereto as Exhibit A (the "Retention Stock Option Agreement"). The Retention Options shall have an exercise price equal to the fair market value per share of Common Stock as of July 1, 2003 and shall have a term of 10 years. The Retention Options shall become exercisable in three cumulative installments as follows: (A) the first installment shall consist of 25% of the shares of Common Stock covered by the Retention Options and shall become vested and exercisable on July 1, 2006; (B) the second installment shall consist of 25% of the shares of Common Stock covered by the Retention Options and shall become vested and exercisable on July 1, 2007; and (C) the third installment shall consist of 50% of the shares of Common Stock covered by the Retention Options and shall become exercisable on July 1, 2008; provided, that, except as otherwise provided in Section 7 or in the Retention Stock Option Agreement, no portion of the Retention Options not then exercisable shall become exercisable following the Executive's termination of employment for any reason. In the event of the Executive's termination of employment for any reason other than for Cause, the Retention Options to the extent then exercisable shall remain exercisable until the earlier of (x) the date provided in the Retention Stock Option Agreement or (y) July 1, 2013. The Company and the Executive acknowledge and agree that the Retention Options shall not provide for the grant of any "Restoration Options" as defined in the Stock Incentive Plan.

(f) Restricted Stock Units

(i) During the Term, the Executive shall be eligible to be awarded Restricted Stock Units ("RSUs") and other equity compensation awards pursuant to the Stock Incentive Plan (or any other equity based compensation plan that may be adopted by the Company from time to time), at such time(s) and in such amount(s) as may be determined by the Committee in its sole discretion.

(ii) In addition to any RSUs awarded in accordance with subsection (i), as of July 1, 2003 the Executive shall be awarded that number of RSUs that have a projected aggregate value as of July 1, 2008 equal to $3,000,000 (assuming the market value per share of Common Stock is exactly $30 greater on July 1, 2008 than on July 1, 2003) (the "Retention RSUs"), pursuant to the terms and conditions of the Stock Incentive Plan and a written Retention RSU Agreement to be entered into by and between the Company and Executive as of the date hereof in substantially the form attached hereto as Exhibit B (the "Retention RSU Agreement"). The Retention RSUs shall become vested with respect to (A) 25% of the Retention RSUs on July 1, 2006; (B) 25% of the Retention RSUs on July 1, 2007; and (C) with respect to 50% of RSUs on July 1, 2008; provided, that, except as otherwise provided in Section 7 or in the Retention RSU Agreement, no Retention RSUs not then vested shall become vested following the Executive's termination of employment. For a period of not less than one year following the date any Retention RSUs first become vested, the Executive shall retain (and shall not sell or otherwise transfer) at least 50% of the net after-tax shares of Common Stock received by the Executive upon the vesting of the Retention RSUs.

(g) Benefits. The Executive shall be entitled to receive such benefits and to participate in such employee group benefit plans, including life, health and disability insurance policies, as are generally provided by the Company to its senior executives in accordance with the plans, practices and programs of the Company.

(h) Expenses. The Company shall reimburse the Executive for all reasonable and necessary expenses incurred by the Executive in connection with the performance of the Executive's duties as an employee of the Company. Such reimbursement is subject to the submission to the Company by the Executive of appropriate documentation and/or vouchers in accordance with the customary procedures of the Company for expense reimbursement, as such procedures may be revised by the Company from time to time.

(i) Vacations. The Executive shall be entitled to paid vacation in accordance with the Company's vacation policy as in effect from time to time. However, in no event shall the Executive be entitled to less than four weeks vacation per Contract Year. The Executive shall also be entitled to paid holidays and personal days in accordance with the Company's practice with respect to same as in effect from time to time (but in no event shall the Executive be entitled to fewer than two personal days per Contract Year).

(j) Automobile Allowance. During the Term, the Company shall provide the Executive with a Company-leased automobile or a car allowance in accordance with the Company's applicable policies and procedures.

6. Termination. The Executive's employment hereunder may be terminated by the Company, on the one hand, or the Executive, on the other hand, as applicable, without any breach of this Agreement only under the following circumstances:

(a) Terminations

(i) Death. The Executive's employment hereunder shall terminate upon his death.

(ii) Disability. In the event of the Executive's Disability, the Company may give the Executive written notice of its intention to terminate the Executive's employment. In such event, the Executive's employment with the Company shall terminate effective on the 14th day after delivery of such notice, provided that within the 14 days after such delivery, the Executive shall not have returned to full-time performance of his duties.

(iii) Cause. The Company may, with the approval of the Board, terminate the Executive's employment hereunder for Cause; provided, however, that, notwithstanding the foregoing, if (A) the Company terminates the Executive's employment for Cause pursuant to Section 1(d)(iii) and (B) the Executive (i) is not indicted for, or otherwise charged by any court or other governmental or regulatory authority with, any felony or any other crime involving fraud, embezzlement, material misconduct or misappropriation having a material adverse impact on the Company (which felony or other crime was the reason for such termination) within 18 months following the date of his termination of employment, or (ii) is not convicted of, does not plea no contest to, and does not receive unadjudicated probation for, any felony (or any other crime involving fraud, embezzlement, material misconduct or misappropriation having a material adverse impact on the Company) (which felony or other crime was the reason for such termination), then the Executive's termination of employment will be deemed to be without Cause and the Executive shall retroactively be eligible for severance payments to the extent provided by Section 7(b).

(iv) Good Reason. The Executive may terminate his employment for Good Reason.

(v) Without Cause. The Company may terminate the Executive's employment hereunder without Cause. A notice by the Company of non-extension of the Term shall be treated as a termination without Cause as of the last day of the Term.

(vi) Resignation without Good Reason. The Executive may resign his employment without Good Reason upon 90 days written notice to the Company.

(b) Notice of Termination. Any termination of the Executive's employment by the Company or by the Executive under this Section 6 (other than termination pursuant to paragraph (a)(i)) shall be communicated by a written notice to the other party hereto indicating the specific termination provision in this Agreement relied upon, setting forth in reasonable detail any facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated, and specifying a Date of Termination which, except in the case of termination for Cause or Disability, shall be at least thirty days (or such longer period provided by Section 6(a)(vi)) following the date of such notice (a "Notice of Termination"); provided, the Company may pay out such notice period instead of employing the Executive, in which case the Date of Termination shall be the last day of the Executive's active employment.

7. Severance Payments and Benefits

(a) Termination for any Reason. In the event the Executive's employment with the Company is terminated for any reason, the Company shall pay the Executive (or his beneficiary in the event of his death) any unpaid Annual Base Salary that has accrued as of the Date of Termination, any unreimbursed expenses due to the Executive and an amount for any accrued but unused vacation days and any earned but unpaid bonus for any fiscal year of the Company completed prior to the date of such termination. The Executive shall also be entitled to accrued, vested benefits under the Company's benefit plans and programs as provided therein. The Executive shall be entitled to the cash severance payments described below only as set forth herein and the provisions of this Section 7 shall supersede in their entirety any severance payment provisions in any severance plan, policy, program or arrangement maintained by the Company.

(b) Termination without Cause or for Good Reason. Except as otherwise provided by Section 7(c) with respect to certain terminations of employment in connection with a Change in Control, if the Executive's employment shall terminate without Cause (pursuant to Section 6(a)(v)) or for Good Reason (pursuant to Section 6(a)(iv)), the Company shall (subject to the Executive's entering into a Separation and Release Agreement with the Company in substantially the form attached hereto as Exhibit C (the "Release")):

(i) Pay to the Executive (A) an amount equal to his then current Annual Base Salary, payable in equal monthly installments during the period beginning on the Date of Termination and ending on the first anniversary thereof; (B) an amount equal to the Target Bonus for the year of termination, payable in equal monthly installments during the period beginning on the Date of Termination and ending on the first anniversary thereof; and (C) each Retention Bonus that would otherwise have been payable to the Executive pursuant to Section 5(d)(i), (ii) or (iii) (assuming for purposes of Section 5(d)(ii) and (iii) that the Executive would be entitled to the same bonus to which he would otherwise have been entitled had he remained employed by the Company in the position of President and Executive Creative Director), payable at such time as such Retention Bonus would otherwise have been paid to the Executive had the Executive remained employed through the applicable payment date; provided, however, that no amount shall be payable pursuant to this Section 7(b)(i) on or following the date the Executive first (i) violates any of the covenants set forth in Section 9(a) or 9(b) or (ii) materially violates any of the covenants set forth in Section 9(c), 9(e) or 9(f);

(ii) Continue to provide the Executive with all health and welfare benefits and perquisites which he was participating in or receiving as of the Date of Termination until the earlier of (A) the first anniversary of the Date of Termination or (B) the date the Executive first (i) violates any of the covenants set forth in Section 9(a) or 9(b) or (ii) materially violates any of the covenants set forth in Section 9(c), 9(e) or 9(f). If such benefits cannot be provided under the Company's programs, such benefits and perquisites will be provided on an individual basis to the Executive such that his after-tax costs will be no greater than the costs for such benefits and perquisites under the Company's programs;

(iii) Notwithstanding any provision to the contrary in any Option or RSU agreement, cause all (A) Retention RSUs and Retention Options not vested or exercisable as of the Date of Termination to remain or become vested and remain exercisable in accordance with the terms and conditions of the applicable Retention Option or Retention RSU agreement and (B) Options and RSUs (other than the Retention Options and the Retention RSUs) then held by the Executive to continue to become vested and exercisable in accordance with their terms as if the Executive had remained employed by the Company until the first anniversary of the Date of Termination (and all Options and RSUs (other than the Retention Options and the Retention RSUs) that do not become vested and exercisable on or prior to the first anniversary of the Date of Termination shall thereupon be forfeited);

(iv) Pay to the Executive a Pro-Rata Bonus, as defined in Section 7(d), when bonuses are paid for the year of termination based on actual results and the relative portion of the fiscal year during which the Executive was employed.

(c) Certain Terminations in connection with a Change in Control. If the Executive's employment shall terminate without Cause (pursuant to Section 6(a)(v)) or for Good Reason (pursuant to Section 6(a)(iv)) within six months prior to a Change in Control or during the 12 month period immediately following such Change in Control, the Company shall (subject to the receipt of the Release):

(i) Pay to the Executive (A) an amount equal to his then current Annual Base Salary, payable in equal monthly installments during the period beginning on the Date of Termination and ending on the first anniversary thereof; (B) an amount equal to the Target Bonus for the year of termination, payable in equal monthly installments during the period beginning on the Date of Termination and ending on the first anniversary thereof; and (C) each Retention Bonus that would otherwise have been payable to the Executive pursuant to Section 5(d)(i), (ii) or (iii) (assuming for purposes of Section 5(d)(ii) and (iii) that the Executive would be entitled to the same bonus to which he would otherwise have been entitled had he remained employed by the Company in the position of President and Executive Creative Director), payable at such time as such Retention Bonus would otherwise have been paid to the Executive had the Executive remained employed through the applicable payment date; provided, however, that no amount shall be payable pursuant to this Section 7(c)(i) on or following the date the Executive first (i) violates any of the covenants set forth in Section 9(a) or 9(b), or (ii) materially violates any of the covenants set forth in Section 9(c), 9(e) or 9(f);

(ii) Continue to provide the Executive with all health and welfare benefits and perquisites which he was participating in or receiving as of the Date of Termination until the earlier of (A) the first anniversary of the Date of Termination or (B) the date the Executive first (i) violates any of the covenants set forth in Section 9(a) or 9(b), or (ii) materially violates any of the covenants set forth in Section 9(c), 9(e) or 9(f). If such benefits cannot be provided under the Company's programs, such benefits and perquisites will be provided on an individual basis to the Executive such that his after-tax costs will be no greater than the costs for such benefits and perquisites under the Company's programs;

(iii) Notwithstanding any provision to the contrary in any Option or RSU agreement, cause all Options (including without limitation the Retention Options), RSUs (including without limitation the Retention RSUs) and other equity based compensation awards then held by the Executive to become fully vested and exercisable with respect to all shares subject thereto, effective immediately prior to the Date of Termination and all Options shall remain exercisable for the remainder of the 10 year term;

(iv) Pay Executive a Pro-Rata Bonus, as defined in Section 7(d), within 10 days following the date of such termination.

(d) Termination by Reason of Disability or Death. If the Executive's employment shall terminate by reason of his Disability (pursuant to Section 6(a)(ii)) or death (pursuant to Section 6(a)(i)), then (i) the Company shall pay to the Executive (or Executive's designated beneficiary or, if none, his estate) a pro-rated amount of the Executive's Target Bonus for the Contract Year in which the Date of Termination occurs (the "Pro-Rata Bonus"); (ii) all Retention Options and Retention RSUs not vested or exercisable as of the Date of Termination shall thereupon be forfeited; provided, that in the alternative the Committee may, in its sole discretion, cause all or any portion of any Retention Options or Retention RSUs then held by the Executive to become vested and exercisable effective as of the Date of Termination; and (iii) all Options and RSUs (other than Retention Options and the Retention RSUs) then held by the Executive shall be or become vested and shall remain exercisable in accordance with the terms of the applicable Option or RSU agreement.

(e) Termination for Cause or without Good Reason. If the Executive's employment shall terminate by reason of his voluntary resignation without Good Reason (pursuant to Section 6(a)(vi)) or by the Company for Cause (pursuant to Section 6(a)(iii)), then (i) notwithstanding any provision to the contrary in any Option or RSU agreement, all Retention RSUs and Retention Options not vested or exercisable as of the Date of Termination shall thereupon be forfeited and (ii) all Options and RSUs (other than the Retention Options and the Retention RSUs) or other equity based compensation awards not vested or exercisable as of the Date of Termination shall thereupon be forfeited and, except as set forth in Section 7(a), 7(f), 8 and 13, the Company shall have no further obligations to the Executive.

(f) Survival. The expiration or termination of the Term shall not impair the rights or obligations of any party hereto which shall have accrued hereunder prior to such expiration or termination.

(g) No Mitigation. The Executive shall have no obligation to mitigate any payments due hereunder. Any amounts earned by the Executive from other employment shall not offset amounts due hereunder, except as provided in this Section 7.

8. Parachute Payments.

(a) If it is determined by a nationally recognized United States public accounting firm selected by the Company and approved in writing by the Executive (which approval shall not be unreasonably withheld) (the "Auditors") that any payment or benefit made or provided to the Executive in connection with this Agreement or otherwise (including without limitation any Option or RSU vesting) (collectively, a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Code (the "Parachute Tax"), then the Company shall pay to the Executive, prior to the time the Parachute Tax is payable with respect to such Payment, an additional payment (a "Gross-Up Payment") in an amount such that, after payment by the Executive of all taxes (including any Parachute Tax) imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Parachute Tax imposed upon the Payment. The amount of any Gross-Up Payment shall be determined by the Auditors, subject to adjustment, as necessary, as a result of any Internal Revenue Service position. For purposes of making the calculations required by this Agreement, the Auditors may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code, provided that the Auditors' determinations must be made with substantial authority (within the meaning of Section 6662 of the Code).

(b) The federal tax returns filed by the Executive (and any filing made by a consolidated tax group which includes the Company) shall be prepared and filed on a basis consistent with the determination of the Auditors with respect to the Parachute Tax payable by the Executive. The Executive shall make proper payment of the amount of any Parachute Tax, and at the request of the Company, provide to the Company true and correct copies (with any amendments) of his federal income tax return as filed with the Internal Revenue Service, and such other documents reasonably requested by the Company, evidencing such payment. If, after the Company's payment to the Executive of the Gross-Up Payment, the Auditors determine in good faith that the amount of the Gross-Up Payment should be reduced or increased, or such determination is made by the Internal Revenue Service, then within ten business days of such determination, the Executive shall pay to the Company the amount of any such reduction, or the Company shall pay to the Executive the amount of any such increase; provided, however, that in no event shall the Executive have any such refund obligation if it is determined by the

Company that to do so would be a violation of the Sarbanes-Oxley Act of 2002, as it may be amended from time to time; and provided, further, that if the Executive has prior thereto paid such amounts to the Internal Revenue Service, such refund shall be due only to the extent that a refund of such amount is received by the Executive; and provided, further, that (i) the fees and expenses of the Auditors (and any other legal and accounting fees) incurred for services rendered in connection with the Auditor's determination of the Parachute Tax or any challenge by the Internal Revenue Service or other taxing authority relating to such determination shall be paid by the Company and (ii) the Company shall indemnify and hold the Executive harmless on an after-tax basis for any interest and penalties imposed upon the Executive to the extent that such interest and penalties are related to the Auditor's determination of the Parachute Tax or the Gross-Up Payment. Notwithstanding anything to the contrary herein, the Executive's rights under this Section 8 shall survive the termination of his employment for any reason and the termination or expiration of this Agreement for any reason.

9. Certain Restrictive Covenants

(a) The Executive shall not, at any time during the Term or during the 12-month period following the Date of Termination (the "Restricted Period") directly or indirectly engage in, have any equity interest in, or manage or operate any (i) Competitive Business or (ii) new luxury accessories business that competes directly with the existing or planned product lines of the Company; provided, however, that the Executive shall be permitted to acquire a passive stock or equity interest in such a business provided the stock or other equity interest acquired is not more than five percent (5%) of the outstanding interest in such business.

(b) During the Restricted Period, the Executive will not, directly or indirectly, recruit or otherwise solicit or induce any employee, director, consultant, wholesale customer, vendor, supplier, lessor or lessee of the Company to terminate its employment or arrangement with the Company, or otherwise change its relationship with the Company.

(c) Except as required in the good faith opinion of the Executive in connection with the performance of the Executive's duties hereunder or as specifically set forth in this Section 9(c), the Executive shall, in perpetuity, maintain in confidence and shall not directly, indirectly or otherwise, use, disseminate, disclose or publish, or use for his benefit or the benefit of any person, firm, corporation or other entity any confidential or proprietary information or trade secrets of or relating to the Company, including, without limitation, information with respect to the Company's operations, processes, products, inventions, business practices, finances, principals, vendors, suppliers, customers, potential customers, marketing methods, costs, prices, contractual relationships, regulatory status, business plans, designs, marketing or other business strategies, compensation paid to employees or other terms of employment, or deliver to any person, firm, corporation or other entity any document, record, notebook, computer program or similar repository of or containing any such confidential or proprietary information or trade secrets. The parties hereby stipulate and agree that as between them the foregoing matters are important, material and confidential proprietary information and trade secrets and affect the successful conduct of the businesses of the Company (and any successor or assignee of the Company). Upon termination of the Executive's employment with the Company for any reason, the Executive will promptly deliver to the Company all correspondence, drawings, manuals, letters, notes, notebooks, reports, programs, plans, proposals, financial documents, or any other documents concerning the Company's customers, business plans, designs, marketing or other business strategies, products or processes, provided that the Executive may retain his rolodex, address book and similar information and any non-proprietary documents he received as a director or an officer. Notwithstanding the foregoing, this Section 9(c) shall not apply with respect to any information that is currently or becomes (i) publicly known or available in the absence of any improper or unlawful action on the Executive's part, or (ii) known or available to the Executive other than through or on behalf of the Company.

(d) Notwithstanding Section 9(c), the Executive may respond to a lawful and valid subpoena or other legal process or other government or regulatory inquiry but shall give the Company prompt notice thereof (except to the extent legally prohibited), and shall, as much in advance of the return date as is reasonably practicable, make available to the Company and its counsel copies of any documents sought which are in the Executive's possession or to which the Executive otherwise has reasonable access. In addition, the Executive shall reasonably cooperate with and assist the Company and its counsel at any time and in any manner reasonably requested by the Company or its counsel (with due regard for the Executive's other commitments if he is not employed by the Company) in connection with any litigation or other legal process affecting the Company of which the Executive has knowledge as a result of his employment with the Company (other than any litigation with respect to this Agreement). In the event of such requested cooperation, the Company shall reimburse the Executive's reasonable out of pocket expenses.

(e) The Executive shall not disparage the Company, any of its products or practices, or any of its directors, officers, agents, representatives, or employees, either orally or in writing, at any time. The Company (including without limitation its directors) shall not disparage the Executive, either orally or in writing, at any time. Notwithstanding the foregoing, nothing in this Section 9(e) shall limit the ability of the Company or the Executive, as applicable, to provide truthful testimony as required by law or any judicial or administrative process.

(f) The Executive agrees that all sketches, drawings, samples, design samples, designs, patterns, methods, processes, techniques, themes, layouts, mechanicals, trade secrets, copyrights, trademarks, patents, ideas, specifications and other material or work product ("Intellectual Property") that the Executive creates, develops or assembles in connection with his employment hereunder shall become the permanent and exclusive property of the Company to be used in any manner it sees fit, in its sole discretion. The Executive shall not communicate to the Company any ideas, concepts, or information of any kind (i) which were earlier communicated to the Executive in confidence by any third party, or (ii) which the Executive knows or has reason to know is the proprietary information of any third party, or (iii) which is subject to any claim of proprietary interest by any third party. Further, the Executive shall adhere to and comply with the

Company's Global Business Integrity Program Guide. All Intellectual Property created or assembled in connection with the Executive's employment hereunder shall be the permanent and exclusive property of the Company. The Company and the Executive mutually agree that all Intellectual Property and work product created in connection with this agreement, which is subject to copyright, shall be deemed to be "work made for hire," and that all rights to copyrights shall be vested in the Company. If for any reason the Company cannot be deemed to have commissioned "work made for hire," and its rights to copyright are thereby in doubt, then the Executive agrees not to claim to be the proprietor of the work prepared for the Company, and to irrevocably assign to the Company, at the Company's expense, all rights in the copyright of the work prepared for the Company. The Company shall have the right to use the Executive's name and likeness in connection with the sale, display and advertising of any product designed by the Executive during his employment with the Company; provided that, at any time after the Date of Termination, such use is limited to use in conjunction with the trademark "Coach" or any other trademark of the Company under which such product was originally sold, displayed or advertised. Subject to Section 9(a) hereof, the Executive shall have the right to use his own name and likeness in connection with the sale, display and advertising of any product designed by the Executive to which Coach does not have proprietary or exclusive rights; provided that nothing herein shall give the Executive any right to use any trademark owned by the Company for any purpose without the prior written consent of the Company.

(g) As used in this Section 9, the term "Company" shall include the Company and any of its Affiliates or direct or indirect subsidiaries.

(h) The Company and the Executive expressly acknowledge and agree that the agreements and covenants contained in this Section 9 are reasonable. In the event, however, that any agreement or covenant contained in this Section 9 shall be determined by any court of competent jurisdiction to be unenforceable by reason of its extending for too great a period of time or over too great a geographical area or by reason of its being too extensive in any other respect, it will be interpreted to extend only over the maximum period of time for which it may be enforceable, and/or over the maximum geographical area as to which it may be enforceable and/or to the maximum extent in all other respects as to which it may be enforceable, all as determined by such court in such action.

10. Specific Performance. It is recognized and acknowledged by the Executive that a breach of the covenants contained in Section 9 will cause irreparable damage to the Company and its goodwill (or to the Executive, as the case may be), the exact amount of which will be difficult or impossible to ascertain, and that the remedies at law for any such breach will be inadequate. Accordingly, the parties agree that in the event a party breaches any covenant contained in Section 9, in addition to any other remedy which may be available at law or in equity (or pursuant to Section 11 of this Agreement or under any other agreement between the Company and the Executive), the other party will be entitled to specific performance and injunctive relief.

11. Claw-Backs

(a) In the event that the Executive violates any of the covenants set forth in Section 9(a) or 9(b) or materially violates any of the covenants set forth in Section 9(c), 9(e) or 9(f), the Executive shall, in addition to any other remedy which may be available (i) at law or in equity, (ii) pursuant to Section 5(c) or Section 10 or (iii) pursuant to any applicable Option or RSU agreement, be required to pay to the Company an amount equal to all Financial Gain that the Executive has received during the 12-month period immediately preceding (or at any time after) the date that the Executive first breaches such covenant. In addition, all Retention Options that have not been exercised prior to the date that the Executive violates any of the covenants set forth in Section 9(a) or 9(b), or materially violates any of the covenants set forth in Section 9(c), 9(e) or 9(f) and all Retention RSUs that have not become vested prior to the date of such breach shall thereupon be forfeited.

(b) If at any time during the Term the Executive willfully commits any act of fraud, embezzlement, misappropriation, material misconduct, or breach of fiduciary duty against the Company (or any predecessor thereto or successor thereof), having a material adverse impact on the Company, then (in addition to any remedy which may be available under any applicable Option or RSU agreement) the Executive shall be required to pay to the Company an amount equal to all Financial Gain that the Executive has received at any time following the date of such act. The Executive shall not be required to make any payments of Financial Gain pursuant to this Section 11(b) to the extent the Executive makes payments of such Financial Gain in connection with the same act pursuant to Section 11(a).

12. Purchases and Sales of the Company's Securities. The Executive agrees to use his reasonable best efforts to comply in all respects with the Company's applicable written policies regarding the purchase and sale of the Company's securities by employees, as such written policies may be amended from time to time and disclosed to the Executive. In particular, and without limitation, the Executive agrees that he shall not purchase or sell Company securities (a) at any time that he possesses material non-public information about the Company or any of its businesses; and (b) while an employee during any "trading blackout period" as may be determined by the Company and set forth in the Company's applicable written policies from time to time.

13. Indemnification. The Executive shall be entitled to indemnification set forth in the Company's Charter to the maximum extent allowed under the laws of the State of Maryland, and he shall be entitled to the protection of any insurance policies the Company may elect to maintain generally for the benefit of its directors and officers against all costs, charges and expenses incurred or sustained by him in connection with any action, suit or proceeding to which he may be made a party by reason of his being or having been a director, officer or employee of the Company or any of its subsidiaries or his serving or having served any other enterprise or benefit plan as a director, officer, employee or fiduciary at the request of the Company (other than any dispute, claim or controversy arising under or relating to this Agreement). Notwithstanding anything to the contrary herein, the Executive's rights under this

Section 13 shall survive the termination of his employment for any reason and the expiration of this Agreement for any reason.

14. Delegation and Assignment. The Executive shall not delegate his employment obligations under this Agreement to any other person. The Company may not assign any of its obligations hereunder other than to any entity that acquires (by purchase, merger or otherwise) all or substantially all of the Voting Stock or assets of the Company. In the event of the Executive's death while he is receiving severance hereunder the remainder shall be paid to his estate.

15. Notices. Any written notice required by this Agreement will be deemed provided and delivered to the intended recipient when (a) delivered in person by hand; or (b) three days after being sent via U.S. certified mail, return receipt requested; or (c) the day after being sent via by overnight courier, in each case when such notice is properly addressed to the following address and with all postage and similar fees having been paid in advance:

If to the Company:	Coach, Inc. 516 West 34th Street New York, New York 10001 Attn: General Counsel
with a copy to:	Latham & Watkins LLP 885 Third Avenue, Suite 1000 New York, NY 10022 Attn: Jed W. Brickner
If to the Executive:	to him at the most recent address in the Company's records.

Either party may change the address to which notices, requests, demands and other communications to such party shall be delivered personally or mailed by giving written notice to the other party in the manner described above.

16. Legal Fees. The Company shall pay or reimburse the Executive for reasonable attorneys' fees incurred by him in connection with the negotiation of this Agreement and his commencement of employment hereunder.

17. Binding Effect. This Agreement shall be for the benefit of and binding upon the parties hereto and their respective heirs, personal representatives, legal representatives, successors and, where applicable, assigns.

18. Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter described in this Agreement and supersedes all prior agreements, understandings and arrangements, both oral and written, between the parties with respect to such subject matter; provided, however, that any written agreements between the Executive and the Company concerning Options, RSUs or any other equity compensation awards shall remain in full force and effect in accordance with their terms. This Agreement may not be modified, amended, altered or rescinded in any manner, except by written instrument signed by both of the parties hereto; provided, however, that the waiver by either party of a breach or

compliance with any provision of this Agreement shall not operate nor be construed as a waiver of any subsequent breach or compliance.

19. Severability. In case any one or more of the provisions of this Agreement shall be held by any court of competent jurisdiction or any arbitrator selected in accordance with the terms hereof to be illegal, invalid or unenforceable in any respect, such provision shall have no force and effect, but such holding shall not affect the legality, validity or enforceability of any other provision of this Agreement.

20. Dispute Resolution and Arbitration. In the event that any dispute arises between the Company and the Executive regarding or relating to this Agreement and/or any aspect of the Executive's employment relationship with the Company, AND IN LIEU OF LITIGATION AND A TRIAL BY JURY, the parties consent to resolve such dispute through mandatory arbitration under the Commercial Rules of the American Arbitration Association ("AAA"), before a single arbitrator in New York, New York. The parties hereby consent to the entry of judgment upon award rendered by the arbitrator in any court of competent jurisdiction. Notwithstanding the foregoing, however, should adequate grounds exist for seeking immediate injunctive or immediate equitable relief, any party may seek and obtain such relief. The parties hereby consent to the exclusive jurisdiction in the state and Federal courts of or in the State of New York for purposes of seeking such injunctive or equitable relief as set forth above. Any and all out-of-pocket costs and expenses incurred by the parties in connection with such arbitration (including attorneys' fees) shall be allocated by the arbitrator in substantial conformance with his or her decision on the merits of the arbitration.

21. Choice of Law. The Executive and the Company intend and hereby acknowledge that jurisdiction over disputes with regard to this Agreement, and over all aspects of the relationship between the parties hereto, shall be governed by the laws of the State of New York without giving effect to its rules governing conflicts of laws.

22. Section Headings. The section headings contained in this Agreement are for reference purposes only and shall not affect in any manner the meaning or interpretation of this Agreement.

23. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

24. Force Majeure. Neither Company nor the Executive shall be liable for any delay or failure in performance of any part of this Agreement to the extent that such delay or failure is caused by an event beyond its reasonable control including, but not be limited to, fire, flood, explosion, war, strike, embargo, government requirement, acts of civil or military authority, and acts of God not resulting from the negligence of the claiming party.

25. Right of Offset. The Company may offset any payment to be made to the Executive pursuant to this Agreement by any amount that the Executive owes to the Company (including without limitation any amount that the Executive may be required to pay to the Company pursuant to Section 11) as of the time such payment would otherwise be made. This

right of offset shall be cumulative (but not duplicative) with any similar obligation with respect to which the Executive may be subject under any other agreement with the Company. Notwithstanding the foregoing, no amount of (a) Annual Base Salary or Annual Bonus deferred by the Executive on or following the Effective Date pursuant to any deferred compensation plan or arrangement maintained by the Company, or (b) compensation deferred by the Executive prior to the Effective Date pursuant to any deferred compensation plan or arrangement maintained by the Company shall be subject to the Company's right of offset described in this Section 25.

26. Withholding. The Company shall be entitled to withhold from any amounts payable under this Agreement any federal, state, local or foreign withholding or other taxes or charges which the Company is required to withhold. The Company shall be entitled to rely on an opinion of counsel if any questions as to the amount or requirement of withholding shall arise.

[signature page follows]

IN WITNESS WHEREOF, the parties have executed this Agreement on the date and year first above written.

COMPANY

By: ____

Its: _______________________________________

EXECUTIVE

____
Reed Krakoff

EXHIBIT 10.22

EMPLOYMENT AGREEMENT

THIS AGREEMENT, effective as of June 1, 2003 (the "Effective Date"), is made by and between Coach, Inc., a Maryland corporation (the "Company") and Keith Monda (the "Executive").

RECITALS:

A. It is the desire of the Company to assure itself of the services of the Executive by engaging the Executive as its President and Chief Operating Officer.

B. The Executive desires to commit himself to serve the Company on the terms herein provided.

NOW, THEREFORE, in consideration of the foregoing and of the respective covenants and agreements set forth below, the parties hereto agree as follows:

1. Certain Definitions

(a) "Affiliate" shall mean with respect to any Person, any other Person directly or indirectly, through one or more intermediaries, controlling, controlled by, or under common control with, such Person. For purposes of this Section 1(a), "control" shall have the meaning given such term under Rule 405 of the Securities Act of 1933, as amended.

(b) "Annual Base Salary" shall have the meaning set forth in Section 5(a).

(c) "Board" shall mean the Board of Directors of the Company.

(d) "Bonus" shall have the meaning set forth in Section 5(b).

(e) The Company shall have "Cause" to terminate the Executive's employment upon (i) the Executive's failure to attempt in good faith to substantially perform the duties as President and Chief Operating Officer (other than any such failure resulting from the Executive's physical or mental incapacity) which is not remedied within 30 days after receipt of written notice from the Company specifying such failure; (ii) the Executive's failure to attempt in good faith to carry out, or comply with, in any material respect any lawful and reasonable directive of the Board, which is not remedied within 30 days after receipt of written notice from the Company specifying such failure; (iii) the Executive's commission at any time of any act or omission that results in, or may reasonably be expected to result in, a conviction, plea of no contest, or imposition of unadjudicated probation for any felony (or any other crime involving fraud, embezzlement, material misconduct or misappropriation having a material adverse impact on the Company); (iv) the Executive's unlawful use (including being under the influence) or possession of illegal drugs on the Company's premises or while performing the Executive's duties and responsibilities; or (v) the Executive's willful commission at any time of any act of fraud, embezzlement, misappropriation, misconduct, or breach of fiduciary duty against the Company (or any predecessor thereto or successor thereof) having a material adverse impact on the Company.

(f) "Change in Control" shall occur when:

(i) A Person (which term, when used in this Section 1(f), shall not include the Company, any underwriter temporarily holding securities pursuant to an offering of such securities, any trustee or other fiduciary holding securities under an employee benefit plan of the Company, or any Company owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of Voting Stock of the Company) is or becomes, without the prior consent of a majority of the Continuing Directors, the beneficial owner (as defined in Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended), directly or indirectly, of Voting Stock representing, without the prior written consent of a majority of the Continuing Directors, twenty percent (20%) (or, even with such prior consent, thirty-five percent (35%)) or more of the combined voting power of the Company's then outstanding securities; or

(ii) The Company consummates a reorganization, merger or consolidation of the Company (which prior to the date of such consummation has been approved by the Company's stockholders) or the Company sells, or otherwise disposes of, all or substantially all of the Company's property and assets (other than a reorganization, merger, consolidation or sale which would result in all or substantially all of the beneficial owners of the Voting Stock of the Company outstanding immediately prior thereto continuing to beneficially own, directly or indirectly (either by remaining outstanding or by being converted into voting securities of the resulting entity), more than fifty percent (50%) of the combined voting power of the voting securities of the Company or such entity resulting from the transaction (including, without limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the Company's property or assets, directly or indirectly) outstanding immediately after such transaction in substantially the same proportions relative to each other as their ownership immediately prior to such transaction), or the Company's stockholders approve a liquidation or dissolution of the Company; or

(iii) The individuals who are Continuing Directors of the Company (as defined below) cease for any reason to constitute at least a majority of the Board.

(g) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(h) "Committee" shall mean the Human Resources and Corporate Governance Committee of the Board.

(i) "Common Stock" shall mean the $.01 par value common stock of the Company.

(j) "Company" shall, except as otherwise provided in Section 9, have the meaning set forth in the preamble hereto.

(k) "Competitive Business" shall mean any entity that, as of the date of the Executive's termination of employment, the Committee has designated in its sole discretion as an entity that competes with any of the businesses of the Company; provided, that (i) not more than 20 entities (which term "entities" shall include any subsidiaries, parent entities and other Affiliates thereof) shall be designated as Competitive Businesses at one time and (ii) such entities are the same 20 entities used for any list of competitive entities for any other arrangement with an executive of the Company; and, provided further, that the Committee may change its designation of Competitive Businesses at any time that is not less than 90 days prior to the Executive's termination of employment upon written notice thereof to the Executive (and any such change within the 90 day period immediately preceding the Executive's termination of employment shall not be effective). The list of Competitive Businesses in effect as of the Effective Date (which the parties acknowledge and agree may be changed by the Committee in accordance with the terms of the immediately preceding sentence) shall be communicated by the Company to the Executive as soon as reasonably practicable following the Effective Date.

(l) "Continuing Director" means (i) any member of the Board (other than an employee of the Company) as of the Effective Date or (ii) any person who subsequently becomes a member of the Board (other than an employee of the Company) whose election or nomination for election to the Board is recommended by a majority of the Continuing Directors.

(m) "Contract Year" shall mean (i) the period beginning on June 1, 2003 and ending on June 30, 2004 and (ii) each twelve month period beginning on July 1, 2004 or any anniversary thereof.

(n) "Date of Termination" shall mean (i) if the Executive's employment is terminated by his death, the date of his death and (ii) if the Executive's employment is terminated pursuant to Section 6(a)(ii) - (vi), the date specified in the Notice of Termination (or if no such date is specified, the last day of the Executive's active employment with the Company).

(o) "Disability" shall mean any mental or physical illness, condition, disability or incapacity which:

(i) Prevents the Executive from discharging substantially all of his essential job responsibilities and employment duties;

(ii) Shall be attested to in writing by a physician or a group of physicians selected by the Executive and acceptable to the Company; and

(iii) Has prevented the Executive from so discharging his duties for any 180 days in any 365 day period.

A Disability shall be deemed to have occurred on the 180th day in any such 365 day period.

(p) "Executive" shall have the meaning set forth in the preamble hereto.

(q) "Extension Term" shall have the meaning set forth in Section 2.

(r) "Financial Gain" with respect to any specified period of time shall mean the sum of all (i) Retention Option Gains realized by the Executive during such period and (ii) Retention RSU Gains realized by the Executive during such period.

(s) The Executive shall have "Good Reason" to resign his employment upon the occurrence of any of the following: (i) failure of the Company to continue the Executive in the position of President and Chief Operating Officer (or any other position not less senior to such position); (ii) a material diminution in the nature or scope of the Executive's responsibilities, duties or authority (including, without limitation, the Executive's failure to continue to serve as member of the Board (unless the Board determines in its reasonable discretion that such Board membership is not advisable due to any applicable law, rule or regulation)); (iii) relocation of the Company's executive offices more than 50 miles outside of New York, New York or relocation of Executive away from the executive offices; (iv) failure of the Company to timely make any material payment or provide any material benefit under this Agreement, or the Company's material reduction of any compensation, equity or benefits that the Executive is eligible to receive under this Agreement; or (v) the Company's material breach of this Agreement; provided, however, that notwithstanding the foregoing the Executive may not resign his employment for Good Reason unless: (x) the Executive provides the Company with at least 30 days prior written notice of his intent to resign for Good Reason (which notice is provided not later than the 60th day following the occurrence of the event constituting Good Reason) and (y) the Company does not remedy the alleged violation(s) within such 30-day period; and, provided, further, that Executive may resign his employment for Good Reason if in connection with any Change in Control the surviving entity does not assume this Agreement (or, with the written consent of the Executive, substitute a substantially identical agreement) with respect to the Executive in writing delivered to the Executive prior to, or as soon as reasonably practicable following, the occurrence of such Change in Control.

(t) "Initial Term" shall have the meaning set forth in Section 2.

(u) "Intellectual Property" shall have the meaning set forth in Section 9(f).

(v) "Maximum Bonus" shall have the meaning set forth in Section 5(b).

(w) "Notice of Termination" shall have the meaning set forth in Section 6(b).

(x) "Option" shall mean an option to purchase Common Stock pursuant to the Stock Incentive Plan (or any other equity based compensation plan or agreement that may be adopted or entered into by the Company from time to time).

(y) "Person" shall mean an individual, partnership, corporation, business trust, limited liability company, joint stock company, trust, unincorporated association, joint venture, governmental authority or other entity of whatever nature.

(z) "Pro-Rata Bonus" shall have the meaning set forth in Section 7(d).

(aa) "Release" shall have the meaning set forth in Section 7(b).

(bb) "Retention Option Gain" with respect to any specified period of time shall mean the product of (i) the number of shares of Common Stock purchased upon the exercise of any Retention Options during such period and (ii) the excess of (A) the fair market value per share of Common Stock as of the date of such exercise over (B) the exercise price per share of Common Stock subject to such Retention Options.

(cc) "Retention Options" shall have the meaning set forth in Section 5(c).

(dd) "Retention RSU Gain" with respect to any specified period of time shall mean the product of (i) the number of shares of Common Stock subject to Retention RSUs that first become vested during such period and (ii) the fair market value per share of Common Stock as of the date such Retention RSUs first become vested.

(ee) "Retention RSUs" shall have the meaning set forth in Section 5(d).

(ff) "Stock Incentive Plan" shall mean the Company's 2000 Stock Incentive Plan, as amended from time to time.

(gg) "Target Bonus" shall have the meaning set forth in Section 5(b).

(hh) "Term" shall have the meaning set forth in Section 2.

(ii) "Voting Stock" means all capital stock of the Company which by its terms may be voted on all matters submitted to stockholders of the Company generally.

2. Employment. The Company shall employ the Executive and the Executive shall continue in the employ of the Company, for the period set forth in this Section 2, in the positions set forth in the first sentence of Section 3 and upon the other terms and conditions herein provided. The initial term of employment under this Agreement (the "Initial Term") shall be for the period beginning on the Effective Date and ending on July 1, 2008, unless earlier terminated as provided in Section 6. The Initial Term shall automatically be extended for successive one-year periods (each, an "Extension Term") unless either party hereto gives written notice of non-extension to the other no later than 90 days prior to the scheduled

expiration of the Initial Term or the then applicable Extension Term (the Initial Term and any Extension Term shall be collectively referred to hereunder as the "Term").

3. Position and Duties. The Executive shall serve as President and Chief Operating Officer of the Company, reporting to the Company's Chief Executive Officer, with such responsibilities, duties and authority as are customary for such role. The Executive shall also be nominated for a seat on the Board (unless the Board determines in its reasonable discretion that such Board membership is not advisable due to any applicable law, rule or regulation). The Executive shall devote all necessary business time and attention, and employ his reasonable best efforts, toward the fulfillment and execution of all assigned duties, and the satisfaction of defined annual and/or longer-term performance criteria. Notwithstanding the foregoing, the Executive may manage his personal investments, be involved in charitable and professional activities (including serving on charitable and professional boards), and, with the consent of the Company's Chief Executive Officer, serve on for profit boards of directors and advisory committees so long as such service does not materially interfere with Executive's obligations hereunder or violate Section 9 hereof.

4. Place of Performance. In connection with his employment during the Term, the Executive shall be based at the Company's offices in New York, New York, except for necessary travel on the Company's business.

5. Compensation and Related Matters

(a) Annual Base Salary. At the commencement of the Term, the Executive shall receive a base salary at a rate of $550,000 per annum (the "Annual Base Salary"), paid in accordance with the Company's general payroll practices for executives, but no less frequently than monthly. No less frequently than annually during the Term, the Board and the Committee shall review the rate of Annual Base Salary payable to the Executive, and may, in their discretion, increase the rate of Annual Base Salary payable hereunder; provided, however, that any increased rate shall thereafter be the rate of "Annual Base Salary" hereunder.

(b) Bonus. Except as otherwise provided for herein, with respect to each Contract Year on which the Executive is employed hereunder on the last day, the Executive shall be eligible to receive a bonus (the "Bonus"), as determined pursuant to the Coach, Inc. Performance-Based Annual Incentive Plan or another "qualified performance-based compensation" bonus plan that has been approved by the stockholders of the Company in accordance with the provisions for such approval under Code Section 162(m) and the regulations promulgated thereunder (collectively, the "Bonus Plan"), and on the basis of the Executive's or the Company's attainment of objective financial or other operating criteria established by the Committee in its sole discretion and in accordance with Code Section 162(m) and the regulations promulgated thereunder. With respect to each Contract Year (i) the Executive shall be eligible to receive a maximum Bonus (the "Maximum Bonus") in an amount equal to at least 125% of his Annual Base Salary and (ii) the Executive's target-level Bonus (the "Target Bonus") shall be equal to 75% of the amount of the Maximum Bonus. In addition, the Executive shall be eligible to participate in any other bonus plan or program that may be established by the

Committee and that covers the Executive (even if such plan or program does not provide for qualified performance-based bonuses within the meaning of Code Section 162(m)).

(c) Stock Options

(i) During the Term, the Executive shall be eligible to be granted Options at such time(s) and in such amount(s) as may be determined by the Committee in its sole discretion; provided, that the Executive shall be granted such Options in accordance with the Company's customary past practice unless the Committee determines in its good faith discretion that the amount or timing of such Option grants shall be revised based upon the Executive's performance.

(ii) In addition to any Options granted in accordance with subsection (i), as of July 1, 2003 the Executive shall be granted a non-qualified stock option (the "Retention Options") to purchase 111,111 shares of Common Stock, pursuant to the terms and conditions of the Stock Incentive Plan and a written Retention Stock Option Agreement to be entered into by and between the Company and Executive as of the date hereof in substantially the form attached hereto as Exhibit A. The Retention Options shall have an exercise price equal to the fair market value per share of Common Stock as of July 1, 2003 and shall have a term of 10 years. The Retention Options shall become exercisable in three cumulative installments as follows: (A) the first installment shall consist of 15% of the shares of Common Stock covered by the Retention Options and shall become vested and exercisable on July 1, 2006; (B) the second installment shall consist of 15% of the shares of Common Stock covered by the Retention Options and shall become vested and exercisable on July 1, 2007 and (C) the third installment shall consist of 70% of the shares of Common Stock covered by the Retention Options and shall become exercisable on July 1, 2008; provided, that, except as otherwise provided in Section 7 or in the Retention Stock Option Agreement, no portion of the Retention Options not then exercisable shall become exercisable following the Executive's termination of employment for any reason. In the event of the Executive's termination of employment for any reason other than for Cause, the Retention Options to the extent then exercisable shall remain exercisable until the earlier of (x) the date provided in the Retention Stock Option Agreement or (y) July 1, 2013. The Company and the Executive acknowledge and agree that the Retention Options shall not provide for the grant of any "Restoration Options" as defined in the Stock Incentive Plan.

(d) Restricted Stock Units

(i) During the Term, the Executive shall be eligible to be awarded Restricted Stock Units ("RSUs") and other equity compensation awards pursuant to the Stock Incentive Plan (or any other equity based compensation plan that may be adopted by the Company from time to time), at such time(s) and in such amount(s) as may be determined by the Committee in its sole discretion.

(ii) In addition to any RSUs awarded in accordance with subsection (i), as of July 1, 2003 the Executive shall be awarded that number of RSUs that have a projected aggregate value as of July 1, 2008 equal to $1,666,667 (assuming the market value per share of Common Stock is exactly $30 greater on July 1, 2008 than on July 1, 2003) (the "Retention RSUs"), pursuant to the terms and conditions of the Stock Incentive Plan and a written Retention RSU Agreement to be entered into by and between the Company and Executive as of the date hereof in substantially the form attached hereto as Exhibit B. The Retention RSUs shall become vested with respect to (A) 15% of the Retention RSUs on July 1, 2006; (B) 15% of the Retention RSUs on July 1, 2007; and (C) with respect to 70% of RSUs on July 1, 2008; provided, that, except as otherwise provided in Section 7 or in the Retention RSU Agreement, no Retention RSUs not then vested shall become vested following the Executive's termination of employment.

(e) Benefits. The Executive shall be entitled to receive such benefits and to participate in such employee group benefit plans, including life, health and disability insurance policies, as are generally provided by the Company to its senior executives in accordance with the plans, practices and programs of the Company.

(f) Expenses. The Company shall reimburse the Executive for all reasonable and necessary expenses incurred by the Executive in connection with the performance of the Executive's duties as an employee of the Company. Such reimbursement is subject to the submission to the Company by the Executive of appropriate documentation and/or vouchers in accordance with the customary procedures of the Company for expense reimbursement, as such procedures may be revised by the Company from time to time.

(g) Vacations. The Executive shall be entitled to paid vacation in accordance with the Company's vacation policy as in effect from time to time. However, in no event shall the Executive be entitled to less than four weeks vacation per Contract Year. The Executive shall also be entitled to paid holidays and personal days in accordance with the Company's practice with respect to same as in effect from time to time (but in no event shall the Executive be entitled to fewer than two personal days per Contract Year).

(h) Automobile. During the Term, the Company shall provide the Executive with a Company-leased automobile in accordance with the Company's applicable policies and procedures.

(i) Retirement Eligibility. The Company acknowledges and agrees that, as of June 28, 2003, the Executive shall have attained at least age 55 and been credited with at least 10 years of service under the applicable retirement plans of the Company (and its predecessor) and that the Executive shall be eligible for retirement ("Retirement") under such retirement plans upon any voluntary departure by the Executive from employment with the Company following July 1, 2003 and shall be treated as retired for purposes of all benefit and equity plans and programs (other than for purposes of the Retention Options and Retention RSUs (unless otherwise provided in the Retention Stock Option Agreement or Retention RSU Agreement)). This Agreement shall not impair any rights that the Executive may have with respect to the treatment of any Options or RSUs upon the Executive's Retirement under any Option or RSU agreement or other retirement arrangement entered into prior to the Effective Date.

6. Termination. The Executive's employment hereunder may be terminated by the Company, on the one hand, or the Executive, on the other hand, as applicable, without any breach of this Agreement only under the following circumstances:

(a) Terminations

(i) Death. The Executive's employment hereunder shall terminate upon his death.

(ii) Disability. In the event of the Executive's Disability, the Company may give the Executive written notice of its intention to terminate the Executive's employment. In such event, the Executive's employment with the Company shall terminate effective on the 14th day after delivery of such notice, provided that within the 14 days after such delivery, the Executive shall not have returned to full-time performance of his duties.

(iii) Cause. The Company may, with the approval of the Board, terminate the Executive's employment hereunder for Cause; provided, however, that, notwithstanding the foregoing, if (A) the Company terminates the Executive's employment for Cause pursuant to Section 1(e)(iii) and (B) the Executive (i) is not indicted for, or otherwise charged by any court or other governmental or regulatory authority with, any felony or any other crime involving fraud, embezzlement, material misconduct or misappropriation having a material adverse impact on the Company (which felony or other crime was the reason for such termination) within 18 months following the date of his termination of employment, or (ii) is not convicted of, does not plea no contest to, and does not receive unadjudicated probation for, any felony (or any other crime involving fraud, embezzlement, material misconduct or misappropriation having a material adverse impact on the Company) (which felony or other crime was the reason for such termination), then the Executive's termination of employment will be deemed to be without Cause and the Executive shall retroactively be eligible for severance payments to the extent provided by Section 7(b).

(iv) Good Reason. The Executive may terminate his employment for Good Reason (whether or not due to his Retirement).

(v) Without Cause. The Company may terminate the Executive's employment hereunder without Cause. A notice by the Company of non-extension of the Term shall be treated as a termination without Cause as of the last day of the Term.

(vi) Resignation without Good Reason. The Executive may resign his employment without Good Reason (whether or not due to his Retirement) upon 90 days written notice to the Company.

(b) Notice of Termination. Any termination of the Executive's employment by the Company or by the Executive under this Section 6 (other than termination pursuant to paragraph (a)(i)) shall be communicated by a written notice to the other party hereto indicating the specific termination provision in this Agreement relied upon, setting forth in reasonable detail any facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated, and specifying a Date of Termination which, except in the case of termination for Cause or Disability, shall be at least thirty days (or such longer period provided by Section 6(a)(vi)) following the date of such notice (a "Notice of Termination"); provided, the Company may pay out such notice period instead of employing the Executive.

7. Severance Payments and Benefits

(a) Termination for any Reason. In the event the Executive's employment with the Company is terminated for any reason, the Company shall pay the Executive (or his beneficiary in the event of his death) any unpaid Annual Base Salary that has accrued as of the Date of Termination, any unreimbursed expenses due to the Executive and an amount for any accrued but unused vacation days and any earned but unpaid bonus for any fiscal year of the Company completed prior to the date of such termination. The Executive shall also be entitled to accrued, vested benefits under the Company's benefit plans and programs as provided therein. The Executive shall be entitled to the cash severance payments described below only as set forth herein and the provisions of this Section 7 shall supersede in their entirety any severance payment provisions in any severance plan, policy, program or arrangement maintained by the Company.

(b) Terminations without Cause or for Good Reason. Except as otherwise provided by Section 7(c) with respect to certain terminations of employment in connection with a Change in Control, if the Executive's employment shall terminate without Cause (pursuant to Section 6(a)(v)), or for Good Reason (pursuant to Section 6(a)(iv)), the Company shall (subject to the Executive's entering into a Separation and Release Agreement with the Company in substantially the form attached hereto as Exhibit C (the "Release")):

(i) Pay to the Executive an amount equal to the product of (A) the sum of his then current (i) Annual Base Salary and (ii) Target Bonus for the year of termination, and (B) 1.5; payable in equal monthly installments during the period beginning on the Date of Termination and ending on the 18 month anniversary thereof; provided, however, that no amount shall be payable pursuant to this Section 7(b)(i) on or following the date the Executive first (i) violates any of the covenants set forth in Section 9(a) or 9(b), or (ii) materially violates any of the covenants set forth in Section 9(c), 9(e) or 9(f);

(ii) Continue to provide the Executive with all health and welfare benefits and perquisites which he was participating in or receiving as of the Date of Termination until the earlier of (A) the 18 month anniversary of the Date of Termination or (B) the date the Executive first (i) violates any of the covenants set forth in Section 9(a) or 9(b), or (ii) materially violates any of the covenants set forth in Section 9(c), 9(e) or 9(f). If such benefits cannot be provided under the Company's programs, such benefits and perquisites will be provided on an individual basis to the Executive such that his after-tax costs will be no greater than the costs for such benefits and perquisites under the Company's programs;

(iii) Notwithstanding any provision to the contrary in any Option or RSU agreement, cause all (A) Retention RSUs and Retention Options not vested or exercisable as of the Date of Termination to remain or become vested and remain exercisable in accordance with the terms and conditions of the applicable Retention Option or Retention RSU agreement and (B) except as otherwise provided by Section 7(f) with respect to certain terminations of employment due to the Executive's Retirement, Options and RSUs (other than the Retention Options and the Retention RSUs) then held by the Executive to continue to become vested and exercisable in accordance with their terms as if the Executive had remained employed by the Company until the 18 month anniversary of the Date of Termination (and all Options and RSUs (other than the Retention Options and the Retention RSUs) that do not become vested and exercisable on or prior to the 18 month anniversary of the Date of Termination shall thereupon be forfeited);

(iv) Pay to the Executive a Pro-Rata Bonus, as defined in Section 7(d), when bonuses are paid for the year of termination based on actual results and the relative portion of the fiscal year during which the Executive was employed.

(c) Certain Terminations in connection with a Change in Control. If the Executive's employment shall terminate without Cause (pursuant to Section 6(a)(v)) or for Good Reason (pursuant to Section 6(a)(iv)) within six months prior to a Change in Control or during the 12 month period immediately following such Change in Control, the Company shall (subject to the receipt of the Release):

(i) Pay to the Executive an amount equal to the product of (A) the sum of his then current (i) Annual Base Salary and (ii) Target Bonus for the year of termination, and (B) 1.5; payable in equal monthly installments during the period beginning on the Date of Termination and ending on the 18 month anniversary thereafter; provided, however, that no amount shall be payable pursuant to this Section 7(c)(i) on or following the date the Executive first (i) violates any of the covenants set forth in Section 9(a) or 9(b), or (ii) materially violates any of the covenants set forth in Section 9(c), 9(e) or 9(f);

(ii) Continue to provide the Executive with all health and welfare benefits and perquisites which he was participating in or receiving as of the Date of Termination until the earlier of (A) the 18 month anniversary of the Date of Termination or (B) the date the Executive first (i) violates any of the covenants set forth in Section 9(a) or 9(b), or (ii) materially violates any of the covenants set forth in Section 9(c), 9(e) or 9(f). If such benefits cannot be provided under the Company's programs, such benefits and perquisites will be provided on an individual basis to the Executive such that his after-tax costs will be no greater than the costs for such benefits and perquisites under the Company's programs;

(iii) Notwithstanding any provision to the contrary in any Option or RSU agreement, cause all Options (including without limitation the Retention Options), RSUs (including without limitation the Retention RSUs) and other equity based compensation awards then held by the Executive to become fully vested and exercisable with respect to all shares subject thereto, effective immediately prior to the Date of Termination and all Options shall remain exercisable for the remainder of the 10 year term;

(iv) Pay Executive a Pro-Rata Bonus, as defined in Section 7(d), within 10 days following the date of such termination.

(d) Termination by Reason of Disability or Death. If the Executive's employment shall terminate by reason of his Disability (pursuant to Section 6(a)(ii)) or death (pursuant to Section 6(a)(i)), then (i) the Company shall pay to the Executive (or Executive's estate) a pro-rated amount of the Executive's Target Bonus for the Contract Year in which the Date of Termination occurs (the "Pro-Rata Bonus"); (ii) all Retention Options and Retention RSUs not vested or exercisable as of the Date of Termination shall thereupon be forfeited; provided, that in the alternative the Committee may, in its sole discretion, cause all or any portion of any Retention Options or Retention RSUs then held by the Executive to become vested and exercisable effective as of the Date of Termination; and (iii) all Options and RSUs (other than Retention Options and the Retention RSUs) then held by the Executive shall be or become vested and shall remain exercisable in accordance with the terms of the applicable Option or RSU agreement.

(e) Termination for Cause or without Good Reason. If the Executive's employment shall terminate by reason of his voluntary resignation without Good Reason (pursuant to Section 6(a)(vi)) or by the Company for Cause (pursuant to Section 6(a)(iii)), then (i) notwithstanding any provision to the contrary in any Option or RSU agreement, all Retention RSUs and Retention Options not vested or exercisable as of the Date of Termination shall thereupon be forfeited and (ii) except as otherwise provided by Section 7(f) with respect to certain terminations of employment due to the Executive's Retirement, all Options and RSUs (other than the Retention Options and the Retention RSUs) or other equity based compensation awards not vested or exercisable as of the Date of Termination shall thereupon be forfeited and, except as set forth in Section 7(a), the Company shall have no further obligations to the Executive.

(f) Retirement. Notwithstanding any provision of this Agreement to the contrary, if the Executive's employment shall be terminated due to his Retirement (whether such termination is with or without Good Reason), then (i) notwithstanding any provision to the contrary in any Option or RSU agreement(s), all Retention RSUs and Retention Options not vested or exercisable as of the Date of Termination shall thereupon be forfeited; (ii) all Options (other than the Retention Options) then held by the Executive will vest and expire in accordance with the terms set forth in the applicable Option agreement; and (iii) all RSUs (other than the Retention RSUs) then held by the Executive shall vest (and shares underlying such RSUs shall be distributed to the Executive) in accordance with the terms set forth in the applicable RSU agreement.

(g) Survival. The expiration or termination of the Term shall not impair the rights or obligations of any party hereto which shall have accrued hereunder prior to such expiration.

(h) No Mitigation. The Executive shall have no obligation to mitigate any payments due hereunder. Any amounts earned by the Executive from other employment shall not offset amounts due hereunder, except as provided in this Section 7.

8. Parachute Payments.

(a) If it is determined by a nationally recognized United States public accounting firm selected by the Company and approved in writing by the Executive (which approval shall not be unreasonably withheld) (the "Auditors") that any payment or benefit made or provided to the Executive in connection with this Agreement or otherwise (including without limitation any Option or RSU vesting) (collectively, a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Code (the "Parachute Tax"), then the Company shall pay to the Executive, prior to the time the Parachute Tax is payable --- with respect to such Payment, an additional payment (a "Gross-Up Payment") in an amount such that, after payment by the Executive of all taxes (including any Parachute Tax) imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Parachute Tax imposed upon the Payment. The amount of any Gross-Up Payment shall be determined by the Auditors, subject to adjustment, as necessary, as a result of any Internal Revenue Service position. For purposes of making the calculations required by this Agreement, the Auditors may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code, provided that the Auditors' determinations must be made with substantial authority (within the meaning of Section 6662 of the Code).

(b) The federal tax returns filed by the Executive (and any filing made by a consolidated tax group which includes the Company) shall be prepared and filed on a basis consistent with the determination of the Auditors with respect to the Parachute Tax payable by the Executive. The Executive shall make proper payment of the amount of any Parachute Tax, and at the request of the Company, provide to the Company true and correct copies (with any amendments) of his federal income tax return as filed with the Internal Revenue Service, and such other documents reasonably requested by the

Company, evidencing such payment. If, after the Company's payment to the Executive of the Gross-Up Payment, the Auditors determine in good faith that the amount of the Gross-Up Payment should be reduced or increased, or such determination is made by the Internal Revenue Service, then within ten business days of such determination, the Executive shall pay to the Company the amount of any such reduction, or the Company shall pay to the Executive the amount of any such increase; provided, however, that in no event shall the Executive have any such refund obligation if it is determined by the Company that to do so would be a violation of the Sarbanes-Oxley Act of 2002, as it may be amended from time to time; and provided, further, that if the Executive has prior thereto paid such amounts to the Internal Revenue Service, such refund shall be due only to the extent that a refund of such amount is received by the Executive; and provided, further, that (i) the fees and expenses of the Auditors (and any other legal and accounting fees) incurred for services rendered in connection with the Auditor's determination of the Parachute Tax or any challenge by the Internal Revenue Service or other taxing authority relating to such determination shall be paid by the Company and (ii) the Company shall indemnify and hold the Executive harmless on an after-tax basis for any interest and penalties imposed upon the Executive to the extent that such interest and penalties are related to the Auditor's determination of the Parachute Tax or the Gross-Up Payment. Notwithstanding anything to the contrary herein, the Executive's rights under this Section 8 shall survive the termination of his employment for any reason and the termination or expiration of this Agreement for any reason.

9. Certain Restrictive Covenants

(a) The Executive shall not, at any time during the Term or during the 18 month period following the Date of Termination (the "Restricted Period") directly or indirectly engage in, have any equity interest in, or manage or operate any (i) Competitive Business, (ii) new luxury accessories business that competes directly with the existing or planned product lines of the Company or (iii) business with respect to which Reed Krakoff is a designer or marketer (or with respect to which Reed Krakoff otherwise performs similar duties to those he performs for the Company); provided, however, that the Executive shall be permitted to acquire a passive stock or equity interest in such a business provided the stock or other equity interest acquired is not more than five percent (5%) of the outstanding interest in such business; and, provided, further, that this Section 9(a) shall not apply in the event that, prior to July 1, 2006 (A) the Executive's employment is terminated by reason of his voluntary resignation without Good Reason (pursuant to Section 6(a)(vi)), (B) the Executive's employment is terminated by the Company without Cause (pursuant to Section 6(a)(v)) or (C) the Executive's employment is terminated by the Executive for Good Reason (pursuant to Section 6(a)(iv)) and, in connection with such termination, the Executive agrees in writing to waive his right to receive all payments and benefits that he would otherwise be entitled to receive pursuant to Section 7(b) or 7(c), as applicable.

(b) During the Restricted Period, the Executive will not, directly or indirectly recruit or otherwise solicit or induce any employee, director, consultant, wholesale customer, vendor, supplier, lessor or lessee of the Company to terminate its employment or arrangement with the Company, otherwise change its relationship with the Company, or establish any relationship with the Executive or any of his Affiliates for any business purpose.

(c) Except as required in the good faith opinion of the Executive in connection with the performance of the Executive's duties hereunder or as specifically set forth in this Section 9(c), the Executive shall, in perpetuity, maintain in confidence and shall not directly, indirectly or otherwise, use, disseminate, disclose or publish, or use for his benefit or the benefit of any person, firm, corporation or other entity any confidential or proprietary information or trade secrets of or relating to the Company, including, without limitation, information with respect to the Company's operations, processes, products, inventions, business practices, finances, principals, vendors, suppliers, customers, potential customers, marketing methods, costs, prices, contractual relationships, regulatory status, business plans, designs, marketing or other business strategies, compensation paid to employees or other terms of employment, or deliver to any person, firm, corporation or other entity any document, record, notebook, computer program or similar repository of or containing any such confidential or proprietary information or trade secrets. The parties hereby stipulate and agree that as between them the foregoing matters are important, material and confidential proprietary information and trade secrets and affect the successful conduct of the businesses of the Company (and any successor or assignee of the Company). Upon termination of the Executive's employment with the Company for any reason, the Executive will promptly deliver to the Company all correspondence, drawings, manuals, letters, notes, notebooks, reports, programs, plans, proposals, financial documents, or any other documents concerning the Company's customers, business plans, designs, marketing or other business strategies, products or processes, provided that the Executive may retain his rolodex, address book and similar information and any non-proprietary documents he received as a director.

(d) Notwithstanding Section 9(c), the Executive may respond to a lawful and valid subpoena or other legal process or other government or regulatory inquiry but shall give the Company prompt notice thereof (except to the extent legally prohibited), and shall, as much in advance of the return date as is reasonably practicable, make available to the Company and its counsel copies of any documents sought which are in the Executive's possession or to which the Executive otherwise has reasonable access. In addition, the Executive shall reasonably cooperate with and assist the Company and its counsel at any time and in any manner reasonably requested by the Company or its counsel (with due regard for the Executive's other commitments if he is not employed by the Company) in connection with any litigation or other legal process affecting the Company of which the Executive has knowledge as a result of his employment with the Company (other than any litigation with respect to this Agreement). In the event of such requested cooperation, the Company shall reimburse the Executive's reasonable out of pocket expenses.

(e) The Executive shall not disparage the Company, any of its products or practices, or any of its directors, officers, agents, representatives, or employees, either orally or in writing, at any time. The Company (including without limitation its directors) shall not disparage the Executive, either orally or in writing, at any time. Notwithstanding the foregoing, nothing in this Section 9(e) shall limit the ability of the Company or the Executive, as applicable, to provide truthful testimony as required by law or any judicial or administrative process.

(f) The Executive agrees that all strategies, methods, processes, techniques, marketing plans, merchandising schemes, themes, layouts, mechanicals, trade secrets, copyrights, trademarks, patents, ideas, specifications and other material or work product ("Intellectual Property") that the Executive creates, develops or assembles in connection with his employment hereunder shall become the permanent and exclusive property of the Company to be used in any manner it sees fit, in its sole discretion. The Executive shall not communicate to the Company any ideas, concepts, or other intellectual property of any kind (other than in his capacity as an officer of the Company) which (i) were earlier communicated to the Executive in confidence by any third party as proprietary information, or (ii) the Executive knows or has reason to know is the proprietary information of any third party. Further, the Executive shall adhere to and comply with the Company's Global Business Integrity Program Guide. All Intellectual Property created or assembled in connection with the Executive's employment hereunder shall be the permanent and exclusive property of the Company. The Company and the Executive mutually agree that all Intellectual Property and work product created in connection with this agreement, which is subject to copyright, shall be deemed to be "work made for hire," and that all rights to copyrights shall be vested in the Company. If for any reason the Company cannot be deemed to have commissioned "work made for hire," and its rights to copyright are thereby in doubt, then the Executive agrees not to claim to be the proprietor of the work prepared for the Company, and to irrevocably assign to the Company, at the Company's expense, all rights in the copyright of the work prepared for the Company.

(g) As used in this Section 9, the term "Company" shall include the Company and any of its Affiliates or direct or indirect subsidiaries.

(h) The Company and the Executive expressly acknowledge and agree that the agreements and covenants contained in this Section 9 are reasonable. In the event, however, that any agreement or covenant contained in this Section 9 shall be determined by any court of competent jurisdiction to be unenforceable by reason of its extending for too great a period of time or over too great a geographical area or by reason of its being too extensive in any other respect, it will be interpreted to extend only over the maximum period of time for which it may be enforceable, and/or over the maximum geographical area as to which it may be enforceable and/or to the maximum extent in all other respects as to which it may be enforceable, all as determined by such court in such action.

10. Specific Performance. It is recognized and acknowledged by the Executive that a breach of the covenants contained in Section 9 will cause irreparable damage to the Company and its goodwill (or to the Executive, as the case may be), the exact amount of which will be difficult or impossible to ascertain, and that the remedies at law for any such breach will be inadequate. Accordingly, the parties agree that in the event a party breaches any covenant contained in Section 9, in addition to any other remedy which may be available at law or in equity (or pursuant to Section 11 of this Agreement or under any other agreement between

the Company and the Executive), the other party will be entitled to specific performance and injunctive relief.

11. Claw-Backs

(a) In the event that the Executive violates any of the covenants set forth in Section 9(a) or 9(b) or materially violates any of the covenants set forth in Section 9(c), 9(e) or 9(f), the Executive shall, in addition to any other remedy which may be available (i) at law or in equity, (ii) pursuant to Section 10 or (iii) pursuant to any applicable Option or RSU agreement, be required to pay to the Company an amount equal to all Financial Gain that the Executive has received during the 18 month period immediately preceding (or at any time after) the date that the Executive first breaches such covenant. In addition, all Retention Options that have not been exercised prior to the date that the Executive violates any of the covenants set forth in Section 9(a) or 9(b), or materially violates any of the covenants set forth in Section 9(c), 9(e), or 9(f) and all Retention RSUs that have not become vested prior to the date of such breach shall thereupon be forfeited.

(b) If at any time during the Term the Executive willfully commits any act of fraud, embezzlement, misappropriation, material misconduct, or breach of fiduciary duty against the Company (or any predecessor thereto or successor thereof) having a material adverse impact on the Company, then (in addition to any remedy which may be available under any applicable Option or RSU agreement) the Executive shall be required to pay to the Company an amount equal to all Financial Gain that the Executive has received at any time following the date of such act. The Executive shall not be required to make any payments of Financial Gain pursuant to this Section 11(b) to the extent the Executive makes payments of such Financial Gain in connection with the same act pursuant to Section 11(a).

12. Purchases and Sales of the Company's Securities. The Executive agrees to use his reasonable best efforts to comply in all respects with the Company's applicable written policies regarding the purchase and sale of the Company's securities by employees, as such written policies may be amended from time to time and disclosed to the Executive. In particular, and without limitation, the Executive agrees that he shall not purchase or sell Company securities (a) at any time that he possesses material non-public information about the Company or any of its businesses; and (b) while an employee during any "trading blackout period" as may be determined by the Company and set forth in the Company's applicable written policies from time to time.

13. Indemnification. The Executive shall be entitled to indemnification set forth in the Company's Charter to the maximum extent allowed under the laws of the State of Maryland, and he shall be entitled to the protection of any insurance policies the Company may elect to maintain generally for the benefit of its directors and officers against all costs, charges and expenses incurred or sustained by him in connection with any action, suit or proceeding to which he may be made a party by reason of his being or having been a director, officer or employee of the Company or any of its subsidiaries or his serving or having served any other enterprise or benefit plan as a director, officer, employee or fiduciary at the request of the

Company (other than any dispute, claim or controversy arising under or relating to this Agreement). Notwithstanding anything to the contrary herein, the Executive's rights under this Section 13 shall survive the termination of his employment for any reason and the expiration of this Agreement for any reason.

14. Delegation and Assignment. The Executive shall not delegate his employment obligations under this Agreement to any other person. The Company may not assign any of its obligations hereunder other than to any entity that acquires (by purchase, merger or otherwise) all or substantially all of the Voting Stock or assets of the Company. In the event of the Executive's death while he is receiving severance hereunder the remainder shall be paid to his estate.

15. Notices. Any written notice required by this Agreement will be deemed provided and delivered to the intended recipient when (a) delivered in person by hand; or (b) three days after being sent via U.S. certified mail, return receipt requested; or (c) the day after being sent via by overnight courier, in each case when such notice is properly addressed to the following address and with all postage and similar fees having been paid in advance:

If to the Company:	Coach, Inc. 516 West 34th Street New York, New York 10001 Attn: General Counsel
with a copy to:	Latham & Watkins LLP 885 Third Avenue, Suite 1000 New York, NY 10022 Attn: Jed W. Brickner
If to the Executive:	to him at the most recent address in the Company's records.

Either party may change the address to which notices, requests, demands and other communications to such party shall be delivered personally or mailed by giving written notice to the other party in the manner described above.

16. Legal Fees. The Company shall pay the Executive's reasonable attorneys' fees and disbursements incurred by him in connection with the negotiation of this Agreement.

17. Binding Effect. This Agreement shall be for the benefit of and binding upon the parties hereto and their respective heirs, personal representatives, legal representatives, successors and, where applicable, assigns.

18. Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter described in this Agreement and supersedes all prior agreements, understandings and arrangements, both oral and written, between the parties with respect to such subject matter; provided, however, that any written agreements between the Executive and the Company concerning Options, RSUs or any other equity compensation awards shall remain in full force and effect in accordance with their terms. This Agreement may not be modified, amended, altered or rescinded in any manner, except by written instrument signed by

both of the parties hereto; provided, however, that the waiver by either party of a breach or compliance with any provision of this Agreement shall not operate nor be construed as a waiver of any subsequent breach or compliance.

19. Severability. In case any one or more of the provisions of this Agreement shall be held by any court of competent jurisdiction or any arbitrator selected in accordance with the terms hereof to be illegal, invalid or unenforceable in any respect, such provision shall have no force and effect, but such holding shall not affect the legality, validity or enforceability of any other provision of this Agreement.

20. Dispute Resolution and Arbitration. In the event that any dispute arises between the Company and the Executive regarding or relating to this Agreement and/or any aspect of the Executive's employment relationship with the Company, AND IN LIEU OF LITIGATION AND A TRIAL BY JURY, the parties consent to resolve such dispute through mandatory arbitration under the Commercial Rules of the American Arbitration Association ("AAA"), before a single arbitrator in New York, New York. The parties hereby consent to the entry of judgment upon award rendered by the arbitrator in any court of competent jurisdiction. Notwithstanding the foregoing, however, should adequate grounds exist for seeking immediate injunctive or immediate equitable relief, any party may seek and obtain such relief. The parties hereby consent to the exclusive jurisdiction in the state and Federal courts of or in the State of New York for purposes of seeking such injunctive or equitable relief as set forth above. Any and all out-of-pocket costs and expenses incurred by the parties in connection with such arbitration (including attorneys' fees) shall be allocated by the arbitrator in substantial conformance with his or her decision on the merits of the arbitration.

21. Choice of Law. The Executive and the Company intend and hereby acknowledge that jurisdiction over disputes with regard to this Agreement, and over all aspects of the relationship between the parties hereto, shall be governed by the laws of the State of New York without giving effect to its rules governing conflicts of laws.

22. Section Headings. The section headings contained in this Agreement are for reference purposes only and shall not affect in any manner the meaning or interpretation of this Agreement.

23. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

24. Force Majeure. Neither Company nor the Executive shall be liable for any delay or failure in performance of any part of this Agreement to the extent that such delay or failure is caused by an event beyond its reasonable control including, but not be limited to, fire, flood, explosion, war, strike, embargo, government requirement, acts of civil or military authority, and acts of God not resulting from the negligence of the claiming party.

25. Right of Offset. The Company may offset any payment to be made to the Executive pursuant to this Agreement by any amount that the Executive owes to the Company (including without limitation any amount that the Executive may be required to pay to the

Company pursuant to Section 11) as of the time such payment would otherwise be made. This right of offset shall be cumulative (but not duplicative) with any similar obligation with respect to which the Executive may be subject under any other agreement with the Company. Notwithstanding the foregoing, no amount of (a) Annual Base Salary or Bonus deferred by the Executive on or following the Effective Date pursuant to any deferred compensation plan or arrangement maintained by the Company, or (b) compensation deferred by the Executive prior to the Effective Date pursuant to any deferred compensation plan or arrangement maintained by the Company shall be subject to the Company's right of offset described in this Section 25.

26. Withholding. The Company shall be entitled to withhold from any amounts payable under this Agreement any federal, state, local or foreign withholding or other taxes or charges which the Company is required to withhold. The Company shall be entitled to rely on an opinion of counsel if any questions as to the amount or requirement of withholding shall arise.

[signature page follows]

IN WITNESS WHEREOF, the parties have executed this Agreement on the date and year first above written.

COMPANY

By: ____

Its: _______________________________________

EXECUTIVE

____
Keith Monda

Exhibit 21.1

LIST OF SUBSIDIARIES OF COACH, INC.

1. Coach Services, Inc. (Maryland)

2. Coach Leatherware International, Inc. (Delaware)

3. Coach Stores Puerto Rico, Inc. (Delaware)

4. Coach Japan Holdings, Inc. (Delaware)

5. Coach Japan Investments, Inc. (Delaware)

6. Coach (UK) Limited (United Kingdom)

7. Coach Europe Services S.r.l. (Italy)

8. Coach Stores Canada Inc. (Canada)

9. Coach International Holdings, Inc. (Cayman Islands)

10. Coach Japan, Inc. (Japan) (50% owned)

Exhibit 23.1

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statements No. 333-51706, No. 333-64610 and No. 333-82102 on Form S-8 of Coach, Inc., of our report dated July 28, 2003, relating to the consolidated financial statements and financial statement schedules of Coach, Inc. as of and for the years ended June 28, 2003 and June 29, 2002, appearing in this Annual Report on Form 10-K of Coach, Inc. for the year ended June 28, 2003.

DELOITTE & TOUCHE LLP

New York, New York
September 15, 2003

EXHIBIT 31.1

I, Lew Frankfort, certify that:

1. I have reviewed this Annual Report on Form 10-K of Coach, Inc.;

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

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

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

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

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

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

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

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

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

Date: September 17, 2003

By: /s/ LEW FRANKFORT

Name: Lew Frankfort
Title: Chairman and Chief Executive Officer

I, Michael F. Devine III, certify that:

1. I have reviewed this Annual Report on Form 10-K of Coach, Inc.;

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

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

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

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

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

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

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

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

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

Date: September 17, 2003

By: /s/ MICHAEL F. DEVINE, III

Name: Michael F. Devine, III
Title: Senior Vice President and Chief Financial Officer

EXHIBIT 32.1

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Coach, Inc. (the “Company”) hereby certifies, to such officer’s knowledge, that:

(i) the accompanying Annual Report on Form 10-K of the Company for the fiscal year ended June 28, 2003 (the “Report”) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

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

Date: September 17, 2003

By: /s/ LEW FRANKFORT

Name: Lew Frankfort
Title: Chairman and Chief Executive Officer

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Coach, Inc. (the “Company”) hereby certifies, to such officer’s knowledge, that:

(i) the accompanying Annual Report on Form 10-K of the Company for the fiscal year ended June 28, 2003 (the “Report”) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

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

Date: September 17, 2003

By: /s/ MICHAEL F. DEVINE, III

Name: Michael F. Devine, III
Title: Senior Vice President and Chief Financial Officer