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 July 3, 2010

OR

☐ **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	**52-2242751**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

516 West 34th Street, New York, NY 10001

(Address of principal executive offices); (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 if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☒   Accelerated Filer ☐   Non-Accelerated Filer ☐   Smaller Reporting Company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of Coach, Inc. common stock held by non-affiliates as of December 26, 2009 (the last business day of the most recently completed second fiscal quarter) was approximately $11.5 billion. 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 6, 2010, the Registrant had 297,406,007 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Documents	Form 10-K Reference
Proxy Statement for the 2010 Annual Meeting of Stockholders	Part III, Items 10 – 14

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SPECIAL NOTE ON FORWARD-LOOKING INFORMATION

This document and the documents incorporated by reference in this document contain certain forward-looking statements based on management's current expectations. These forward-looking statements can be identified by the use of forward-looking terminology such as "may," "will," "should," "expect," "intend," "estimate," "are positioned to," "continue," "project," "guidance," "target," "forecast," "anticipated" or comparable terms.

Coach, Inc.'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." 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.

In this Form 10-K, references to "Coach," "we," "our," "us" and the "Company" refer to Coach, Inc., including consolidated subsidiaries. The fiscal year ending July 3, 2010 ("fiscal 2010") was a 53-week period. The fiscal years ended June 27, 2009 ("fiscal 2009") and June 28, 2008 ("fiscal 2008") were each 52-week periods. The fiscal year ending July 2, 2011 ("fiscal 2011") will be a 52-week period.

PART I

ITEM 1. BUSINESS

GENERAL DEVELOPMENT OF BUSINESS

Founded in 1941, Coach was acquired by Sara Lee Corporation ("Sara Lee") in 1985. In June 2000, Coach was incorporated in the state of Maryland. In October 2000, Coach was listed on the New York Stock Exchange and sold approximately 68 million shares of common stock, split adjusted, representing 19.5% of the outstanding shares. In April 2001, Sara Lee completed a distribution of its remaining ownership in Coach via an exchange offer, which allowed Sara Lee stockholders to tender Sara Lee common stock for Coach common stock.

In June 2001, Coach Japan was formed to expand our presence in the Japanese market and to exercise greater control over our brand in that country. Coach Japan was initially formed as a joint venture with Sumitomo Corporation. On July 1, 2005, we purchased Sumitomo's 50% interest in Coach Japan, resulting in Coach Japan becoming a 100% owned subsidiary of Coach, Inc.

In fiscal 2009, the Company acquired the Coach domestic retail businesses in Hong Kong, Macau and mainland China ("Coach China") from its former distributor, the ImagineX group. These acquisitions provide the Company with greater control over the brand in China, enabling Coach to raise brand awareness and aggressively grow market share with the Chinese consumer.

FINANCIAL INFORMATION ABOUT SEGMENTS

See the Segment information note presented in the Notes to the Consolidated Financial Statements.

NARRATIVE DESCRIPTION OF BUSINESS

Coach has grown from a family-run workshop in a Manhattan loft to a leading American marketer of fine accessories and gifts for women and men. Coach is one of the most recognized fine accessories brands in the U.S. and in targeted international markets. We offer premium lifestyle accessories to a loyal and growing customer base and provide consumers with fresh, relevant and innovative products that are extremely well made, at an attractive price. Coach's modern, fashionable handbags and accessories use a broad range of high quality leathers, fabrics and materials. In response to our customer's demands for both fashion and function, Coach offers updated styles and multiple product categories which address an increasing share of our customer's accessory wardrobe. Coach has created a sophisticated, modern and inviting environment to showcase our product assortment and reinforce a consistent brand position wherever the consumer may shop. We utilize a flexible, cost-effective global sourcing model, in which independent manufacturers supply our products, allowing us to bring our broad range of products to market rapidly and efficiently.

Coach offers a number of key differentiating elements that set it apart from the competition, including:

A Distinctive Brand — Coach offers distinctive, easily recognizable, accessible luxury products that are relevant, extremely well made and provide excellent value.

A Market Leadership Position With Growing Share — Coach is America's leading premium handbag and accessories brand and each year, as our market share increases, our leadership position strengthens. In Japan, Coach is the leading imported luxury handbag and accessories brand by units sold.

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 or geographic area. The Direct-to-Consumer channel provides us with immediate, controlled access to consumers through Coach-operated stores in North America, Japan, Hong Kong, Macau and mainland China and the Internet. The Indirect channel provides us with access to consumers via wholesale department store and specialty store locations in over 20 countries.

Coach Is Innovative And Consumer-Centric **—** Coach listens to its consumer through rigorous consumer research and strong consumer orientation. Coach works to anticipate the consumer's changing needs by keeping the product assortment fresh and relevant.

We believe that these differentiating elements have enabled the Company to offer a unique proposition to the marketplace. We hold the number one position within the U.S. premium handbag and accessories market and the number two position within the Japanese imported luxury handbag and accessories market.

PRODUCTS

Coach's product offerings include handbags, women's and men's accessories, footwear, business cases, jewelry, wearables, sunwear, travel bags, fragrance and watches. The following table shows the percent of net sales that each product category represented:

	Fiscal Year Ended		
	July 3, 2010	**June 27, 2009**	**June 28, 2008**
Handbags	63%	62%	62%
Accessories	28	29	29
All other products	9	9	9
Total	100%	100%	100%

Handbags — Handbag collections feature classically inspired designs as well as fashion designs. Typically, there are three to four collections per quarter and four to seven styles per collection. These collections are designed to meet the fashion and functional requirements of our broad and diverse consumer base. In fiscal 2010, we introduced Poppy which offers a variety of fresh silhouettes with a youthful appeal, vibrant colors and accessible price points, targeting both new and existing customers. We also introduced additional lifestyle collections, of which the Kristin collection was the most notable.

Accessories **—** Accessories include women's and men's small leather goods, novelty accessories and women's and men's belts. Women's small leather goods, which coordinate with our handbags, include money pieces, wristlets, and cosmetic cases. Men's small leather goods consist primarily of wallets and card cases. Novelty accessories include time management and electronic accessories. Key rings and charms are also included in this category.

Footwear **—** Jimlar Corporation ("Jimlar") has been Coach's footwear licensee since 1999. Footwear is distributed through select Coach retail stores, coach.com and over 950 U.S. department stores. Footwear sales are comprised primarily of women's styles, which coordinate with Coach's handbag collections.

Business Cases **—** This assortment is primarily men's and includes computer bags, messenger-style bags and totes.

Jewelry **—** This category is comprised of bangle bracelets, necklaces, rings and earrings offered in both sterling silver and non-precious metals.

Wearables **—** This category is comprised of jackets, sweaters, gloves, hats and scarves, including both cold weather and fashion. The assortment is primarily women's and contains a fashion assortment in all components of this category.

Sunwear **—** Marchon Eyewear, Inc. ("Marchon") has been Coach's eyewear licensee since 2003. This collection is a collaborative effort from Marchon and Coach that combines the Coach aesthetic for fashion accessories with the latest fashion directions in sunglasses. Coach sunglasses are sold in Coach retail stores and coach.com, department stores, select sunglass retailers and optical retailers in major markets.

Travel Bags — The travel collections are comprised of luggage and related accessories, such as travel kits and valet trays.

Fragrance — Starting in the spring of 2010, Estée Lauder Companies Inc. ("Estée Lauder"), through its subsidiary, Aramis Inc., became Coach's fragrance licensee. Fragrance is distributed through Coach retail stores, coach.com and over 1,500 U.S. department stores. Coach offers three women's fragrance collections and one men's fragrance. The women's fragrance collections include eau de perfume spray, eau de toilette spray, purse spray, body lotion and body splashes.

Watches — Movado Group, Inc. ("Movado") has been Coach's watch licensee since 1998 and has developed a distinctive collection of watches inspired primarily by the women's collections with select men's styles.

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 nearly 70 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 and edit, add and delete to achieve profitable sales across all channels. The product category teams, each comprised of design, merchandising/product development and sourcing specialists, help Coach execute design concepts that are consistent with the brand's strategic direction.

Coach's design and merchandising teams work in close collaboration with all of our licensing partners to ensure that the licensed products (watches, footwear, eyewear and fragrance) are conceptualized and designed to address the intended market opportunity and convey the distinctive perspective and lifestyle associated with the Coach brand.

During fiscal 2008, the Company announced a new business initiative to drive brand creativity. This initiative has evolved into a brand of its own, Reed Krakoff, and is supported by a team of experienced designers and merchandisers and will encompass all women's categories, with a focus on ready-to-wear, handbags, accessories, footwear and jewelry. Reed Krakoff, as a standalone brand separate from the Coach brand, will target the New American luxury market. We introduced the Reed Krakoff brand with store openings in North America and Japan in early fiscal 2011.

SEGMENTS

Coach operates in two reportable segments: Direct-to-Consumer and Indirect. The reportable segments represent channels of distribution that offer similar products, service and marketing strategies.

Direct-to-Consumer Segment

The Direct-to-Consumer segment consists of channels that provide us with immediate, controlled access to consumers: Coach-operated stores in North America, Japan, Hong Kong, Macau and mainland China, the Internet and the Coach catalog. This segment represented approximately 87% of Coach's total net sales in fiscal 2010, with North American stores and the Internet, Coach Japan and Coach China contributing approximately 64%, 20% and 3% of total net sales, respectively.

North American Retail Stores — Coach stores are located in regional shopping centers and metropolitan areas throughout the U.S. and Canada. The retail stores carry an assortment of products depending on their size and location. Our flagship stores, which offer the broadest assortment of Coach products, are located in high-visibility locations such as New York, Chicago, San Francisco and Toronto.

Our stores are sophisticated, sleek, modern and inviting. They showcase the world of Coach and enhance the shopping experience while reinforcing the image of the Coach brand. The modern store design creates a distinctive environment to display our 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.

The following table shows the number of Coach retail stores and their total and average square footage:

	Fiscal Year Ended		
	July 3, 2010	**June 27, 2009**	**June 28, 2008**
Retail stores	342	330	297
Net increase vs. prior year	12	33	38
Percentage increase vs. prior year	3.6%	11.1%	14.7%
Retail square footage	929,580	893,037	795,226
Net increase vs. prior year	36,543	97,811	122,489
Percentage increase vs. prior year	4.1%	12.3%	18.2%
Average square footage	2,718	2,706	2,678

North American Factory Stores **—** Coach's factory stores serve as an efficient means to sell manufactured-for-factory-store product, including factory exclusives, as well as discontinued and irregular inventory outside the retail channel. These stores operate under the Coach Factory name and are geographically positioned primarily in established outlet centers that are generally more than 40 miles from major markets.

Coach's factory store design, visual presentations and customer service levels support and reinforce the brand's image. Through these factory stores, Coach targets value-oriented customers who would not otherwise buy the Coach brand. Prices are generally discounted from 10% to 50% below full retail prices.

The following table shows the number of Coach factory stores and their total and average square footage:

	Fiscal Year Ended		
	July 3, 2010	**June 27, 2009**	**June 28, 2008**
Factory stores	121	111	102
Net increase vs. prior year	10	9	9
Percentage increase vs. prior year	9.0%	8.8%	9.7%
Factory square footage	548,797	477,724	413,389
Net increase vs. prior year	71,073	64,335	92,017
Percentage increase vs. prior year	14.9%	15.6%	28.6%
Average square footage	4,536	4,304	4,053

Internet **—** Coach views its website as a key communications vehicle for the brand to promote traffic in Coach retail stores and department store locations and build brand awareness. During fiscal 2009, we relaunched the coach.com website, to enhance the e-commerce shopping experience while reinforcing the image of the Coach brand. With approximately 59 million unique visits to the website in fiscal 2010, our online store provides a showcase environment where consumers can browse through a selected offering of the latest styles and colors.

Coach Japan **—** Coach Japan operates department store shop-in-shop locations and freestanding flagship, retail and factory stores as well as an e-commerce website. Flagship stores, which offer the broadest assortment of Coach products, are located in select shopping districts throughout Japan.

The following table shows the number of Coach Japan locations and their total and average square footage:

	Fiscal Year Ended		
	July 3, 2010	June 27, 2009	June 28, 2008
Coach Japan locations	161	155	149
Net increase vs. prior year	6	6	12
Percentage increase vs. prior year	3.9%	4.0%	8.8%
Coach Japan square footage	293,441	280,428	259,993
Net increase vs. prior year	13,013	20,435	30,131
Percentage increase vs. prior year	4.6%	7.9%	13.1%
Average square footage	1,823	1,809	1,745

Coach China — Coach China operates department store shop-in-shop locations as well as freestanding flagship, retail and factory stores. Flagship stores, which offer the broadest assortment of Coach products, are located in select shopping districts throughout Hong Kong and mainland China.

The following table shows the number of Coach China locations and their total and average square footage:

	Fiscal Year Ended		
	July 3, 2010	June 27, 2009	June 28, 2008(1)
Coach China locations	41	28	24
Net increase vs. prior year	13	4	8
Percentage increase vs. prior year	46.4%	16.7%	50.0%
Coach China square footage	78,887	52,671	44,504
Net increase vs. prior year	26,216	8,167	18,963
Percentage increase vs. prior year	49.8%	18.4%	74.2%
Average square footage	1,924	1,881	1,854

(1) During fiscal 2008, these stores were operated by the ImagineX group.

Indirect Segment

Coach began as a U.S. wholesaler to department stores and this segment remains important to our overall consumer reach. Today, we work closely with our partners, both domestic and international, to ensure a clear and consistent product presentation. The Indirect segment represented approximately 13% of total net sales in fiscal 2010, with U.S. Wholesale and Coach International representing approximately 7% and 5% of total net sales, respectively. The Indirect segment also includes royalties earned on licensed product.

U.S. Wholesale — This channel offers access to Coach products to consumers who prefer shopping at department stores. Coach products are also available on macys.com, dillards.com and nordstrom.com. While overall U.S. department store sales have not increased over the last few years, the handbag and accessories category has remained strong, in large part due to the strength of the Coach brand. The Company continues to manage inventories in this channel given the highly promotional environment at point-of-sale.

Coach recognizes the continued importance of U.S. department stores as a distribution channel for premier accessories. We continue to fine-tune our strategy to increase productivity and drive volume in existing locations by enhancing presentation, primarily through the creation of more shop-in-shops with proprietary Coach fixtures. Coach custom tailors its assortments through wholesale product planning and allocation processes to better match the attributes of our department store consumers in each local market.

Coach's products are sold in approximately 940 wholesale locations in the U.S. and Canada. Our most significant U.S. wholesale customers are Macy's (including Bloomingdale's), Dillard's, Nordstrom, Lord and Taylor, Von Maur and Saks.

Coach International **—** This channel represents sales to international wholesale distributors and authorized retailers. Travel retail represents the largest portion of our customers' sales in this channel. However, we continue to drive growth by expanding our distribution to reach local consumers in emerging markets. Coach has developed relationships with a select group of distributors who sell Coach products through department stores and freestanding retail locations in over 20 countries. Coach's current network of international distributors serves the following markets: South Korea, Taiwan, US & Territories, Mexico, Singapore, Saudi Arabia, Japan, Malaysia, Thailand, UAE, Australia, Greece, Hong Kong, France, Indonesia, Russia, Bahamas, Bahrain, China, India, Macau, New Zealand and Vietnam.

For locations not in freestanding stores, Coach has created shop-in-shops and other image enhancing environments to increase brand appeal and stimulate growth. Coach continues to improve productivity in this channel by opening larger image-enhancing locations, expanding existing stores and closing smaller, less productive stores. Coach's most significant international wholesale customers are the DFS Group, Lotte Group, Shinsegae International, Shilla Group and Tasa Meng Corp.

In mid-July 2010, Coach entered into an agreement with a key distributor to take control of our domestic retail businesses in Singapore and Malaysia. Coach currently expects to begin directly operating these markets in fiscal 2012 and fiscal 2013, respectively.

Additionally, subsequent to July 3, 2010, the Company finalized an agreement with an international partner to form a joint venture to expand the Coach International business in Europe. The Company currently anticipates retail sales through the joint venture to customers in Spain, Portugal, and the United Kingdom (including Great Britain and Ireland), with the first sales beginning in early fiscal 2011.

The following table shows the number of international wholesale locations at which Coach products are sold:

	Fiscal Year Ended		
	July 3, 2010	**June 27, 2009**	**June 28, 2008(1)**
International freestanding stores	53	44	37
International department store locations	93	81	83
Other international locations	36	34	23
Total international wholesale locations	182	159	143

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(1) Excludes 24 stores in fiscal 2008 that were part of the retail businesses operated by the ImagineX group in Hong Kong, Macau and mainland China.

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 July 3, 2010 are as follows:

Category	**Licensing Partner**	**Introduction Date**	**Territory**	**License Expiration Date**
Watches	Movado	Spring '98	Worldwide	2015
Footwear	Jimlar	Spring '99	U.S.	2014
Eyewear	Marchon	Fall '03	Worldwide	2011
Fragrance	Estee Lauder	Spring '10	Worldwide	2015

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, 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 royalties to Coach on their net sales of Coach branded products. However, such royalties are not material to the Coach business as they currently comprise less than 1% of Coach's total revenues. The licensing agreements generally give Coach the right to terminate the license if specified sales targets are not achieved.

MARKETING

Coach's marketing strategy is to deliver a consistent message each time the consumer comes in contact with the Coach brand through our communications and visual merchandising. The Coach image is created internally and executed by the creative marketing, visual merchandising and public relations teams. Coach also has a sophisticated consumer and market research capability, which helps us assess consumer attitudes and trends and gauge the likelihood of a product's success in the marketplace prior to its introduction.

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 several consumer communication initiatives, including direct marketing activities and national, regional and local advertising. In fiscal 2010, consumer contacts increased 139% to over 392 million primarily driven by increased email communications. However, the Company continues to leverage marketing expenses by refining our marketing programs to increase productivity and optimize distribution. Total expenses related to consumer communications in fiscal 2010 were $61 million, representing less than 2% of net sales.

Coach's wide range of direct marketing activities includes email contacts, catalogs and brochures targeted to promote sales to consumers in their preferred shopping venue. In addition to building brand awareness, the coach.com website and the Coach catalog serve as effective brand communications vehicles by providing a showcase environment where consumers can browse through a strategic offering of the latest styles and colors, which drive store traffic.

As part of Coach's direct marketing strategy, the Company uses its database consisting of approximately 16 million active households in North America and 3.8 million active households in Japan. Email contacts and catalogs are Coach's principal means of communication and are sent to selected households to stimulate consumer purchases and build brand awareness. During fiscal 2010, the Company sent approximately 286 million emails to strategically selected customers as we continue to evolve our internet outreach to maximize productivity while streamlining distribution. In fiscal 2010, the Company distributed approximately 3 million catalogs in Coach stores in North America, Japan, Hong Kong, Macau and mainland China. The growing number of visitors to the coach.com websites in the U.S., Canada and Japan provides an opportunity to increase the size of these databases.

During fiscal 2010, Coach launched informational websites in China, South Korea, Malaysia, Singapore, France, the United Kingdom, Spain, Mexico and Australia. In addition, the Company utilizes and continues to explore new technologies such as blogs and social networking websites, including Twitter and Facebook, as a cost effective consumer communication opportunity to increase on-line and store sales and build brand awareness.

The Company also runs national, regional and local advertising campaigns in support of its major selling seasons.

MANUFACTURING

While all of our products are manufactured by independent manufacturers, we nevertheless maintain control of the supply chain process from design through manufacture. We are able to do this by qualifying raw material suppliers and by maintaining sourcing and product development offices in Hong Kong, China, South Korea, India and Vietnam that work closely with our independent manufacturers. This broad-based, global manufacturing strategy is designed to optimize the mix of cost, lead times and construction capabilities. Over the last several years, we have increased the presence of our senior management at our manufacturers' facilities to enhance control over decision making and ensure the speed with which we bring new product to market is maximized.

These independent manufacturers support a broad mix of product types, materials and a seasonal influx of new, fashion oriented styles, which allows us to meet shifts in marketplace demand and changes in consumer preferences. During fiscal 2010, approximately 74% of Coach's total net sales were generated from products introduced within the fiscal year. As the collections are seasonal and planned to be sold in stores for short durations, our production quantities are limited which lowers our exposure to excess and obsolete inventory.

All product sources, including independent manufacturers and licensing partners, 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 longstanding relationships with purveyors of fine leathers and hardware. Although Coach products are manufactured by independent manufacturers, we maintain control of the raw materials that are used in all of our products. Compliance with quality control standards is monitored through on-site quality inspections at all independent manufacturing facilities.

Coach carefully balances its commitments to a limited number of "better brand" partners with demonstrated integrity, quality and reliable delivery. Our manufacturers are located in many countries, including China, United States, Italy, Hong Kong, India, Thailand, Vietnam, Peru, Philippines, Turkey, Ecuador, Great Britain, Macau and Malaysia. Coach continues to evaluate new manufacturing sources and geographies to deliver the finest quality products at the lowest cost and help limit the impact of manufacturing in inflationary markets. No one vendor currently provides more than approximately 10% of Coach's total units. 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 material compliance with Coach's integrity standards.

DISTRIBUTION

Coach operates an 850,000 square foot distribution and consumer service facility in Jacksonville, Florida. This automated facility uses a bar code scanning warehouse management system. Coach's distribution center employees use handheld radio frequency scanners to read product bar codes, which allow them to more accurately process and pack orders, track shipments, manage inventory and generally provide excellent service to our customers. Coach's products are primarily shipped to Coach retail stores and wholesale customers via express delivery providers and common carriers, and direct to consumers via express delivery providers.

To support our growth in China and the region, during the second half of fiscal 2010 we established an Asia distribution center in Shanghai, owned and operated by a third-party, allowing us to better manage the logistics in this region while reducing costs. The Company also operates a distribution center, through a third-party, in Japan.

MANAGEMENT INFORMATION SYSTEMS

The foundation of Coach's information systems is its Enterprise Resource Planning ("ERP") system. This fully integrated system supports all aspects of finance and accounting, procurement, inventory control, sales and store replenishment. The system functions as a central repository for all of Coach's transactional information, resulting in increased efficiencies, improved inventory control and a better understanding of consumer demand. This system was upgraded in fiscal 2008 and continues to be fully scalable to accommodate growth.

Complementing its ERP 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 sales and inventory planning and reporting functions. Product fulfillment is facilitated by Coach's highly automated warehouse management system and electronic data interchange system, while the unique requirements of Coach's internet and catalog businesses are supported by Coach's order management 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 ERP 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 also owns and maintains worldwide registrations for trademarks in all relevant classes of products in each of the countries in which Coach products are sold. Major trademarks include *Coach, Coach and lozenge design, Coach and tag design, Signature C design, Coach Op Art design and The Heritage Logo (Coach Leatherware Est. 1941)*. 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 expects that its material trademarks will remain in existence for as long as Coach continues to use and renew them. Coach has no material patents.

SEASONALITY

Because Coach 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. In addition, fluctuations in sales and operating income in any fiscal quarter are affected by the timing of seasonal wholesale shipments and other events affecting retail sales. Over the last several years, we have achieved higher levels of growth in the non-holiday quarters, which has reduced these seasonal fluctuations.

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 retaliation against certain prohibited foreign practices, with respect to its product sourcing and international sales operations.

COMPETITION

The premium handbag and accessories industry is highly competitive. The Company mainly competes with European luxury brands as well as private label retailers, including some of Coach's wholesale customers. Over the last several years the category has grown, encouraging the entry of new competitors as well as increasing the competition from existing competitors. The Company believes, however, that as a market leader we benefit from this increased competition as it drives consumer interest in this brand loyal category.

The Company further believes that there are several factors that differentiate us from our competitors, including but not limited to: distinctive newness, innovation and quality of our products, ability to meet consumer's changing preferences and our superior customer service.

EMPLOYEES

As of July 3, 2010, Coach employed approximately 13,000 people, including both full and part time employees. Of these employees, approximately 4,400 and 6,600 were full time and part time employees, respectively, in the retail field in North America, Japan, Hong Kong, Macau, and mainland China. Approximately 60 of Coach's employees are covered by collective bargaining agreements. Coach believes that its relations with its employees are good, and it has never encountered a strike or work stoppage.

FINANCIAL INFORMATION ABOUT GEOGRAPHIC AREAS

See the Segment Information note presented in the Notes to the Consolidated Financial Statements for geographic information.

AVAILABLE INFORMATION

Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and all amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, are available free of charge on our website, located at *www.coach.com*, as soon as reasonably practicable after they are filed with or furnished to the Securities and Exchange Commission. These reports are also available on the Securities and Exchange Commission's website at *www.sec.gov*. No information contained on any of our websites is intended to be included as part of, or incorporated by reference into, this Annual Report on Form 10-K.

The Company has included the Chief Executive Officer ("CEO") and Chief Financial Officer certifications regarding its public disclosure required by Section 302 of the Sarbanes-Oxley Act of 2002 as Exhibit 31.1 to this report on Form 10-K. Additionally, the Company filed with the New York Stock Exchange ("NYSE") the CEO's certification regarding the Company's compliance with the NYSE's Corporate Governance Listing Standards ("Listing Standards") pursuant to Section 303A.12(a) of the Listing Standards, which indicated that the CEO was not aware of any violations of the Listing Standards by the Company.

ITEM 1A. 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" at the beginning of this report. The risks described below are not the only ones we face. Additional risks not presently known to us or that we currently deem immaterial may also have an adverse effect on us. If any of the risks below actually occur, our business, results of operations, cash flows or financial condition could suffer.

The current economic conditions could materially adversely affect our financial condition and results of operations.

The current uncertain economic conditions are having a significant negative impact on businesses around the world. Our results can be impacted by a number of macroeconomic factors, including but not limited to consumer confidence and spending levels, unemployment, consumer credit availability, fuel and energy costs, global factory production, commercial real estate market conditions, credit market conditions and the level of customer traffic in malls and shopping centers.

Demand for our products is significantly impacted by negative trends in consumer confidence and other economic factors affecting consumer spending behavior. The general economic conditions in the economy may continue to affect consumer purchases of our products for the foreseeable future and adversely impact our results of operations.

The growth of our business depends on the successful execution of our growth strategies, including our efforts to expand internationally.

Our growth depends on the continued success of existing products, as well as the successful design and introduction of new products. Our ability to create new products and to sustain existing products is affected by whether we can successfully anticipate and respond to consumer preferences and fashion trends. The failure to develop and launch successful new products could hinder the growth of our business. Also, any delay in the development or launch of a new product could result in our not being the first to market, which could compromise our competitive position.

Additionally, our current growth strategy includes plans to expand in a number of international regions, including Asia and Europe. We currently plan to open additional Coach stores in China, and we have entered into strategic agreements with various partners to expand our operations in Europe and to take control of certain of our retail operations in the Asia-Pacific region. We do not yet have significant experience operating in these countries, and in many of them we face established competitors. Many of these countries have different operational characteristics, including but not limited to employment and labor, transportation, logistics, real estate, and local reporting or legal requirements.

Furthermore, consumer demand and behavior, as well as tastes and purchasing trends may differ in these countries, and as a result, sales of our product may not be successful, or the margins on those sales may not be in line with those we currently anticipate. In many of these countries, there is significant competition to attract and retain experienced and talented employees. If our international expansion plans are unsuccessful, our financial results could be materially adversely affected.

Significant competition in our industry could adversely affect our business.

We face intense competition in the product lines and markets in which we operate. Our competitors are European luxury brands as well as private label retailers, including some of Coach's wholesale customers. There is a risk that our competitors may develop new products that are more popular with our customers. We may be unable to anticipate the timing and scale of such product introductions by competitors, which could harm our business. Our ability to compete also depends on the strength of our brand, whether we can attract and retain key talent, and our ability to protect our trademarks and design patents. A failure to compete effectively could adversely affect our growth and profitability.

We face risks associated with operating in international markets.

We operate on a global basis, with approximately 30% of our net sales coming from operations outside the U.S. However, sales to our international wholesale customers are denominated in U.S. dollars. While geographic diversity helps to reduce the Company's exposure to risks in any one country, we are subject to risks associated with international operations, including, but not limited to:

- changes in exchange rates for foreign currencies, which may adversely affect the retail prices of our products, result in decreased international consumer demand, or increase our supply costs in those markets, with a corresponding negative impact on our gross margin rates,
- political or economic instability or changing macroeconomic conditions in our major markets, and
- changes in foreign or domestic legal and regulatory requirements resulting in the imposition of new or more onerous trade restrictions, tariffs, embargoes, exchange or other government controls.

To minimize the impact on earnings of foreign currency rate movements, we monitor our foreign currency exposure in Japan and Canada through foreign currency hedging of our subsidiaries' U.S. dollar-denominated inventory purchases, as well as Coach Japan's U.S. dollar-denominated intercompany loan. We cannot ensure, however, that these hedges will succeed in offsetting any negative impact of foreign currency rate movements.

A downturn in the economy could affect consumer purchases of luxury items and adversely affect our business.

Many factors affect the level of consumer spending in the premium handbag and accessories market, 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 or a worsening of the current conditions in the economies in which Coach sells its products may adversely affect Coach's sales.

Our business is subject to the risks inherent in global sourcing activities.

As a company engaged in sourcing on a global scale, we are subject to the risks inherent in such activities, including, but not limited to:

- unavailability of raw materials,
- compliance with labor laws and other foreign governmental regulations,
- compliance with our Global Business Practices,
- disruptions or delays in shipments,
- loss or impairment of key manufacturing sites,

- product quality issues,
- political unrest, and
- natural disasters, acts of war or terrorism and other external factors over which we have no control.

While we have business continuity and contingency plans for our sourcing sites, significant disruption of manufacturing for any of the above reasons could interrupt product supply and, if not remedied in a timely manner, could have an adverse impact on our business.

Our business is subject to increased costs due to excess inventories if we misjudge the demand for our products.

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.

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

Because Coach 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. In addition, fluctuations in sales and operating income in any fiscal quarter are affected by the timing of seasonal wholesale shipments and other events affecting retail sales.

If we are unable to pay quarterly dividends at intended levels, our reputation and stock price may be harmed.

Our quarterly cash dividend is currently $0.15 per common share. The dividend program requires the use of a modest portion of our cash flow. Our ability to pay dividends will depend on our ability to generate sufficient cash flows from operations in the future. This ability may be subject to certain economic, financial, competitive and other factors that are beyond our control. Our Board of Directors ("Board") may, at its discretion, decrease the intended level of dividends or entirely discontinue the payment of dividends at any time. Any failure to pay dividends after we have announced our intention to do so may negatively impact our reputation and investor confidence in us and negatively impact our stock price.

Fluctuations in our tax obligations and effective tax rate may result in volatility of our operating results and stock price.

We are subject to income taxes in many U.S. and certain foreign jurisdictions. We record tax expense based on our estimates of future payments, which include reserves for uncertain tax positions in multiple tax jurisdictions. At any one time, many tax years are subject to audit by various taxing jurisdictions. The results of these audits and negotiations with taxing authorities may affect the ultimate settlement of these issues. As a result, we expect that throughout the year there could be ongoing variability in our quarterly tax rates as events occur and exposures are evaluated. In addition, our effective tax rate in a given financial statement period may be materially impacted by changes in the mix and level of earnings or by changes to existing accounting rules or regulations. Further, there is proposed tax legislation that may be enacted in the future, which could negatively impact our current or future tax structure and effective tax rates.

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 more difficult for a third party to acquire Coach without the consent of Coach's Board. Coach's charter permits its Board, 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 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 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. 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 will be entitled to redeem the rights at $0.0001 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 becomes aware that, a person has acquired 10% or more of the outstanding common stock. As of the end of fiscal 2010, there were no shareholders whose common stock holdings exceeded the 10% threshold established by the rights plan.

Coach’s bylaws can only be amended by Coach’s Board. Coach’s bylaws also provide that nominations of persons for election to Coach’s Board 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 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, beginning on the date such person last becomes a 10% stockholder, 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.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

The following table sets forth the location, use and size of Coach’s distribution, corporate and product development facilities as of July 3, 2010. The majority of the properties are leased, with the leases expiring at various times through 2028, subject to renewal options.

Location	Use	Approximate Square Footage
Jacksonville, Florida	Distribution and consumer service	850,000
New York, New York	Corporate, sourcing and product development	385,000(1)
Carlstadt, New Jersey	Corporate and product development	65,000
Tokyo, Japan	Coach Japan regional management	32,000
Dongguan, China	Sourcing, quality control and product development	27,000
Shanghai, China	Coach China regional management	22,000
Hong Kong	Coach Hong Kong regional management	9,000
Hong Kong	Sourcing and quality control	6,000
Beijing, China	Coach China regional management	3,000
Seoul, South Korea	Sourcing	3,000
Long An, Vietnam	Sourcing and quality control	1,000
Chennai, India	Sourcing and quality control	600

(1) Includes 250,000 square feet in Coach owned buildings. During fiscal 2009, Coach purchased its corporate headquarters building at 516 West 34th Street in New York City for $126.3 million.

As of July 3, 2010, Coach also occupied 342 retail and 121 factory leased stores located in North America, 161 Coach-operated department store shop-in-shops, retail stores and factory stores in Japan and 41 Coach-operated department store shop-in-shops, retail stores and factory stores in Hong Kong, Macau and mainland China. These leases expire at various times through 2024. Coach considers these properties to be in generally good condition 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 Coach's 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 a number 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, either 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 that the outcome of all pending legal proceedings in the aggregate will not have a material adverse effect on Coach's business or consolidated financial statements.

Coach has not entered into any transactions that have been identified by the IRS as abusive or that have a significant tax avoidance purpose. Accordingly, we have not been required to pay a penalty to the IRS for failing to make disclosures required with respect to certain transactions that have been identified by the IRS as abusive or that have a significant tax avoidance purpose.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market and Dividend Information

Coach's common stock is listed on the New York Stock Exchange and is traded under the symbol "COH." 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 2010	
	High	Low
Quarter ended:		
September 26, 2009	$ 33.49	$ 23.40
December 26, 2009	37.07	30.95
March 27, 2010	40.31	33.97
July 3, 2010	44.32	35.77
Closing price at July 2, 2010	$ 35.77	
	Fiscal Year Ended 2009	
	High	**Low**
Quarter ended:		
September 27, 2008	$ 31.11	$ 24.69
December 27, 2008	24.97	13.41
March 28, 2009	21.96	11.70
June 27, 2009	28.28	16.33
Closing price at June 26, 2009	$ 26.93	
	Fiscal Year Ended 2008	
	High	**Low**
Quarter ended:		
September 29, 2007	$ 50.70	$ 41.46
December 29, 2007	47.42	30.41
March 29, 2008	32.64	24.62
June 28, 2008	37.45	29.29
Closing price at June 27, 2008	$ 29.29	

As of August 6, 2010, there were 3,553 holders of record of Coach's common stock.

In fiscal 2010, a dividend of $0.075 per share, was paid on June 29, 2009, September 28, 2009, December 28, 2009 and March 29, 2010. In fiscal 2009 and fiscal 2008, the Company did not pay any cash dividends. In April 2010, Coach's Board voted to increase the Company's cash dividend to an expected annual rate of $0.60 per share starting with the dividend paid on July 6, 2010. Any future determination to pay cash dividends will be at the discretion of Coach's Board and will be dependent upon Coach's financial condition, operating results, capital requirements and such other factors as the Board deems relevant.

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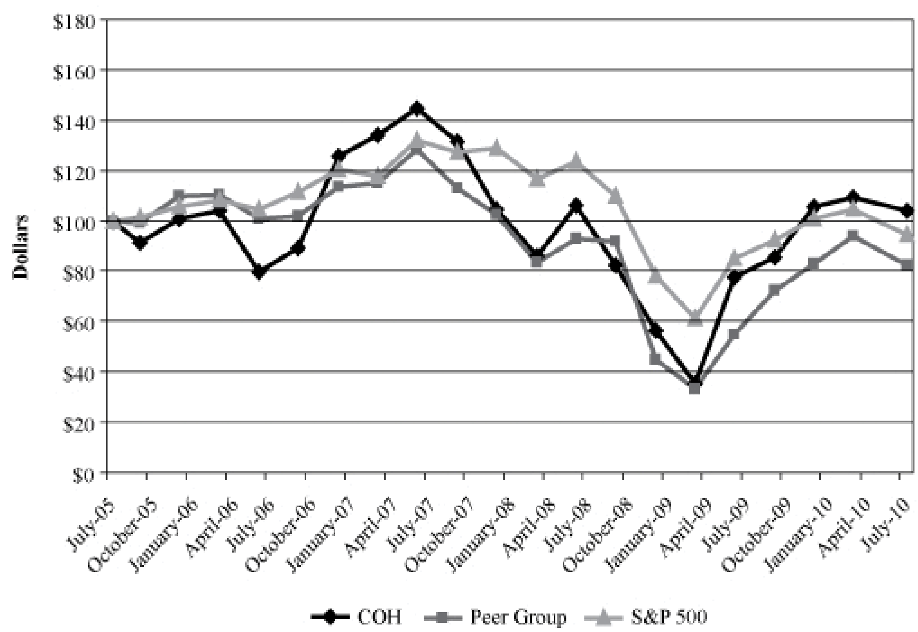
Performance Graph

The following graph compares the cumulative total stockholder return (assuming reinvestment of dividends) of Coach's common stock with the cumulative total return of the S&P 500 Stock Index and the "peer group" companies listed below over the five-fiscal-year period ending July 2, 2010, the last trading day of Coach's most recent fiscal year. Coach's "peer group," as determined by management, consists of:

- Ann Taylor Stores Corporation,
- Kenneth Cole Productions, Inc.,
- Polo Ralph Lauren Corporation,
- Tiffany & Co.,
- Talbots, Inc., and
- Williams-Sonoma, Inc.

TOTAL RETURN PERFORMANCE GRAPH



	Jul-05	Jun-06	Jun-07	Jun-08	Jun-09	Jul-10
COH	100.00	79.97	144.70	105.95	77.59	104.19
Peer Group	100.00	100.90	128.19	93.16	55.02	82.60
S&P 500	100.00	104.74	131.72	123.26	84.78	94.25

The graph assumes that $100 was invested on July 1, 2005 at the per share closing price in each of Coach's common stock, the S&P 500 Stock Index and a "Peer Group" index compiled by us tracking the peer group companies listed above, and that all dividends were reinvested. The stock performance shown in the graph is not intended to forecast or be indicative of future performance.

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Stock Repurchase Program

The Company's share repurchases during the fourth quarter of fiscal 2010 were as follows:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(1)	Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs(1)
	(in thousands, except per share data)			
Period 10 (3/28/10 – 5/1/10)	1,487	43.17	1,487	945,449
Period 11 (5/2/10 – 5/29/10)	4,453	40.73	4,453	764,071
Period 12 (5/30/10 – 7/3/10)	4,921	41.54	4,921	559,627
Total	10,861		10,861	

(1) The Company repurchases its common shares under repurchase programs that were approved by the Board as follows:

Date Share Repurchase Programs were Publicly Announced	Total Dollar Amount Approved	Expiration Date of Plan
August 25, 2008	$1.0 billion	June 2010
April 20, 2010	$1.0 billion	June 2012

ITEM 6. SELECTED FINANCIAL DATA (dollars and shares in thousands, except 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 July 3, 2010 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[1]				
	July 3, 2010	June 27, 2009[2]	June 28, 2008[2]	June 30, 2007[3]	July 1, 2006
Consolidated Statements of Income:					
Net sales	$ 3,607,636	$3,230,468	$3,180,757	$ 2,612,456	$2,035,085
Gross profit	2,633,691	2,322,610	2,407,103	2,022,986	1,581,567
Selling, general and administrative expenses	1,483,520	1,350,697	1,259,974	1,029,589	866,860
Operating income	1,150,171	971,913	1,147,129	993,397	714,707
Interest income, net	1,757	5,168	47,820	41,273	32,623
Income from continuing operations	734,940	623,369	783,039	636,529	463,840
Income from continuing operations:					
Per basic share	$ 2.36	$ 1.93	$ 2.20	$ 1.72	$ 1.22
Per diluted share	2.33	1.91	2.17	1.69	1.19
Weighted-average basic shares outstanding	311,413	323,714	355,731	369,661	379,635
Weighted-average diluted shares outstanding	315,848	325,620	360,332	377,356	388,495
Dividends declared per common share[4]	0.375	0.075	—	—	—
Consolidated Percentage of Net Sales Data:					
Gross margin	73.0%	71.9%	75.7%	77.4%	77.7%
Selling, general and administrative expenses	41.1%	41.8%	39.6%	39.4%	42.6%
Operating margin	31.9%	30.1%	36.1%	38.0%	35.1%
Income from continuing operations	20.4%	19.3%	24.6%	24.4%	22.8%
Consolidated Balance Sheet Data:					
Working capital	$ 773,605	$ 936,757	$ 908,277	$ 1,309,299	$ 608,152
Total assets	2,467,115	2,564,336	2,247,353	2,426,611	1,602,014
Cash, cash equivalents and investments	702,398	806,362	706,905	1,185,816	537,565
Inventory	363,285	326,148	318,490	267,779	208,476
Long-term debt	24,159	25,072	2,580	2,865	3,100
Stockholders' equity	1,505,293	1,696,042	1,490,375	1,888,499	1,165,274
Coach Operated Store Data:[5]					
North American retail stores	342	330	297	259	218
North American factory stores	121	111	102	93	86
Coach Japan locations	161	155	149	137	118
Coach China locations	41	28	24	16	10
Total stores open at fiscal year-end	665	624	572	505	432
North American retail stores	929,580	893,037	795,226	672,737	562,553
North American factory stores	548,797	477,724	413,389	321,372	281,787
Coach Japan locations	293,441	280,428	259,993	229,862	194,375
Coach China locations	78,887	52,671	44,504	25,541	14,240
Total store square footage at fiscal year-end	1,850,705	1,703,860	1,513,112	1,249,512	1,052,955
Average store square footage at fiscal year-end:					
North American retail stores	2,718	2,706	2,678	2,597	2,581
North American factory stores	4,536	4,304	4,053	3,456	3,277
Coach Japan locations	1,823	1,809	1,745	1,678	1,647
Coach China locations	1,924	1,881	1,854	1,596	1,424

(1) Coach's fiscal year ends on the Saturday closest to June 30. Fiscal year 2010 was a 53-week year. Fiscal years 2009, 2008, 2007 and 2006 were each 52-week years.

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(2) During fiscal 2009 and fiscal 2008, the Company recorded certain items which affect the comparability of our results. The following tables reconcile the as reported results to such results excluding these items. See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," for further information about these items.

	Fiscal 2009				
	SG&A	Operating Income	Interest Income, net	Income from Continuing Operations	
				Amount	Per Diluted Share
As Reported:	$1,350,697	$ 971,913	$ 5,168	$ 623,369	$ 1.91
Excluding items affecting comparability	(28,365)	28,365	(2,012)	(1,241)	0.00
Adjusted:	$ 1,322,332	$1,000,278	$ 3,156	$ 622,128	$ 1.91

	Fiscal 2008				
	SG&A	Operating Income	Interest Income, net	Income from Continuing Operations	
				Amount	Per Diluted Share
As Reported:	$1,259,974	$ 1,147,129	$ 47,820	$ 783,039	$ 2.17
Excluding items affecting comparability	(32,100)	32,100	(10,650)	(41,037)	(0.11)
Adjusted:	$ 1,227,874	$1,179,229	$ 37,170	$ 742,002	$ 2.06

(3) During fiscal 2007, the Company exited its corporate accounts business. See the Discontinued Operations note presented in the Notes to the Consolidated Financial Statements for further information.

(4) During the fourth quarter of fiscal 2009, the Company initiated a cash dividend at an annual rate of $0.30 per share. The first quarterly payment of $0.075 per common share, or approximately $23.8 million was made on June 29, 2009 (the first business day of fiscal 2010). Subsequent payments of approximately $23.9 million, $23.7 million and $22.9 million were made on September 28, 2009, December 28, 2009 and March 29, 2010, respectively. During the fourth quarter of fiscal 2010, the Company increased the cash dividend to an expected annual rate of $0.60 per share. The first increased quarterly payment of $0.15 per common share, or approximately $44.8 million, was made on July 6, 2010 (the first business day of fiscal 2011).

(5) During fiscal 2009, the Company acquired its domestic retail businesses in Hong Kong, Macau and mainland China from its former distributor, the ImagineX group. Prior to the acquisitions, these locations were operated by the ImagineX group. See the Acquisitions note presented in the Notes to the Consolidated Financial Statements.

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. When used herein, the terms "Coach," "Company," "we," "us" and "our" refer to Coach, Inc., including consolidated subsidiaries.

EXECUTIVE OVERVIEW

Coach is a leading American marketer of fine accessories and gifts for women and men. Our product offerings include handbags, women's and men's accessories, footwear, jewelry, wearables, business cases, sunwear, travel bags, fragrance and watches. Coach operates in two segments: Direct-to-Consumer and Indirect. The Direct-to-Consumer segment includes sales to consumers through Company-operated stores in North America, Japan, Hong Kong, Macau and mainland China, the Internet and Coach catalog. The Indirect segment includes sales to wholesale customers and distributors in over 20 countries, including the United States, and royalties earned on licensed product. As Coach's business model is based on multi-channel international distribution, our success does not depend solely on the performance of a single channel or geographic area.

In order to sustain growth within our global framework, we continue to focus on two key growth strategies: increased global distribution, with an emphasis on North America and China, and improved store sales productivity. To that end we are focused on five key initiatives:

- Build market share in the North American women's accessories market. As part of our culture of innovation and continuous improvement, we have implemented a number of initiatives to accelerate the level of newness, elevate our product offering and enhance the in-store experience. These initiatives will enable us to continue to leverage our leadership position in the market.
- Continue to grow our North American retail store base primarily by opening stores in new markets and adding stores in under-penetrated existing markets. We believe that North America can support about 500 retail stores in total, including up to 30 in Canada. We currently plan to open approximately 10 new retail stores in fiscal 2011, the majority of which will be in new markets for Coach freestanding stores. The pace of our future retail store openings will depend upon the economic environment and reflect opportunities in the marketplace.
- Build market share in the Japanese and North American Men's market. We have implemented a number of initiatives to elevate our men's product offering through image-enhancing and accessible locations.
- Raise brand awareness and build market share in emerging markets, notably in China, where our brand awareness is increasing and the category is developing rapidly. We opened our first mainland China flagship store in April 2010 and currently plan to open about 30 new locations in mainland China in fiscal 2011.
- Continue to expand market share with the Japanese consumer, driving growth in Japan primarily by opening new retail locations. We believe that Japan can support about 180 locations in total. We currently plan to open approximately seven net new locations in Japan in fiscal 2011.

We believe the growth strategies described above will allow us to deliver long-term superior returns on our investments and drive increased cash flows from operating activities. However, the current macroeconomic environment, while stabilizing, has created a challenging retail market in which consumers, notably in North America and Japan, are still cautious. The Company believes long-term growth can still be achieved through a combination of expanded distribution, a focus on innovation to support productivity and disciplined expense control. Our multi-channel distribution model is diversified and includes substantial international and factory businesses, which reduces our reliance upon our full-price U.S. business. With an essentially debt-free balance sheet and significant cash position, we believe we are well positioned to manage our business to take advantage of profitable growth opportunities while returning cash to shareholders through common stock repurchases and dividends.

FISCAL 2010 HIGHLIGHTS

The key metrics of fiscal 2010 were:

- Earnings per diluted share rose 21.5% to $2.33. Excluding items affecting comparability in fiscal 2009, earnings per diluted share increased 21.8%.
- Net sales increased 11.7% to $3.61 billion. The 53rd week in fiscal 2010 contributed approximately $70 million of additional net sales.
- Direct-to-consumer sales rose 15.7% to $3.16 billion.
- Comparable sales in Coach's North American stores increased 3.5%, primarily due to improved conversion.
- In North America, Coach opened 12 net new retail stores and 10 new factory stores, bringing the total number of retail and factory stores to 342 and 121, respectively, at the end of fiscal 2010. We also expanded five factory stores in North America.
- Coach Japan opened six net new locations, bringing the total number of locations at the end of fiscal 2010 to 161. In addition, we expanded two locations.
- Coach China results continued to be strong with double-digit growth in comparable stores and channel profitability and total retail sales in excess of $100 million. At the end of fiscal 2010, we had a total of 41 locations.
- Coach's Board voted to increase the Company's cash dividend to an expected annual rate of $0.60 per share starting with the dividend paid on July 6, 2010.

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FISCAL 2010 COMPARED TO FISCAL 2009

The following table summarizes results of operations for fiscal 2010 compared to fiscal 2009:

	Fiscal Year Ended					
	July 3, 2010		June 27, 2009		Variance	
	(dollars in millions, except per share data)					
	Amount	% of net sales	Amount	% of net sales	Amount	%
Net sales	$ 3,607.6	100.0%	$ 3,230.5	100.0%	$ 377.2	11.7%
Gross profit	2,633.7	73.0	2,322.6	71.9	311.1	13.4
Selling, general and administrative expenses	1,483.5	41.1	1,350.7	41.8	132.8	9.8
Operating income	1,150.2	31.9	971.9	30.1	178.3	18.3
Interest income, net	1.8	0.0	5.2	0.2	(3.4)	(66.0)
Provision for income taxes	417.0	11.6	353.7	10.9	63.3	17.9
Net income	734.9	20.4	623.4	19.3	111.6	17.9
Net Income per share:						
Basic	$ 2.36		$ 1.93		$ 0.43	22.6%
Diluted	$ 2.33		$ 1.91		$ 0.41	21.5%

Net Sales

The following table presents net sales by operating segment for fiscal 2010 compared to fiscal 2009:

	Fiscal Year Ended				
	Net Sales			Percentage of Total Net Sales	
	July 3, 2010	June 27, 2009	Rate of Change	July 3, 2010	June 27, 2009
	(dollars in millions)		(FY10 vs. FY09)		
Direct-to-Consumer	$ 3,155.8	$ 2,726.9	15.7%	87.5%	84.4%
Indirect	451.8	503.6	(10.3)	12.5	15.6
Total net sales	$ 3,607.6	$ 3,230.5	11.7%	100.0%	100.0%

Direct-to-Consumer — Net sales increased 15.7% to $3.16 billion during fiscal 2010 from $2.73 billion during fiscal 2009, driven by sales increases in our Company-operated stores in North America and China. The net sales increase was also driven by an additional week of sales, which represented approximately $62 million.

Comparable store sales measure sales performance at stores that have been open for at least 12 months, and includes sales from coach.com. Coach excludes new locations from the comparable store base for the first year of operation. Similarly, stores that are expanded by 15.0% or more are also excluded from the comparable store base until the first anniversary of their reopening. Stores that are closed for renovations are removed from the comparable store base.

In North America, net sales increased 16.1% driven by sales from new and expanded stores and by a 3.5% increase in comparable store sales. During fiscal 2010, Coach opened 12 net new retail stores and 10 net new factory stores, and expanded five factory stores in North America. In Japan, net sales increased 7.8% driven by an approximately $51.9 million or 7.8% positive impact from foreign currency exchange. During fiscal 2010, Coach opened six net new locations and expanded two locations in Japan. The remaining change in net sales is attributable to Coach China, primarily as a result of the full year impact of the acquisitions of our retail businesses in Hong Kong, Macau and mainland China, new stores opened during fiscal 2010 and comparable store sales.

Indirect — Net sales decreased 10.3% driven primarily by a 18.2% decrease in U.S. wholesale as the Company continued to control shipments into U.S. department stores in order to manage customer inventory levels due to a weak sales environment. The net sales decrease was partially offset by an additional week of sales, which represented approximately $8 million. We continue to experience better performance with international locations catering to indigenous consumers, where the brand is gaining recognition, whereas the Company's travel business has experienced weakness, as it is heavily dependent on the Japanese traveler. Licensing revenue of approximately $19.2 million and $19.5 million in fiscal 2010 and fiscal 2009, respectively, is included in Indirect sales.

Operating Income

Operating income increased 18.3% to $1.15 billion in fiscal 2010 as compared to $971.9 million in fiscal 2009. Excluding items affecting comparability of $28.4 million in fiscal 2009, operating income increased 15.0% from $1.00 billion. Operating margin increased to 31.9% as compared to 30.1% in the prior year, as gross margin increased while selling, general, and administrative ("SG&A") expenses declined as a percentage of sales. Excluding items affecting comparability, operating margin was 31.0% in fiscal 2009.

Gross profit increased 13.4% to $2.63 billion in fiscal 2010 from $2.32 billion in fiscal 2009. Gross margin was 73.0% in fiscal 2010 as compared to 71.9% during fiscal 2009. The change in gross margin was driven primarily by lower manufacturing costs and product mix. Coach's gross profit is dependent upon a variety of factors, including changes in the relative sales mix among distribution channels, changes in the mix of products sold, foreign currency exchange rates and fluctuations in material costs. These factors among others may cause gross profit to fluctuate from year to year.

SG&A expenses are comprised of four categories: (1) selling; (2) advertising, marketing and design; (3) distribution and consumer service; and (4) administrative. Selling expenses include store employee compensation, store occupancy costs, store supply costs, wholesale account administration compensation and all Coach Japan and Coach China operating expenses. These expenses are affected by the number of Coach-operated stores in North America, Japan, Hong Kong, Macau and mainland China open during any fiscal period and the related proportion of retail and wholesale sales. Advertising, marketing and design expenses include employee compensation, media space and production, advertising agency fees, new product design costs, public relations, market research expenses and mail order costs. Distribution and consumer service expenses include warehousing, order fulfillment, shipping and handling, customer service and bag repair costs. Administrative expenses include compensation costs for the executive, finance, human resources, legal and information systems departments, corporate headquarters occupancy costs, and consulting and software expenses. SG&A expenses increase as the number of Coach-operated stores increase, although an increase in the number of stores generally results in the fixed portion of SG&A expenses being spread over a larger sales base.

During fiscal 2010, SG&A expenses increased 9.8% to $1.48 billion, compared to $1.35 billion in fiscal 2009. Excluding items affecting comparability of $28.4 million in fiscal 2009, SG&A expenses were $1.32 billion. As a percentage of net sales, SG&A expenses were 41.1% and 41.8% during fiscal 2010 and fiscal 2009, respectively. Excluding items affecting comparability during fiscal 2009, selling general and administrative expenses as a percentage of net sales were 40.9%. Overall SG&A expenses increased primarily from higher administrative expenses driven by performance-based compensation and a prior year reversal of a straight-line rent accrual, resulting from the purchase of our corporate headquarters building, that did not recur in fiscal 2010.

Selling expenses were $1.05 billion, or 29.1% of net sales, in fiscal 2010 compared to $981.5 million, or 30.4% of net sales, in fiscal 2009. Excluding items affecting comparability during fiscal 2009 of $5.0 million related to the planned closure of four underperforming stores during the stores lease terms, selling expenses were $976.5 million, representing 30.2% of net sales. The dollar increase in selling expenses was primarily due to an increase in operating expenses of North American stores and Coach China. The increase in North American store expenses was primarily attributable to expenses from new and expanded stores opened during fiscal 2010 and the incremental expense associated with having a full year of expenses related to stores opened in the prior year. Coach China and North American store expenses as a percentage of sales decreased primarily attributable to operating efficiencies achieved since the end of the fiscal 2009. The increase in Coach Japan operating expenses was driven primarily by the impact of foreign currency exchange rates which increased reported expenses by approximately $22.0 million.

Advertising, marketing, and design costs were $179.4 million, or 5.0% of net sales, in fiscal 2010, compared to $163.6 million, or 5.1% of net sales, during fiscal 2009. The increase was primarily due to new design expenditures for the Reed Krakoff brand, with expected introductions in fiscal year 2011, partly offset by controlled sample making expenses.

Distribution and consumer service expenses were $48.0 million, or 1.3% of net sales, in fiscal 2010, compared to $52.2 million, or 1.6%, in fiscal 2009. The decrease in expenses was primarily the result of fiscal 2009 cost savings initiatives and process improvements.

Administrative expenses were $204.0 million, or 5.7% of net sales, in fiscal 2010 compared to $153.4 million, or 4.7% of net sales, during fiscal 2009. Excluding items affecting comparability of $23.4 in fiscal 2009, expenses were $130.0 million, representing 4.0% of net sales. The increase in administrative expenses was primarily due to higher performance-based and share-based compensation. Also during fiscal 2009, the Company reversed straight-line rent accruals resulting from the purchase of our corporate headquarters building during the lease period.

Interest Income, Net

Net interest income was $1.8 million in fiscal 2010 compared to $5.2 million in fiscal 2009. Excluding items affecting comparability of $2.0 million in fiscal 2009, net interest income was $3.2 million. The decrease is attributable to lower returns on our investments due to lower interest rates.

Provision for Income Taxes

The effective tax rate was 36.2% in both fiscal 2010 and fiscal 2009. In the fourth quarter of fiscal 2009, the Company recorded a benefit of $16.8 million primarily related to favorable settlements of tax return examinations and certain other tax accounting adjustments. Excluding these benefits, the effective tax rate was 38.0% in fiscal 2009.

Net Income

Net income was $734.9 million in fiscal 2010 compared to $623.4 million in fiscal 2009. Excluding items affecting comparability of $1.2 million in fiscal 2009, net income was $622.1 million in fiscal 2009. The increase was primarily due to operating income improvement partially offset by a higher provision for income taxes.

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FISCAL 2009 COMPARED TO FISCAL 2008

The following table summarizes results of operations for fiscal 2009 compared to fiscal 2008:

	Fiscal Year Ended					
	June 27, 2009		June 28, 2008		Variance	
	(dollars in millions, except per share data)					
	Amount	% of net sales	Amount	% of net sales	Amount	%
Net sales	$ 3,230.5	100.0%	$ 3,180.8	100.0%	$ 49.7	1.6%
Gross profit	2,322.6	71.9	2,407.1	75.7	(84.5)	(3.5)
Selling, general and administrative expenses	1,350.7	41.8	1,260.0	39.6	90.7	7.2
Operating income	971.9	30.1	1,147.1	36.1	(175.2)	(15.3)
Interest income, net	5.2	0.2	47.8	1.5	(42.7)	(89.2)
Provision for income taxes	353.7	10.9	411.9	13.0	(58.2)	(14.1)
Income from continuing operations	623.4	19.3	783.0	24.6	(159.7)	(20.4)
Income from discontinued operations, net of taxes	—	0.0	0.0	0.0	(0.0)	(100.0)
Net income	623.4	19.3	783.1	24.6	(159.7)	(20.4)
Net Income per share:						
Basic						
Continuing operations	$ 1.93		$ 2.20		$ (0.28)	(12.5)%
Discontinued operations	—		0.00		(0.00)	(100.0)
Net income	1.93		2.20		(0.28)	(12.5)
Diluted						
Continuing operations	$ 1.91		$ 2.17		$ (0.26)	(11.9)%
Discontinued operations	—		0.00		(0.00)	(100.0)
Net income	1.91		2.17		(0.26)	(11.9)

Net Sales

The following table presents net sales by operating segment for fiscal 2009 compared to fiscal 2008:

	Fiscal Year Ended				
	Net Sales			Percentage of Total Net Sales	
	June 27, 2009	June 28, 2008	Rate of Change	June 27, 2009	June 28, 2008
	(dollars in millions)		(FY09 vs. FY08)		
Direct-to-Consumer	$ 2,726.9	$ 2,557.9	6.6%	84.4%	80.4%
Indirect	503.6	622.9	(19.2)	15.6	19.6
Total net sales	$ 3,230.5	$ 3,180.8	1.6%	100.0%	100.0%

In connection with the acquisitions of the retail businesses in Hong Kong, Macau and mainland China, the Company evaluated the composition of its reportable segments and concluded that sales in these regions should be included in the Direct-to-Consumer segment. Accordingly, fiscal 2008 comparable sales have been reclassified to conform to the current year presentation.

Direct-to-Consumer — Net sales increased 6.6% to $2.73 billion during fiscal 2009 from $2.56 billion during fiscal 2008, driven by sales from new and expanded stores, partially offset by a decline in comparable store sales.

In North America, net sales increased 5.4% as sales from new and expanded stores were partially offset by a 6.8% decline in comparable store sales and a decline in Internet sales. During fiscal 2009, Coach opened 33 net new retail stores and nine net new factory stores, and expanded 11 retail stores and nine factory stores in North America. In Japan, net sales increased 11.1% driven by an approximately $70.2 million or 11.8% positive impact from foreign currency exchange. During fiscal 2009, Coach opened six net new locations and expanded three locations in Japan. The remaining change in net sales is attributable to Coach China, primarily as a result of the acquisitions of our retail businesses in Hong Kong, Macau and mainland China.

Indirect — Net sales decreased 19.2% driven primarily by a 20.8% decrease in U.S. wholesale as the Company reduced shipments into U.S. department stores in order to manage customer inventory levels due to a weaker sales environment. International shipments also declined 6.7% as strong retail sales at locations targeting the domestic customer were offset by a decrease in retail sales at locations serving international tourists. Licensing revenue of approximately $19.5 million and $27.1 million in fiscal 2009 and fiscal 2008, respectively, is included in Indirect sales.

Operating Income

Operating income decreased 15.3% to $971.9 million in fiscal 2009 as compared to $1.15 billion in fiscal 2008. Excluding items affecting comparability of $28.4 million and $32.1 million in fiscal 2009 and fiscal 2008, respectively, operating income decreased 15.2% to $1.00 billion in fiscal 2009 as compared to $1.18 billion in fiscal 2008. Operating margin decreased to 30.1% as compared to 36.1% in the prior year, as gross margin declined while SG&A expenses increased. Excluding items affecting comparability, operating margin was 31.0% and 37.1% in fiscal 2009 and fiscal 2008, respectively.

Gross profit decreased 3.5% to $2.32 billion in fiscal 2009 from $2.41 billion in fiscal 2008. Gross margin was 71.9% in fiscal 2009 as compared to 75.7% during fiscal 2008. The change in gross margin was driven primarily by promotional activities in Coach-operated North American factory stores and channel mix. Gross margin was also negatively impacted by our sharper pricing initiative, in which retail prices on handbags and women's accessories have been reduced in response to consumers' reluctance to spend, and an increase in average unit cost. Coach's gross profit is dependent upon a variety of factors, including changes in the relative sales mix among distribution channels, changes in the mix of products sold, foreign currency exchange rates and fluctuations in material costs. These factors among others may cause gross profit to fluctuate from year to year.

During fiscal 2009, SG&A expenses increased 7.2% to $1.35 billion, compared to $1.26 billion in fiscal 2008, driven primarily by an increase in selling expenses partially offset by a decrease in administrative expenses. As a percentage of net sales, SG&A expenses were 41.8% and 39.6% during fiscal 2009 and fiscal 2008, respectively. Excluding items affecting comparability of $28.4 million and $32.1 million in fiscal 2009 and fiscal 2008, respectively, SG&A expenses were $1.32 billion and $1.23 billion, respectively, representing 40.9% and 38.6% of net sales, respectively.

Selling expenses were $981.5 million, or 30.4% of net sales, in fiscal 2009 compared to $865.2 million, or 27.2% of net sales, in fiscal 2008. Excluding items affecting comparability during fiscal 2009 of $5.0 million related to the closure of four underperforming stores, selling expenses were $976.5 million, representing 30.2% of net sales. The dollar increase in selling expenses was primarily due to an increase in operating expenses of North American stores, the newly formed Coach China and Coach Japan. The increase in North American store expenses was primarily attributable to expenses from new and expanded stores opened during fiscal 2009 and the incremental expense associated with having a full year of expenses related to stores opened in the prior year. Fiscal 2009 includes operating expenses of Coach China, which consisted of investments in stores, marketing, organization and infrastructure. The increase in Coach Japan operating expenses was driven primarily by the impact of foreign currency exchange rates which increased reported expenses by approximately $29.1 million.

Advertising, marketing, and design costs were $163.6 million, or 5.1% of net sales, in fiscal 2009, compared to $147.7 million, or 4.6% of net sales, during fiscal 2008. The increase was primarily due to design expenditures and development costs for new merchandising initiatives.

Distribution and consumer service expenses were $52.2 million, or 1.6% of net sales, in fiscal 2009, compared to $47.6 million, or 1.5%, in fiscal 2008. The increase was primarily the result of an increase in fixed occupancy costs related to the expansion of our distribution center that was completed in August 2008.

Administrative expenses were $153.4 million, or 4.7% of net sales, in fiscal 2009 compared to $199.5 million, or 6.3% of net sales, during fiscal 2008. Excluding items affecting comparability of $23.4 million and $32.1 million in fiscal 2009 and fiscal 2008, respectively, expenses were $130.0 million and $167.4 million, respectively, representing 4.0% and 5.3% of net sales. The decrease in administrative expenses was primarily due to a decrease in performance-based compensation expense and lower rent expense as a result of the purchase of our corporate headquarters building.

Interest Income, Net

Net interest income was $5.2 million in fiscal 2009 compared to $47.8 million in fiscal 2008. Excluding items affecting comparability of $2.0 million and $10.7 million in fiscal 2009 and fiscal 2008, respectively, net interest income was $3.2 million and $37.2 million. This decrease is attributable to lower returns on our investments due to lower interest rates and lower average cash balances.

Provision for Income Taxes

The effective tax rate was 36.2% in fiscal 2009 compared to 34.5% in fiscal 2008. In the fourth quarter of fiscal 2009 and fiscal 2008, the Company recorded a benefit of $16.8 million and $50.0 million, respectively, primarily related to favorable settlements of tax return examinations and certain other tax accounting adjustments. Excluding these benefits, the effective tax rates were 38.0% and 39.0%.

Income from Continuing Operations

Income from continuing operations was $623.4 million in fiscal 2009 compared to $783.0 million in fiscal 2008. Excluding items affecting comparability of $1.2 million and $41.0 million in fiscal 2009 and fiscal 2008, respectively, income from continuing operations was $622.1 million and $742.0 million in fiscal 2009 and fiscal 2008, respectively. This decrease was primarily due to a decline in operating income and interest income, net, partially offset by a lower provision for income taxes.

FISCAL 2009 AND FISCAL 2008 ITEMS AFFECTING COMPARABILITY OF OUR FINANCIAL RESULTS

Non-GAAP Measures

The Company's reported results are presented in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"). The reported SG&A expenses, operating income, interest income, net, provision for income taxes, income from continuing operations, net income and earnings per diluted share from continuing operations in both fiscal 2009 and fiscal 2008 reflect certain items which affect the comparability of our results. These metrics are also reported on a non-GAAP basis for these fiscal years to exclude the impact of these items.

These non-GAAP performance measures were used by management to conduct and evaluate its business during its regular review of operating results for the periods affected. Management and the Company's Board utilized these non-GAAP measures to make decisions about the uses of Company resources, analyze performance between periods, develop internal projections and measure management performance. The Company's primary internal financial reporting excluded these items affecting comparability. In addition, the compensation committee of the Company's Board used these non-GAAP measures when setting and assessing achievement of incentive compensation goals.

We believe these non-GAAP measures are useful to investors in evaluating the Company's ongoing operating and financial results and understanding how such results compare with the Company's historical performance. In addition, we believe excluding the items affecting comparability assists investors in developing expectations of future performance. These items affecting comparability do not represent the Company's direct, ongoing business operations. By providing the non-GAAP measures, as a supplement to GAAP information, we believe we are enhancing investors' understanding of our business and our results of operations. The non-GAAP financial measures are limited in their usefulness and should be considered in addition to, and not in lieu of, U.S. GAAP financial measures. Further, these non-GAAP measures may be unique to the Company, as they may be different from non-GAAP measures used by other companies.

The year-over-year comparisons of our financial results are affected by the following items included in our reported results:

	Fiscal Year Ended (dollars in millions, except per share data) June 27, 2009	June 28, 2008
Operating income		
Cost savings measures	$ (13.4)	$ —
Charitable foundation contribution	(15.0)	(20.0)
Non-recurring variable expense	—	(12.1)
Total Operating income impact	$ (28.4)	$ (32.1)
Interest Income, net		
Tax-related interest adjustments	$ 2.0	$ 10.7
Total Interest income, net impact	$ 2.0	$ 10.7
Provision for income taxes		
Cost savings measures	$ (5.1)	$ —
Charitable foundation contribution	(5.7)	(7.8)
Tax adjustments	(16.8)	(50.0)
Non-recurring variable expense	—	(4.7)
Total Provision for income taxes impact	$ (27.6)	$ (62.5)
Net income		
Cost savings measures	$ (8.3)	$ —
Charitable foundation contribution	(9.3)	(12.2)
Tax adjustments	18.8	60.6
Non-recurring variable expense	—	(7.4)
Total Net income impact	$ 1.2	$ 41.0
Diluted earnings per share		
Cost savings measures	$ (0.03)	$ —
Charitable foundation contribution	(0.03)	(0.03)
Tax adjustments	0.06	0.17
Non-recurring variable expense	—	(0.02)
Total Diluted earnings per share impact	$ 0.00	$ 0.11

Fiscal 2009 Items

Cost Savings Measures

During the third quarter of fiscal 2009, the Company recorded a charge of $13.4 million, related to cost savings initiatives. These initiatives included the elimination of approximately 150 positions from the Company's corporate offices in New York, New Jersey and Jacksonville, the closure of four underperforming retail stores and the closure of Coach Europe Services, the Company's sample-making facility in Italy. Prior to these cost savings measures in fiscal 2009, the Company had no recent past history of similar elimination of positions, closure of facilities, or closure of underperforming stores during the stores' lease terms.

Charitable Contribution and Tax Adjustments

During the fourth quarter of fiscal 2009, the Company decreased the provision for income taxes by $16.8 million and increased interest income by $2.0 million, primarily as a result of a favorable settlement of a multi-year tax return examination and other tax accounting adjustments. The underlying events and circumstances for the tax settlement and adjustments were not related to the fiscal 2008 settlement. The Company used the net income favorability to contribute $15.0 million to the Coach Foundation. The Company believed that in order to reflect the direct results of the normal, ongoing business operations, both the tax adjustments and the resulting foundation funding needed to be adjusted. This exclusion is consistent with the way management views its results and is the basis on which incentive compensation was calculated and paid for fiscal 2009.

Fiscal 2008 Items

Charitable Contribution and Tax Adjustments

During the fourth quarter of fiscal 2008, the Company decreased the provision for income taxes by $50.0 million and increased interest income by $10.7 million, primarily as a result of a favorable settlement of a tax return examination. The underlying events and circumstances for the tax settlement were not related to the fiscal 2009 settlement. The Company used the net income favorability to create the Coach Foundation. The Company recorded an initial contribution to the Coach Foundation in the amount of $20.0 million. The Company believed that in order to reflect the direct results of the business operations as was done for executive management incentive compensation, both the tax adjustments and the resulting foundation funding needed to be adjusted.

Variable Expenses

As a result of the higher interest income, net (related to the tax settlements) and lower income tax provision, the Company incurred additional incentive compensation expense of $12.1 million, as a portion of the Company's incentive compensation plan is based on net income and earnings per share. Incremental incentive compensation driven by tax settlements of this magnitude is unlikely to recur in the near future as the Company has modified its incentive compensation plans during fiscal 2009 to be measured exclusive of any unusual accounting adjustments. The Company believes excluding these variable expenses, which were directly linked to the tax settlements, assists investors in evaluating the Company's direct, ongoing business operations.

Currency Fluctuation Effects

Percentage increases and decreases in sales in fiscal 2010 and fiscal 2009 for Coach Japan have been presented both including and excluding currency fluctuation effects from translating foreign-denominated sales into U.S. dollars and compared to the same period in the prior fiscal year.

We believe that presenting Coach Japan sales increases and decreases, including and excluding currency fluctuation effects, will help investors and analysts to understand the effect on this valuable performance measure of significant year-over-year currency fluctuations.

FINANCIAL CONDITION

Cash Flow

Net cash provided by operating activities was $990.9 million in fiscal 2010 compared to $809.2 million in fiscal 2009. The increase of $181.7 million was primarily due to the $111.6 million increase in net income as well as working capital changes between the two periods, the most significant of which occurred in accrued liabilities, accounts payable and inventories. Accrued liabilities provided cash of $68.1 million in fiscal 2010 compared to a cash use of $32.1 million in fiscal 2009, primarily due to higher bonus accruals in the current year, as well as the non-recurrence of a rent accrual reversal that occurred in fiscal 2009 in connection with the purchase of our corporate headquarters building. Accounts payable provided cash of $1.0 million in fiscal 2010, compared to a cash use of $37.0 million in fiscal 2009, due to timing of payments. Changes in inventory balances year over year resulted in a cash use of $33.9 million for fiscal 2010 compared to a cash source of $4.1 million in fiscal 2009, primarily due to higher inventory levels at the current year end to support store expansion domestically and internationally.

Net cash used in investing activities was $182.2 million in fiscal 2010 compared to $264.7 million in fiscal 2009. Purchases of investments and proceeds from their maturities and sales resulted in a net cash outflow in fiscal 2010 of $99.9 million. The company did not have similar investment activity in fiscal 2009. During fiscal 2009 the company used cash of $103.3 million in connection with the purchase of its corporate headquarters building, with no similar transaction occurring in fiscal 2010. Additionally, purchases of property and equipment were $55.9 million lower in the current fiscal year, driven by the timing of certain projects.

Net cash used in financing activities was $1,019.9 million in fiscal 2010 as compared to $440.1 million in fiscal 2009. The increase of $579.8 million was primarily attributable to $696.2 million of incremental common stock repurchases and $94.3 million of payments of Company dividends, partially offset by $197.6 million higher cash proceeds from share-based compensation awards during the current fiscal year.

Revolving Credit Facilities

On July 26, 2007, the Company renewed its $100 million revolving credit facility with certain lenders and Bank of America, N.A. as the primary lender and administrative agent (the “Bank of America facility”), extending the facility expiration to July 26, 2012. At Coach’s request and lenders’ consent, the Bank of America facility can be expanded to $200 million. The facility can also be extended for two additional one-year periods, at Coach’s request and lenders’ consent.

Coach’s Bank of America facility is available for seasonal working capital requirements or general corporate purposes and may be prepaid without penalty or premium. During fiscal 2010 and fiscal 2009 there were no borrowings under the Bank of America facility. Accordingly, as of July 3, 2010 and June 27, 2009, there were no outstanding borrowings under the Bank of America facility. The Company’s borrowing capacity as of July 3, 2010 was $90.0 million, due to outstanding letters of credit.

Coach pays a commitment fee of 6 to 12.5 basis points on any unused amounts and interest of LIBOR plus 20 to 55 basis points on any outstanding borrowings. Both the commitment fee and the LIBOR margin are based on the Company’s fixed charge coverage ratio. At July 3, 2010, the commitment fee was 7 basis points and the LIBOR margin was 30 basis points.

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

To provide funding for working capital and general corporate purposes, Coach Japan has available credit facilities with several Japanese financial institutions. These facilities allow a maximum borrowing of 4.1 billion Yen, or approximately $46.7 million, at July 3, 2010. Interest is based on the Tokyo Interbank rate plus a margin of 30 basis points. During fiscal 2010 and fiscal 2009, the peak borrowings under the Japanese credit facilities were $0 million and $14.4 million, respectively. As of July 3, 2010 and June 27, 2009, there were no outstanding borrowings under the Japanese credit facilities.

To provide funding for working capital and general corporate purposes, Coach Shanghai Limited has a credit facility that allows a maximum borrowing of 67 million Renminbi, or approximately $10 million at July 3, 2010. Interest is based on the People’s Bank of China rate. During both fiscal 2010 and fiscal 2009, the peak borrowings under this credit facility were $7.5 million. At July 3, 2010 and June 27, 2009, there were $0 and $7.5 million outstanding borrowings under this facility.

Common Stock Repurchase Program

In April 2010, the Company completed its $1.0 billion common stock repurchase program, which was put into place in August 2008. In April 2010, the Company’s Board approved a new common stock repurchase program to acquire up to $1.0 billion of Coach’s outstanding common stock through June 2012. Purchases of Coach stock are made from time to time, subject to market conditions and at prevailing market prices, through open market purchases. Repurchased shares 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.

During fiscal 2010 and fiscal 2009, the Company repurchased and retired 30.7 million and 20.2 million shares of common stock, respectively, at an average cost of $37.48 and $22.51 per share, respectively. As of July 3, 2010, $559.6 million remained available for future purchases under the existing program.

Liquidity and Capital Resources

In fiscal 2010, total capital expenditures were $81.1 million and related primarily to new stores in North America and Japan which accounted for approximately $30.5 million and $4.8 million, respectively, of total capital expenditures. Approximately $9.8 million related to investments in new stores and corporate infrastructure in Hong Kong and mainland China. Spending on department store renovations and distributor locations accounted for approximately $9.2 million of the total capital expenditures. The remaining capital expenditures related to corporate systems and infrastructure. These investments were financed from on hand cash, operating cash flows and by using funds from the revolving credit facility maintained by Coach Shanghai Limited.

For the fiscal year ending July 2, 2011, the Company expects total capital expenditures to be approximately $150 million. Capital expenditures will be primarily for new stores in North America, Japan, Hong Kong, Macau and mainland China. We will also continue to invest in corporate infrastructure and department store and distributor locations. These investments will be financed primarily from on hand cash and operating cash flows.

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 2010, Coach purchased approximately $1.0 billion of inventory, which was primarily funded by on hand cash and operating cash flows.

Management believes that cash flow from continuing operations and on hand cash will provide adequate funds for the foreseeable working capital needs, planned capital expenditures, dividend payments and the common stock repurchase program. Any future acquisitions, joint ventures or other similar transactions may require additional capital. 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, dividend payments and scheduled debt payments, as well as 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.

Commitments

At July 3, 2010, the Company had letters of credit available of $275.0 million, of which $147.4 million were outstanding. These letters of credit, which expire at various dates through 2013, primarily collateralize the Company's obligation to third parties for the purchase of inventory.

Contractual Obligations

As of July 3, 2010, Coach's long-term contractual obligations are as follows:

	Payments Due by Period				
	Total	Less than 1 Year	1 – 3 Years	3 – 5 Years	More than 5 Years
	(amounts in millions)				
Capital expenditure commitments [(1)]	$ 1.6	$ 1.6	$ —	$ —	$ —
Inventory purchase obligations [(2)]	166.6	166.6	—	—	—
Long-term debt, including the current portion [(3)]	28.1	1.8	25.3	1.0	—
Operating leases	922.7	137.9	251.0	205.5	328.3
Total	$ 1,119.0	$ 307.9	$ 276.3	$ 206.5	$ 328.3

(1) Represents the Company's legally binding agreements related to capital expenditures.

(2) Represents the Company's legally binding agreements to purchase finished goods.

(3) Amounts presented include interest payment obligations.

The table above excludes the following: amounts included in current liabilities, other than the current portion of long-term debt, in the Consolidated Balance Sheet at July 3, 2010 as these items will be paid within one year; long-term liabilities not requiring cash payments, such as deferred lease incentives; and cash contributions for the Company's pension plans. The Company intends to contribute approximately $0.4 million to its pension plans during the next year. The above table also excludes reserves recorded in accordance with the Financial Accounting Standards Board's ("FASB") guidance for accounting for uncertainty in income taxes which has been codified within Accounting Standards Codification ("ASC") 740, as we are unable to reasonably estimate the timing of future cash flows related to these reserves.

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 or speculative 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, Florida distribution and consumer service facility. This loan has a remaining balance of $2.2 million and bears interest at 4.5%. Principal and interest payments are made semiannually, with the final payment due in 2014.

During fiscal 2009, Coach assumed a mortgage in connection with the purchase of its corporate headquarters building in New York City. This mortgage bears interest at 4.68%. Interest payments are made monthly and principal payments began in July 2009, with the final payment of $21.6 million due in June 2013. As of July 3, 2010, the remaining balance on the mortgage was $22.7 million.

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 development and selection of the Company's critical accounting policies and estimates are periodically reviewed with the Audit Committee of the Board.

The accounting policies discussed below are considered critical because changes to certain judgments and assumptions inherent in these policies could affect the financial statements. For more information on Coach's accounting policies, please refer to the Notes to Consolidated Financial Statements.

Income Taxes

The Company's effective tax rate is based on pre-tax income, statutory tax rates, tax laws and regulations, and tax planning strategies available in the various jurisdictions in which Coach operates. Deferred tax assets are reported at net realizable value, as determined by management. Significant management judgment is required in determining the effective tax rate, in evaluating our tax positions and in determining the net realizable value of deferred tax assets. In accordance with ASC 740-10, the Company recognizes the impact of tax positions in the financial statements if those positions will more likely than not be sustained on audit, based on the technical merits of the position. Tax authorities periodically audit the Company's income tax returns. Management believes that our tax filing positions are reasonable and legally supportable. However, in specific cases, various tax authorities may take a contrary position. A change in our tax positions or audit settlements could have a significant impact on our results of operations. For further information about income taxes, see the Income Taxes note presented in the Notes to the Consolidated Financial Statements.

Inventories

The Company's inventories are reported at the lower of cost or market. Inventory costs include material, conversion costs, freight and duties and are determined by the first-in, first-out method. The Company reserves for slow-moving and aged inventory based on historical experience, current product demand and expected future demand. 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 inventory and additional reserves might be required. At July 3, 2010, a 10% change in the reserve for slow-moving and aged inventory would have resulted in an insignificant change in inventory and cost of goods sold.

Goodwill and Other Intangible Assets

The Company evaluates goodwill and other indefinite life intangible assets annually for impairment. In order to complete our impairment analysis, we must perform a valuation analysis which includes determining the fair value of the Company's reporting units based on discounted cash flows. This analysis contains uncertainties as it requires management to make assumptions and estimate the profitability of future growth strategies. The Company determined that there was no impairment in fiscal 2010, fiscal 2009 or fiscal 2008.

Long-Lived Assets

Long-lived assets, such as property and equipment, are evaluated for impairment annually and whenever events or circumstances indicate that the carrying value of the assets may not be recoverable. The evaluation is based on a review of forecasted operating cash flows and the profitability of the related business. An impairment loss is recognized if the forecasted cash flows are less than the carrying amount of the asset. The Company recorded an impairment loss in fiscal 2009 of $1.5 million related to the closure of three underperforming stores. The Company did not record any impairment losses in fiscal 2010 or fiscal 2008. However, as the determination of future cash flows is based on expected future performance, impairment could result in the future if expectations are not met.

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. Revenue associated with gift cards is recognized upon redemption. The Company estimates the amount of gift cards that will not be redeemed and records such amounts as revenue over the period of the performance obligation. Allowances for estimated uncollectible accounts, discounts and returns 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. At July 3, 2010, a 10% change in the allowances for estimated uncollectible accounts, discounts and returns would have resulted in an insignificant change in accounts receivable and net sales.

Share-Based Compensation

The Company recognizes the cost of employee services received in exchange for awards of equity instruments, such as stock options, based on the grant-date fair value of those awards. The grant-date fair value of stock option awards is determined using the Black-Scholes option pricing model and involves several assumptions, including the expected term of the option, expected volatility and dividend yield. The expected term of options represents the period of time that the options granted are expected to be outstanding and is based on historical experience. Expected volatility is based on historical volatility of the Company's stock as well as the implied volatility from publicly traded options on Coach's stock. Dividend yield is based on the current expected annual dividend per share and the Company's stock price. Changes in the assumptions used to determine the Black-Scholes value could result in significant changes in the Black-Scholes value. However, a 10% change in the Black-Scholes value would result in an insignificant change in fiscal 2010 share-based compensation expense.

Recent Accounting Pronouncements

ASC 820-10, "*Fair Value Measurements and Disclosures*," defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. The Company adopted the provisions of the standard related to financial assets and liabilities in the first quarter of fiscal 2009. During the first quarter of fiscal 2010, the Company adopted the provisions of the standard related to non-financial assets and liabilities measured at fair value on a non-recurring basis with no material impact on our consolidated financial statements. For further information about the fair value measurements of our financial assets and liabilities see note on Fair Value Measurements.

ASC 820-10 was amended in January 2010 to require additional disclosures related to recurring and nonrecurring fair value measurements. The guidance requires disclosure of transfers of assets and liabilities between Levels 1 and 2 of the fair value hierarchy, including the reasons and the timing of the transfers and information on purchases, sales, issuances, and settlements on a gross basis in the reconciliation of the assets and liabilities measured under Level 3 of the fair value hierarchy. The guidance was effective for the Company beginning on December 27, 2009 and its adoption did not have a material impact on our consolidated financial statements.

ASC 855, "*Subsequent Events*," was amended in February 2010. Under the amended guidance, SEC filers are no longer required to disclose the date through which subsequent events have been evaluated in originally issued and revised financial statements. This guidance was effective immediately and the Company adopted these new requirements for the period ended March 27, 2010, as described in the note on Significant Accounting Policies.

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 and Coach Canada. The use of derivative financial instruments is in accordance with Coach's risk management policies. Coach does not enter into derivative transactions for speculative or trading purposes.

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 Currency 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 and expenses translated into U.S. dollars.

Substantially all of Coach's fiscal 2010 non-licensed product needs were purchased from independent manufacturers in countries other than the United States. These countries include China, Italy, Hong Kong, India, Thailand, Vietnam, Peru, Philippines, Turkey, Ecuador, Great Britain, Macau and Malaysia. Additionally, sales are made through international channels to third party distributors. Substantially all purchases and sales involving international parties, excluding Coach Japan and Coach China, are denominated in U.S. dollars and, therefore, are not subject to foreign currency exchange risk.

In Japan and Canada, Coach is exposed to market risk from foreign currency exchange rate fluctuations resulting from Coach Japan and Coach Canada's U.S. dollar denominated inventory purchases. Coach Japan and Coach Canada enter into certain foreign currency derivative contracts, primarily zero-cost collar options, to manage these risks. As of July 3, 2010 and June 27, 2009, open foreign currency forward contracts designated as hedges with a notional amount of $248.6 million and $32.0 million, respectively, were outstanding.

Coach is also exposed to market risk from foreign currency exchange rate fluctuations with respect to Coach Japan as a result of its $139.4 million U.S. dollar-denominated fixed rate intercompany loan from Coach. To manage this risk, on July 2, 2010, Coach Japan entered into a cross currency swap transaction, the terms of which include an exchange of a Yen fixed interest rate for a U.S. dollar fixed interest rate. The loan matures on June 30, 2011, at which point the swap requires an exchange of Japanese Yen and U.S. dollar based notional values.

The fair value of open foreign currency derivatives included in current assets at July 3, 2010 and June 27, 2009 was $2.1 million and $0, respectively. The fair value of open foreign currency derivatives included in current liabilities at July 3, 2010 and June 27, 2009 was $7.5 million and $37.1 million, respectively. The fair value of these contracts is sensitive to changes in Japanese Yen and Canadian Dollar exchange rates.

Coach believes that exposure to adverse changes in exchange rates associated with revenues and expenses of foreign operations, which are denominated in Japanese Yen, Chinese Renminbi, Hong Kong Dollar, Macau Pataca and Canadian Dollars, are not material to the Company's consolidated financial statements.

Interest Rate

Coach is exposed to interest rate risk in relation to its investments, revolving credit facilities and long-term debt.

The Company's investment portfolio is maintained in accordance with the Company's investment policy, which identifies allowable investments, specifies credit quality standards and limits the credit exposure of any single issuer. The primary objective of our investment activities is the preservation of principal while maximizing interest income and minimizing risk. We do not hold any investments for trading purposes. The Company's investment portfolio consists of U.S. government and agency securities as well as corporate debt securities. As the Company does not have the intent to sell and will not be required to sell these securities until maturity, investments are classified as held-to-maturity and stated at amortized cost, except for auction rate securities, which are classified as available-for-sale. At July 3, 2010 and June 27, 2009, the Company's investments, classified as held-to-maturity, consisted of commercial paper and treasury bills valued at $99.9 million and $0, on those dates respectively. As the adjusted book value of the commercial paper and treasury bills equals its fair value, there were no unrealized gains or losses associated with these investments. At July 3, 2010, the Company's investments, classified as available-for-sale, consisted of a $6.0 million auction rate security. At July 3, 2010, as the auction rate securities' adjusted book value equaled its fair value, there were no unrealized gains or losses associated with these investments.

As of July 3, 2010, the Company had no outstanding borrowings on its Bank of America facility. The fair value of any future borrowings may be impacted by fluctuations in interest rates.

As of July 3, 2010, the Company had no outstanding borrowings on its revolving credit facility maintained by Coach Japan. The fair value of any future borrowings may be impacted by fluctuations in interest rates.

As of July 3, 2010, the Company had no outstanding borrowings on its revolving credit facility maintained by Coach Shanghai Limited. The fair value of any future borrowings may be impacted by fluctuations in interest rates.

As of July 3, 2010, Coach's outstanding long-term debt, including the current portion, was $24.9 million. A hypothetical 10% 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 "Index to Financial Statements," which is located on page 40 of this report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Based on the evaluation of the Company's disclosure controls and procedures, as that term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended, 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 as of July 3, 2010.

Management's Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal controls over financial reporting. The Company's internal control system was designed to provide reasonable assurance to the Company's management and Board regarding the preparation and fair presentation of published financial statements. Management evaluated the effectiveness of the Company's internal control over financial reporting using the criteria set forth by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission in Internal Control-Integrated Framework. Management, under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of the Company's internal control over financial reporting as of July 3, 2010 and concluded that it is effective.

The Company's independent auditors have issued an audit report on the Company's internal control over financial reporting. The audit report appears on page 41 of this report.

Changes in Internal Control over Financial Reporting

There were no changes in internal control over financial reporting that occurred during the fourth fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information set forth in the Proxy Statement for the 2010 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 2010 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 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 2010 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.

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 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information set forth in the Proxy Statement for the 2010 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 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item is incorporated herein by reference to the section entitled “Matters Relating to Coach’s Independent Auditors” in the Proxy Statement for the 2010 Annual Meeting of Stockholders. 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

(a) Financial Statements and Financial Statement Schedules

See “Index to Financial Statements” which is located on page 40 of this report.

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

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SIGNATURES

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

COACH, INC.

Date: August 25, 2010

By: /s/ Lew Frankfort
Name: Lew Frankfort
Title: Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange 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 August 25, 2010.

Signature	Title
/s/ Lew Frankfort Lew Frankfort	Chairman, Chief Executive Officer and Director
/s/ Jerry Stritzke Jerry Stritzke	President, Chief Operating Officer
/s/ Michael F. Devine, III Michael F. Devine, III	Executive Vice President and Chief Financial Officer (as principal financial officer and principal accounting officer of Coach)
/s/ Susan Kropf Susan Kropf	Director
/s/ Gary Loveman Gary Loveman	Director
/s/ Ivan Menezes Ivan Menezes	Director
/s/ Irene Miller Irene Miller	Director
/s/ Michael Murphy Michael Murphy	Director
/s/ Jide Zeitlin Jide Zeitlin	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 July 3, 2010

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.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Coach, Inc.
New York, New York

We have audited the accompanying consolidated balance sheets of Coach, Inc. and subsidiaries (the "Company") as of July 3, 2010 and June 27, 2009, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended July 3, 2010. Our audits also included the financial statement schedule listed in the Index at Item 15. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (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, such consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company at July 3, 2010 and June 27, 2009, and the results of their operations and their cash flows for each of the three years in the period ended July 3, 2010, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, 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.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of July 3, 2010, based on the criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated August 25, 2010 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP

New York, New York
August 25, 2010

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Coach, Inc.
New York, New York

We have audited the internal control over financial reporting of Coach, Inc. and subsidiaries (the “Company”) as of July 3, 2010 based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company’s internal control over financial reporting is a process designed by, or under the supervision of, the company’s principal executive and principal financial officers, or persons performing similar functions, and effected by the company’s board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of July 3, 2010, based on the criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule as of and for the year ended July 3, 2010 of the Company and our report dated August 25, 2010 expressed an unqualified opinion on those consolidated financial statements and consolidated financial statement schedule.

/s/ Deloitte & Touche LLP

New York, New York
August 25, 2010

COACH, INC.

CONSOLIDATED BALANCE SHEETS
(amounts in thousands, except share data)

	July 3, 2010	June 27, 2009
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 596,470	$ 800,362
Short-term investments	99,928	—
Trade accounts receivable, less allowances of $6,965 and $6,347, respectively	109,068	108,707
Inventories	363,285	326,148
Deferred income taxes	77,355	49,476
Prepaid expenses	30,375	48,342
Other current assets	26,160	63,374
Total current assets	1,302,641	1,396,409
Long-term investments	6,000	6,000
Property and equipment, net	548,474	592,982
Goodwill	305,861	283,387
Intangible assets	9,788	9,788
Deferred income taxes	156,465	159,092
Other assets	137,886	116,678
Total assets	$2,467,115	$ 2,564,336
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 105,569	$ 103,029
Accrued liabilities	422,725	348,619
Revolving credit facilities	—	7,496
Current portion of long-term debt	742	508
Total current liabilities	529,036	459,652
Long-term debt	24,159	25,072
Other liabilities	408,627	383,570
Total liabilities	961,822	868,294
See note on commitments and contingencies		
Stockholders' Equity:		
Preferred stock: (authorized 25,000,000 shares; $0.01 par value) none issued	—	—
Common stock: (authorized 1,000,000,000 shares; $0.01 par value) issued and outstanding — 296,867,247 and 318,006,466, respectively	2,969	3,180
Additional paid-in-capital	1,502,982	1,189,060
(Accumulated deficit) retained earnings	(30,053)	499,951
Accumulated other comprehensive income	29,395	3,851
Total stockholders' equity	1,505,293	1,696,042
Total liabilities and stockholders' equity	$2,467,115	$ 2,564,336

See accompanying Notes to Consolidated Financial Statements.

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COACH, INC.

CONSOLIDATED STATEMENTS OF INCOME
(amounts in thousands, except per share data)

	Fiscal Year Ended		
	July 3, 2010	June 27, 2009	June 28, 2008
Net sales	$ 3,607,636	$ 3,230,468	$ 3,180,757
Cost of sales	973,945	907,858	773,654
Gross profit	2,633,691	2,322,610	2,407,103
Selling, general and administrative expenses	1,483,520	1,350,697	1,259,974
Operating income	1,150,171	971,913	1,147,129
Interest income, net	1,757	5,168	47,820
Income before provision for income taxes and discontinued operations	1,151,928	977,081	1,194,949
Provision for income taxes	416,988	353,712	411,910
Income from continuing operations	734,940	623,369	783,039
Income from discontinued operations, net of income taxes (See note on discontinued operations)	—	—	16
Net income	$ 734,940	$ 623,369	$ 783,055
Net income per share			
Basic			
Continuing operations	$ 2.36	$ 1.93	$ 2.20
Discontinued operations	—	—	0.00
Net income	$ 2.36	$ 1.93	$ 2.20
Diluted			
Continuing operations	$ 2.33	$ 1.91	$ 2.17
Discontinued operations	—	—	0.00
Net income	$ 2.33	$ 1.91	$ 2.17
Shares used in computing net income per share			
Basic	311,413	323,714	355,731
Diluted	315,848	325,620	360,332

See accompanying Notes to Consolidated Financial Statements.

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COACH, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(amounts in thousands)

	Shares of Common Stock	Preferred Stock	Common Stock	Additional Paid-in-Capital	Retained Earnings/ (Accumulated Deficit)	Accumulated Other Comprehensive (Loss)/Income	Total Stockholders' Equity
Balances at June 30, 2007	372,521	$ —	$ 3,725	$ 978,664	$ 917,930	$ (11,820)	$ 1,888,499
Net income	—	—	—	—	783,055	—	783,055
Unrealized gains on cash flow hedging derivatives, net of tax	—	—	—	—	—	5,782	5,782
Translation adjustments	—	—	—	—	—	24,373	24,373
Change in pension liability, net of tax	—	—	—	—	—	510	510
Comprehensive income							813,720
Shares issued for stock options and employee benefit plans	3,896	—	39	83,281	—	—	83,320
Share-based compensation	—	—	—	66,979	—	—	66,979
Adjustment to adopt guidance on uncertain tax positions	—	—	—	—	(48,797)	—	(48,797)
Excess tax benefit from share-based compensation	—	—	—	23,253	—	—	23,253
Repurchase and retirement of common stock	(39,688)	—	(397)	(37,136)	(1,299,066)	—	(1,336,599)
Balances at June 28, 2008	336,729	—	3,367	1,115,041	353,122	18,845	1,490,375
Net income	—	—	—	—	623,369	—	623,369
Unrealized losses on cash flow hedging derivatives, net of tax	—	—	—	—	—	(7,278)	(7,278)
Translation adjustments	—	—	—	—	—	(5,298)	(5,298)
Change in pension liability, net of tax	—	—	—	—	—	(1,368)	(1,368)
Comprehensive income							609,425
Cumulative effect of adoption of ASC 320-10-35-17 (see note on Fair Value Measurements)	—	—	—	—	1,072	(1,072)	—
Shares issued for stock options and employee benefit plans	1,436	—	15	7,348	—	—	7,363
Share-based compensation	—	—	—	67,542	—	—	67,542
Tax deficit from share-based compensation	—	—	—	(871)	—	—	(871)
Repurchase and retirement of common stock	(20,159)	—	(202)	—	(453,584)	—	(453,786)
Adjustment to adopt ASC 715 measurement date provision, net of tax	—	—	—	—	(183)	22	(161)
Dividends declared	—	—	—	—	(23,845)	—	(23,845)
Balances at June 27, 2009	318,006	—	3,180	1,189,060	499,951	3,851	1,696,042
Net income	—	—	—	—	734,940	—	734,940
Unrealized losses on cash flow hedging derivatives, net of tax	—	—	—	—	—	(1,757)	(1,757)
Translation adjustments	—	—	—	—	—	27,464	27,464
Change in pension liability, net of tax	—	—	—	—	—	(163)	(163)
Comprehensive income							760,484
Shares issued for stock options and employee benefit plans	9,547	—	96	204,886	—	—	204,982
Share-based compensation	—	—	—	81,420	—	—	81,420
Excess tax benefit from share-based compensation	—	—	—	27,616	—	—	27,616
Repurchase and retirement of common stock	(30,686)	—	(307)	—	(1,149,691)	—	(1,149,998)
Dividends declared	—	—	—	—	(115,253)	—	(115,253)
Balances at July 3, 2010	296,867	$ —	$ 2,969	$1,502,982	$ (30,053)	$ 29,395	$ 1,505,293

See accompanying Notes to Consolidated Financial Statements.

COACH, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(amounts in thousands)

	Fiscal Year Ended		
	July 3, 2010	June 27, 2009	June 28, 2008
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 734,940	$ 623,369	$ 783,055
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation and amortization	126,744	123,014	100,704
Provision for bad debt	(698)	909	286
Share-based compensation	81,420	67,542	66,979
Excess tax (benefit) deficit from share-based compensation	(27,616)	871	(23,253)
Deferred income taxes	(17,129)	13,660	(16,907)
Other noncash (charges) and credits, net	(10,449)	10,151	6,845
Changes in operating assets and liabilities:			
Decrease in trade accounts receivable	4,344	3,309	8,213
(Increase) decrease in inventories	(33,878)	4,070	(32,080)
Decrease (increase) in other assets	35,640	31,155	(94,535)
Increase in other liabilities	28,477	211	28,529
Increase (decrease) in accounts payable	1,019	(37,017)	20,423
Increase (decrease) in accrued liabilities	68,063	(32,092)	75,102
Net cash provided by operating activities	990,877	809,152	923,361
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of distributor	(1,200)	(24,400)	—
Purchases of property and equipment	(81,116)	(137,029)	(174,720)
Purchase of corporate headquarters building	—	(103,300)	—
Purchases of investments	(229,860)	—	(162,300)
Proceeds from sales and maturities of investments	129,932	—	782,460
Net cash (used in) provided by investing activities	(182,244)	(264,729)	445,440
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend payments	(94,324)	—	—
Repurchase of common stock	(1,149,998)	(453,786)	(1,336,599)
Repayment of long-term debt	(679)	(285)	(235)
(Repayments) borrowings on revolving credit facility, net	(7,496)	7,496	—
Proceeds from share-based awards, net	204,982	7,363	83,320
Excess tax benefit (deficit) from share-based compensation	27,616	(871)	23,253
Net cash used in financing activities	(1,019,899)	(440,083)	(1,230,261)
Effect of exchange rate changes on cash and cash equivalents	7,374	(2,883)	3,409
(Decrease) increase in cash and cash equivalents	(203,892)	101,457	141,949
Cash and cash equivalents at beginning of year	800,362	698,905	556,956
Cash and cash equivalents at end of year	$ 596,470	$ 800,362	$ 698,905
Supplemental information:			
Cash paid for income taxes	$ 364,156	$ 336,091	$ 463,687
Cash paid for interest	$ 1,499	$ 2,014	$ 1,171
Noncash investing activity – property and equipment obligations	$ 16,526	$ 20,520	$ 44,260
Noncash financing activity – mortgage debt assumed	$ —	$ 23,000	$ —

See accompanying Notes to Consolidated Financial Statements.

COACH, INC.

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

1. NATURE OF OPERATIONS

Coach, Inc. (the "Company") designs and markets high-quality, modern American classic accessories. The Company's primary product offerings, manufactured by third-party suppliers, include handbags, women's and men's accessories, footwear, business cases, jewelry, wearables, sunwear, travel bags, fragrance and watches. Coach's products are sold through the Direct-to-Consumer segment, which includes Company-operated stores in North America, Japan, Hong Kong, Macau and mainland China, the Internet and the Coach catalog, and through the Indirect segment, which includes sales to wholesale customers and distributors in over 20 countries, including the United States, and royalties earned on licensed products.

2. 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 year ended July 3, 2010 ("fiscal 2010") was a 53-week period. The fiscal years ended June 27, 2009 ("fiscal 2009") and June 28, 2008 ("fiscal 2008") were each 52-week periods. The fiscal year ending July 2, 2011 ("fiscal 2011") will be a 52-week period.

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 and disclosure of contingent assets and liabilities at the date of the financial statements as well as 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 until 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 and all 100% owned subsidiaries. All significant intercompany transactions and balances are eliminated in consolidation.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash balances and highly liquid investments with a maturity of three months or less at the date of purchase.

Investments

Investments consist of U.S. government and agency debt securities as well as municipal government and corporate debt securities. Long-term investments are classified as available-for-sale and recorded at fair value, with unrealized gains and losses recorded in other comprehensive income. Dividend and interest income are recognized when earned.

Short-term investments consist of commercial paper and treasury bills, the adjusted book value of the commercial paper and treasury bills equals its fair value. As the Company does not have the intent to sell and will not be required to sell these securities until maturity, investments are classified as held-to-maturity and stated at amortized cost.

Concentration of Credit Risk

Financial instruments that potentially expose Coach to concentration of credit risk consist primarily of cash and cash equivalents, investments and accounts receivable. The Company places its cash investments with high-credit quality financial institutions and currently invests primarily in U.S. government and agency debt securities, municipal government and corporate debt securities, and money market funds placed with

COACH, INC.

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

2. SIGNIFICANT ACCOUNTING POLICIES – (continued)

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 believes no significant concentration of credit risk exists with respect to these cash investments and accounts receivable.

Inventories

Inventories consist primarily of finished goods and are valued at the lower of cost (determined by the first-in, first-out method) or market. 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. Buildings are depreciated over 40 years. 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.

Operating Leases

The Company's leases for office space, retail stores and the distribution facility are accounted for as operating leases. The majority of the Company's lease agreements provide for tenant improvement allowances, rent escalation clauses and/or contingent rent provisions. Tenant improvement allowances are recorded as a deferred lease credit on the balance sheet and amortized over the lease term, which is consistent with the amortization period for the constructed assets. Rent expense is recorded when the Company takes possession of a store to begin its buildout, which generally occurs before the stated commencement of the lease term and is approximately 60 to 90 days prior to the opening of the store.

Goodwill and Other Intangible Assets

Goodwill and indefinite life intangible assets are evaluated for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired. The Company performed an impairment evaluation in fiscal 2010, fiscal 2009 and fiscal 2008 and concluded that there was no impairment of its goodwill or indefinite life intangible assets.

Valuation of Long-Lived Assets

Long-lived assets, such as property and equipment, are evaluated for impairment annually and whenever events or circumstances indicate that the carrying value of the assets may not be recoverable. The evaluation is based on a review of forecasted operating cash flows and the profitability of the related business. An impairment loss is recognized if the forecasted cash flows are less than the carrying amount of the asset. The Company performed an impairment evaluation in fiscal 2010, fiscal 2009 and fiscal 2008 and concluded that there was no impairment of its long-lived assets for stores expected to remain open. The Company recorded an impairment charge of $1,500 in fiscal 2009 related to the closure of three underperforming stores.

Stock Repurchase and Retirement

Coach accounts for stock repurchases and retirements by allocating the repurchase price to common stock, additional paid-in-capital and retained earnings. The repurchase price allocation is based upon the equity contribution associated with historical issuances, beginning with the earliest issuance. Under Maryland law, Coach's state of incorporation, treasury shares are not allowed. As a result, all repurchased shares are retired when acquired. During the second quarter of fiscal 2008, the Company's total cumulative stock

COACH, INC.

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

2. SIGNIFICANT ACCOUNTING POLICIES – (continued)

repurchases exceeded the total shares issued in connection with the Company's October 2000 initial public offering, and stock repurchases in excess of this amount are assumed to be made from the Company's April 2001 Sara Lee exchange offer. Shares issued in connection with this exchange offer were accounted for as a contribution to common stock and retained earnings. Therefore, stock repurchases and retirements associated with the exchange offer are accounted for by allocation of the repurchase price to common stock and retained earnings. During the fourth quarter of fiscal 2010, cumulative stock repurchases allocated to retained earnings have resulted in an accumulated deficit balance. Since its initial public offering, the Company has not experienced a net loss in any fiscal year, and the net accumulated deficit balance in stockholders' equity is attributable to the cumulative stock repurchase activity. The total cumulative amount of common stock repurchase price allocated to retained earnings as of July 3, 2010 was approximately $4,000,000.

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. Revenue associated with gift cards is recognized upon redemption. The Company estimates the amount of gift cards that will not be redeemed and records such amounts as revenue over the period of the performance obligation. Allowances for estimated uncollectible accounts, discounts and returns 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. Taxes collected from customers and remitted to governmental authorities are recorded on a net basis and therefore are excluded from revenue.

Cost of Sales

Cost of sales consists of cost of merchandise, inbound freight and duty expenses, and other inventory-related costs such as shrinkage, damages, replacements and production overhead.

Selling, General and Administrative Expenses

Selling, general and administrative expenses are comprised of four categories: (1) selling; (2) advertising, marketing and design; (3) distribution and consumer service; and (4) administrative. Selling expenses include store employee compensation, store occupancy costs, store supply costs, wholesale account administration compensation and all Coach Japan and Coach China operating expenses. Advertising, marketing and design expenses include employee compensation, media space and production, advertising agency fees, new product design costs, public relations, market research expenses and mail order costs. Distribution and consumer service expenses include warehousing, order fulfillment, shipping and handling, customer service and bag repair costs. Administrative expenses include compensation costs for the executive, finance, human resources, legal and information systems departments, corporate headquarters occupancy costs, and consulting and software expenses.

Preopening Costs

Costs associated with the opening of new stores are expensed in the period incurred.

Advertising

Advertising costs include expenses related to direct marketing activities, such as catalogs, as well as media and production costs. In fiscal 2010, fiscal 2009 and fiscal 2008, advertising expenses totaled $61,241, $50,078 and $57,380, respectively, and are included in selling, general and administrative expenses. Advertising costs are expensed when the advertising first appears.

COACH, INC.

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

2. SIGNIFICANT ACCOUNTING POLICIES – (continued)

Share-Based Compensation

The Company measures the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. The grant-date fair value of the award is recognized as compensation expense over the vesting period.

Shipping and Handling

Shipping and handling costs incurred were $22,661, $26,142 and $28,433 in fiscal 2010, fiscal 2009 and fiscal 2008, respectively, and are included in selling, general and administrative expenses.

Income Taxes

The Company accounts for income taxes in accordance with Accounting Standards Codification ("ASC") 740, " *Income Taxes*." Under ASC 740, 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. In evaluating the unrecognized tax benefits associated with the Company's various tax filing positions, management records these positions using a more-likely-than-not recognition threshold for income tax positions taken or expected to be taken in accordance with ASC 740. The Company classifies interest and penalties, if present, on uncertain tax positions in interest expense.

Fair Value of Financial Instruments

As of July 3, 2010 and June 27, 2009, 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. The Company has evaluated its Industrial Revenue Bond and mortgage and believes, based on the interest rates, related terms and maturities, that the fair values of such instruments approximate their carrying amounts. See note on Fair Value Measurements for the fair values of the Company's investments as of July 3, 2010 and June 27, 2009.

Coach Japan and Coach Canada enter into foreign currency contracts that hedge certain U.S. dollar-denominated inventory purchases. Additionally, Coach Japan entered into a cross-currency swap transaction to hedge its fixed rate U.S. dollar denominated intercompany loan. These contracts qualify for hedge accounting and have been designated as cash flow hedges. The fair value of these contracts is recorded in other comprehensive income and recognized in earnings in the period in which the hedged item is also recognized in earnings. The fair value of the foreign currency derivative is based on its market value. Considerable judgment is required of management in developing estimates of fair value. 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 generally 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.

Net Income Per Share

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

Subsequent Event Evaluation

The Company evaluated subsequent events through the date these financial statements were issued, and concluded there were no events to recognize or disclose.

COACH, INC.

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

2. SIGNIFICANT ACCOUNTING POLICIES – (continued)

Recent Accounting Pronouncements

ASC 820-10, "*Fair Value Measurements and Disclosures*," defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. The Company adopted the provisions of the standard related to financial assets and liabilities in the first quarter of fiscal 2009. During the first quarter of fiscal 2010, the Company adopted the provisions of the standard related to non-financial assets and liabilities measured at fair value on a non-recurring basis with no material impact on our consolidated financial statements. For further information about the fair value measurements of our financial assets and liabilities, see note on Fair Value Measurements.

ASC 820-10 was amended in January 2010 to require additional disclosures related to recurring and nonrecurring fair value measurements. The guidance requires disclosure of transfers of assets and liabilities between Levels 1 and 2 of the fair value hierarchy, including the reasons and the timing of the transfers and information on purchases, sales, issuances, and settlements on a gross basis in the reconciliation of the assets and liabilities measured under Level 3 of the fair value hierarchy. The guidance was effective for the Company beginning on December 27, 2009 and its adoption did not have a material impact on our consolidated financial statements.

ASC 855, "*Subsequent Events*," was amended in February 2010. Under the amended guidance, SEC filers are no longer required to disclose the date through which subsequent events have been evaluated in originally issued and revised financial statements. This guidance was effective immediately and the Company adopted these new requirements for the period ended March 27, 2010, as described in the preceding section, Subsequent Event Evaluation.

3. ACQUISITIONS

On September 1, 2008, Coach acquired 100% of its domestic retail businesses in Hong Kong and Macau and on April 1, 2009, acquired 100% of its domestic retail business in mainland China from the former distributor, the ImagineX group. The results of the acquired businesses have been included in the consolidated financial statements since September 1, 2008 and April 1, 2009, respectively, within the Direct-to-Consumer segment. These acquisitions will provide the Company with greater control over the brand in Hong Kong, Macau and mainland China, enabling Coach to raise brand awareness and aggressively grow market share with the Chinese consumer.

The aggregate purchase price of the Hong Kong, Macau and mainland China businesses was $25,600, of which $24,400 was paid during fiscal 2009 and $1,200 was paid during fiscal 2010. The following table summarizes the fair values of the assets acquired at the dates of acquisition:

Assets Acquired	Fair Value of Hong Kong and Macau(1)	Fair Value of Mainland China(2)	Total
Current assets	$ 5,099	$ 4,868	$ 9,967
Fixed assets	3,555	3,525	7,080
Other assets	2,299	—	2,299
Goodwill	3,554	2,700	6,254
Total assets acquired	$ 14,507	$ 11,093	$ 25,600

(1) Fair value as of the acquisition date of September 1, 2008

(2) Fair value as of the acquisition date of April 1, 2009

COACH, INC.

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

3. ACQUISITIONS – (continued)

Prior to these acquisitions, the ImagineX group operated eight retail and department store locations in Hong Kong, two retail locations in Macau, and 15 retail locations in mainland China. The strength of the going concern and the established locations supported a premium above the fair value of the individual assets acquired. Unaudited pro forma information related to these acquisitions is not included as the impact of these transactions is not material to the consolidated results of the Company.

4. SHARE-BASED COMPENSATION

The Company maintains several share-based compensation plans which are more fully described below. The following table shows the total compensation cost charged against income for these plans and the related tax benefits recognized in the income statement:

	Fiscal Year Ended		
	July 3, 2010	June 27, 2009	June 28, 2008
Share-based compensation expense	$ 81,420	$ 67,542	$ 66,979
Income tax benefit related to share-based compensation expense	28,446	23,920	24,854

Coach Stock-Based Plans

Coach maintains the 2000 Stock Incentive Plan, the 2000 Non-Employee Director Stock Plan and the 2004 Stock Incentive Plan to award stock options and shares to certain members of Coach management and the outside members of its Board of Directors ("Board"). These plans were approved by Coach's stockholders. 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. Stock options and share awards that are granted as part of the annual compensation process generally vest ratably over three years. Other stock option and share awards, granted primarily for retention purposes, are subject to forfeiture until completion of the vesting period, which ranges from one to five years. The Company issues new shares upon the exercise of stock options, vesting of share units and employee stock purchase.

For options granted under Coach's stock option plans prior to July 1, 2003, 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 equals 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. No replacement stock options were granted in fiscal 2010 or fiscal 2009 and 16 were granted in fiscal 2008.

COACH, INC.

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

4. SHARE-BASED COMPENSATION – (continued)

Stock Options

A summary of option activity under the Coach stock option plans as of July 3, 2010 and changes during the year then ended is as follows:

	Number of Options Outstanding	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding at June 27, 2009	31,287	$ 29.12		
Granted	3,818	29.93		
Exercised	(8,871)	23.55		
Forfeited or expired	(1,329)	35.88		
Outstanding at July 3, 2010	24,905	30.87	5.7	$ 159,470
Vested or expected to vest at July 3, 2010	24,836	30.87	5.6	159,110
Exercisable at July 3, 2010	15,473	31.09	4.3	101,283

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		
	July 3, 2010	June 27, 2009	June 28, 2008
Expected term (years)	3.0	3.0	2.6
Expected volatility	49.4%	44.7%	32.9%
Risk-free interest rate	1.7%	2.7%	4.2%
Dividend yield	1.0%	0.0%	—%

The expected term of options represents the period of time that the options granted are expected to be outstanding and is based on historical experience. Expected volatility is based on historical volatility of the Company’s stock as well as the implied volatility from publicly traded options on Coach’s stock. The risk free interest rate is based on the zero-coupon U.S. Treasury issue as of the date of the grant. Grants subsequent to the Company’s April 2009 Board approval to initiate a quarterly dividend included a dividend yield assumption based on Coach’s annual expected dividend divided by the grant-date share price. As Coach did not pay dividends during fiscal 2008, there was no dividend yield.

The weighted-average grant-date fair value of options granted during fiscal 2010, fiscal 2009 and fiscal 2008 was $9.68, $8.36 and $10.74, respectively. The total intrinsic value of options exercised during fiscal 2010, fiscal 2009 and fiscal 2008 was $127,879, $11,495 and $65,922, respectively. The total cash received from option exercises was $208,919, $9,382 and $89,356 in fiscal 2010, fiscal 2009 and fiscal 2008, respectively, and the actual tax benefit realized for the tax deductions from these option exercises was $47,795, $4,427 and $25,610, respectively.

At July 3, 2010, $46,544 of total unrecognized compensation cost related to non-vested stock option awards is expected to be recognized over a weighted-average period of 1.0 year.

COACH, INC.

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

4. SHARE-BASED COMPENSATION – (continued)

Share Units

The grant-date fair value of each Coach share unit is equal to the fair value of Coach stock at the grant date. The weighted-average grant-date fair value of shares granted during fiscal 2010, fiscal 2009 and fiscal 2008 was $30.55, $24.62 and $40.47, respectively. The following table summarizes information about non-vested shares as of and for the year ended July 3, 2010:

	Number of Non-Vested Shares	Weighted-Average Grant-Date Fair Value
Nonvested at June 27, 2009	2,583	$ 29.36
Granted	2,184	30.55
Vested	(768)	31.99
Forfeited	(219)	31.03
Nonvested at July 3, 2010	3,780	29.40

The total fair value of shares vested during fiscal 2010, fiscal 2009 and fiscal 2008 was $23,955, $15,859 and $18,225, respectively. At July 3, 2010, $59,735 of total unrecognized compensation cost related to non-vested share awards is expected to be recognized over a weighted-average period of 1.1 years.

Employee Stock Purchase Plan

Under the Employee Stock Purchase 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 176, 268 and 155 new shares to employees in fiscal 2010, fiscal 2009 and fiscal 2008, respectively. Compensation expense is calculated for the fair value of employees' purchase rights using the Black-Scholes model and the following weighted-average assumptions:

	Fiscal Year Ended		
	July 3, 2010	June 27, 2009	June 28, 2008
Expected term (years)	0.5	0.5	0.5
Expected volatility	57.6%	64.7%	28.4%
Risk-free interest rate	0.2%	1.1%	4.1%
Dividend yield	1.0%	—%	—%

The weighted-average fair value of the purchase rights granted during fiscal 2010, fiscal 2009 and fiscal 2008 was $9.15, $8.42 and $10.26, respectively.

Deferred Compensation

Under the Coach, Inc. Deferred Compensation Plan for Non-Employee Directors, Coach's outside directors may 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 at July 3, 2010 and June 27, 2009 were $2,980 and $2,480, respectively, and are included within total liabilities in the consolidated balance sheets.

COACH, INC.

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

5. LEASES

Coach leases certain office, distribution and retail facilities. The lease agreements, which expire at various dates through 2028, 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 scheduled rent increases are recorded as components of 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		
	July 3, 2010	June 27, 2009	June 28, 2008
Minimum rentals	$ 121,563	$ 107,272	$ 92,675
Contingent rentals	59,806	43,995	40,294
Total rent expense	$ 181,369	$ 151,267	$ 132,969

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

Fiscal Year	Amount
2011	$ 137,884
2012	131,457
2013	119,577
2014	109,703
2015	95,845
Subsequent to 2015	328,274
Total minimum future rental payments	$ 922,740

Certain operating leases provide for renewal for periods of five to ten 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.

6. FAIR VALUE MEASUREMENTS

The Company adopted the provisions of the ASC 820-10, " *Fair Value Measurements and Disclosures*," related to financial assets and liabilities in the first quarter of fiscal 2009. During the first quarter of fiscal 2010, the Company adopted the provisions of the standard related to non-financial assets and liabilities measured at fair value on a non-recurring basis with no material impact on our consolidated financial statements. In accordance with ASC 820-10, the Company categorized its assets and liabilities, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy as set forth below. The three levels of the hierarchy are defined as follows:

Level 1 — Unadjusted quoted prices in active markets for identical assets or liabilities. Coach currently does not have any Level 1 financial assets or liabilities.

Level 2 — Observable inputs other than quoted prices included in Level 1. Level 2 inputs include quoted prices for identical assets or liabilities in non-active markets, quoted prices for similar assets or liabilities in active markets, and inputs other than quoted prices that are observable for substantially the full term of the asset or liability.

Level 3 — Unobservable inputs reflecting management's own assumptions about the input used in pricing the asset or liability.

COACH, INC.

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

6. FAIR VALUE MEASUREMENTS – (continued)

The following table shows the fair value measurements of the Company's assets and liabilities at July 3, 2010 and June 27, 2009:

	Level 2		Level 3	
	July 3, 2010	June 27, 2009	July 3, 2010	June 27, 2009
Assets:				
Long-term investment – auction rate security [a]	$ —	$ —	$ 6,000	$ 6,000
Derivative assets – zero-cost collar options [b]	2,052	—	—	—
Total	$ 2,052	$ —	$ 6,000	$ 6,000
Liabilities:				
Derivative liabilities – zero-cost collar options [b]	$ 5,120	$ 943	$ —	$ —
Derivative liabilities – cross-currency swap [c]	—	—	2,418	36,118
Total	$ 5,120	$ 943	$ 2,418	$ 36,118

(a) The fair value of the security is determined using a model that takes into consideration the financial conditions of the issuer and the bond insurer, current market conditions and the value of the collateral bonds.

(b) The Company enters into zero-cost collar options to manage its exposure to foreign currency exchange rate fluctuations resulting from Coach Japan's and Coach Canada's U.S. dollar-denominated inventory purchases. The fair value of these cash flow hedges is primarily based on the forward curves of the specific indices upon which settlement is based and includes an adjustment for the counterparty's or Company's credit risk.

(c) The Company is a party to a cross-currency swap transaction in order to manage its exposure to foreign currency exchange rate fluctuations resulting from Coach Japan's U.S. dollar-denominated fixed rate intercompany loan. The fair value of this cash flow hedge is primarily based on the forward curves of the specific indices upon which settlement is based and includes an adjustment for the Company's credit risk.

See note on Derivative Instruments and Hedging Activities for more information on the Company's derivative contracts.

As of July 3, 2010 and June 27, 2009, the Company's investments included an auction rate security ("ARS") classified as a long-term investment, as the auction for this security has been unsuccessful. This ARS is currently rated A, an investment grade rating afforded by credit rating agencies, and its underlying investments are scheduled to mature in 2035. We have determined that the significant majority of the inputs used to value this security fall within Level 3 of the fair value hierarchy as the inputs are based on unobservable estimates. At both July 3, 2010 and June 27, 2009, the fair value of the Company's ARS was $6,000. The table below presents the changes in the fair value of the auction rate security during fiscal 2009:

	Auction Rate Security
Balance at June 28, 2008	$ 8,000
Unrealized other-than-temporary loss, recognized in selling, general and administrative expenses	(2,000)
Balance at June 27,2009	$ 6,000

COACH, INC.

Notes to Consolidated Financial Statements
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6. FAIR VALUE MEASUREMENTS – (continued)

As of July 3, 2010 and June 27, 2009, the fair value of the Company's cross-currency swap derivatives were included within accrued liabilities. The Company uses a management model which includes a combination of observable inputs, such as tenure of the agreement and notional amount and unobservable inputs, such as the Company's credit rating. The table below presents the changes in the fair value of the cross-currency swap during fiscal 2010 and 2009:

	Cross-Currency Swaps
Balance at June 27, 2009	$ 36,118
Settlement of cross-currency swap on July 2, 2010	(36,118)
Unrealized loss on cross-currency swap maturing on June 30, 2011, recorded in accumulated other comprehensive income	2,418
Balance at July 3, 2010	$ 2,418
Balance at June 28, 2008	$ 5,540
Unrealized loss, recorded in accumulated other comprehensive income	30,578
Balance at June 27, 2009	$ 36,118

During fiscal 2010, the Company purchased $229,860 of short-term investments consisting of U.S. treasury bills and commercial paper. These investments, net of proceeds from sales and maturities, totaled $99,928 as of July 3, 2010 and are classified as held-to-maturity based on our positive intent and ability to hold the securities to maturity. They are stated at amortized cost, which approximates fair market value due to their short maturities.

7. DEBT

Revolving Credit Facilities

The Company maintains a $100,000 revolving credit facility with certain lenders and Bank of America, N.A. as the primary lender and administrative agent (the "Bank of America facility"). The facility expires on July 26, 2012. At Coach's request and lenders' consent, the Bank of America facility can be expanded to $200,000 and can also be extended for two additional one-year periods. Under the Bank of America facility, Coach pays a commitment fee of 6 to 12.5 basis points on any unused amounts and interest of LIBOR plus 20 to 55 basis points on any outstanding borrowings. At July 3, 2010, the commitment fee was 7 basis points and the LIBOR margin was 30 basis points.

The Bank of America facility is available for seasonal working capital requirements or general corporate purposes and may be prepaid without penalty or premium. During fiscal 2010 and fiscal 2009 there were no borrowings under the Bank of America facility. Accordingly, as of July 3, 2010 and June 27, 2009, there were no outstanding borrowings under the Bank of America facility. The Company's borrowing capacity as of July 3, 2010 was $89,993, due to outstanding letters of credit.

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

To provide funding for working capital and general corporate purposes, Coach Japan has available credit facilities with several Japanese financial institutions. These facilities allow a maximum borrowing of 4.1 billion Yen, or approximately $46,681, at July 3, 2010. Interest is based on the Tokyo Interbank rate plus a margin of 30 basis points.

During fiscal 2010 and fiscal 2009, the peak borrowings under the Japanese credit facilities were $0 and $14,404, respectively. As of July 3, 2010 and June 27, 2009, there were no outstanding borrowings under the Japanese credit facilities.

COACH, INC.

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7. DEBT – (continued)

To provide funding for working capital and general corporate purposes, Coach Shanghai Limited has a credit facility that allows a maximum borrowing of 67 million Renminbi, or approximately $9,896 at July 3, 2010. Interest is based on the People's Bank of China rate. During fiscal 2010 and fiscal 2009, the peak borrowings under this credit facility were $7,496. At July 3, 2010, there were no outstanding borrowings under this facility.

Long-Term Debt

Coach is party to an Industrial Revenue Bond related to its Jacksonville, Florida facility. This loan bears interest at 4.5%. Principal and interest payments are made semi-annually, with the final payment due in August 2014. As of July 3, 2010 and June 27, 2009, the remaining balance on the loan was $2,245 and $2,580, respectively. During fiscal 2009, Coach assumed a mortgage in connection with the purchase of its corporate headquarters building in New York City. This mortgage bears interest at 4.68%. Interest payments are made monthly and principal payments began in July 2009, with the final payment of $21,555 due in June 2013. As of July 3, 2010, the remaining balance on the mortgage was $22,656. Future principal payments under these obligations are as follows:

Fiscal Year	Amount
2011	$ 742
2012	791
2013	22,383
2014	500
2015	485
Subsequent to 2015	—
Total	$ 24,901

8. COMMITMENTS AND CONTINGENCIES

At July 3, 2010 and June 27, 2009, the Company had letters of credit available of $275,000, of which $147,380 and $101,940, respectively, were outstanding. The letters of credit, which expire at various dates through 2012, primarily collateralize the Company's obligation to third parties for the purchase of inventory.

Coach is a party to employment agreements with certain key executives which provide for compensation and other benefits. The agreements also provide for severance payments under certain circumstances. The Company's employment agreements and the respective expiration dates are as follows:

Executive	Title	Expiration Date
Lew Frankfort	Chairman and Chief Executive Officer	August 2011
Reed Krakoff	President and Executive Creative Director	June 2014
Michael Tucci	President, North America Retail Division	June 2013

In addition to the employment agreements described above, other contractual cash obligations as of July 3, 2010 and June 27, 2009 included $166,596 and $105,114, respectively, related to inventory purchase obligations and $1,611 and $2,370, respectively, related to capital expenditure purchase obligations.

In the ordinary course of business, 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 will not have a material effect on Coach's cash flow, results of operations or financial position.

COACH, INC.

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9. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

Substantially all purchases and sales involving international parties are denominated in U.S. dollars, which limits the Company's exposure to foreign currency exchange rate fluctuations. However, the Company is exposed to market risk from foreign currency exchange risk related to Coach Japan's and Coach Canada's U.S. dollar-denominated inventory purchases and Coach Japan's $139,400 U.S. dollar-denominated fixed rate intercompany loan. Coach uses derivative financial instruments to manage these risks. These derivative transactions are in accordance with the Company's risk management policies. Coach does not enter into derivative transactions for speculative or trading purposes.

Coach Japan and Coach Canada enter into certain foreign currency derivative contracts, primarily zero-cost collar options, to manage the exchange rate risk related to their inventory purchases. As of July 3, 2010 and June 27, 2009, $248,555 and $32,041 of foreign currency forward contracts were outstanding, respectively.

On July 1, 2005, to manage the exchange rate risk related to its $231,000 intercompany loan, Coach Japan entered into a cross currency swap transaction. The terms of the cross currency swap transaction included an exchange of a Yen fixed interest rate for a U.S. dollar fixed interest rate and an exchange of Yen and U.S. dollar-based notional values. On July 2, 2010, the maturity date of the original intercompany loan, Coach Japan repaid the loan and settled the cross currency swap, and entered into a new $139,400 intercompany loan agreement. Concurrently, to manage the exchange rate risk on the new loan, Coach Japan entered into a new cross currency swap transaction, the terms of which include an exchange of a Yen fixed interest rate for a U.S. dollar fixed interest rate. The loan matures on June 30, 2011, at which point the swap requires an exchange of Yen and U.S. dollar based notional values.

The Company's derivative instruments are designated as cash flow hedges. The effective portion of gains or losses on the derivative instruments are reported as a component of other comprehensive income and reclassified into earnings in the same periods during which the hedged transaction affects earnings. The ineffective portion of gains or losses on the derivative instruments are recognized in current earnings and are included within net cash provided by operating activities.

The following tables provide information related to the Company's derivatives:

Derivatives Designated as Hedging Instruments	Balance Sheet Classification	Fair Value At July 3, 2010	Fair Value At June 27, 2009
Foreign exchange contracts	Other Current Assets	$ 2,052	$ —
Total derivative assets		$ 2,052	$ —
Foreign exchange contracts	Accrued Liabilities	$ 7,538	$ 37,061
Total derivative liabilities		$ 7,538	$ 37,061

Derivatives in Cash Flow Hedging Relationships	Amount of Loss Recognized in OCI on Derivatives (Effective Portion) Year Ended July 3, 2010	Amount of Loss Recognized in OCI on Derivatives (Effective Portion) Year Ended June 27, 2009
Foreign exchange contracts	$ (3,363)	$ (10,193)
Total	$ (3,363)	$ (10,193)

For fiscal 2010 and fiscal 2009, the amounts above are net of tax of $2,858 and $7,123, respectively.

COACH, INC.

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9. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES – (continued)

Location of Loss Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of Loss Reclassified from Accumulated OCI into Income (Effective Portion) Year Ended July 3, 2010	June 27, 2009
Cost of Sales	$ (5,453)	$ (5,031)
Total	$ (5,453)	$ (5,031)

During fiscal 2010 and fiscal 2009, there were no material gains or losses recognized in income due to hedge ineffectiveness.

The Company expects that $2,634 of net derivative losses included in accumulated other comprehensive income at July 3, 2010 will be reclassified into earnings within the next 12 months. This amount will vary due to fluctuations in the Japanese Yen and Canadian Dollar exchange rates.

Hedging activity affected accumulated other comprehensive (loss) income, net of tax, as follows:

	Year Ended July 3, 2010	June 27, 2009
Balance at beginning of period	$ (335)	$ 6,943
Net losses transferred to earnings	1,606	2,915
Change in fair value, net of tax	(3,363)	(10,193)
Balance at end of period	$ (2,092)	$ (335)

10. GOODWILL AND OTHER INTANGIBLE ASSETS

The changes in the carrying amount of goodwill for the years ended July 3, 2010 and June 27, 2009 are as follows:

	Direct-to-Consumer	Indirect	Total
Balance at June 28, 2008	$ 247,602	$ 1,516	$ 249,118
Acquisition of Hong Kong, Macau and mainland China retail businesses	6,254	—	6,254
Foreign exchange impact	28,015	—	28,015
Balance at June 27, 2009	281,871	1,516	283,387
Foreign exchange impact	22,474	—	22,474
Balance at July 3, 2010	$ 304,345	$ 1,516	$ 305,861

At July 3, 2010 and June 27, 2009, intangible assets not subject to amortization were $9,788 and consisted of trademarks.

COACH, INC.

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11. 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					
	July 3, 2010		June 27, 2009		June 28, 2008	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Income before provision for income taxes and discontinued operations:						
United States	$ 989,255	85.9%	$ 870,819	89.1%	$ 1,082,584	90.6%
Foreign	162,673	14.1	106,262	10.9	112,365	9.4
Total income before provision for income taxes and discontinued operations:	$1,151,928	100.0%	$ 977,081	100.0%	$1,194,949	100.0%
Tax expense at U.S. statutory rate	$ 403,174	35.0%	$ 341,978	35.0%	$ 418,232	35.0%
State taxes, net of federal benefit	35,292	3.1	35,065	3.6	43,787	3.7
Foreign tax rate differential	(39,631)	(3.5)	(9,202)	(0.9)	(7,750)	(0.6)
Tax benefit, primarily due to settlements of tax return examinations	—	0.0	(9,289)	(1.0)	(49,968)	(4.2)
Other, net	18,153	1.6	(4,840)	(0.5)	7,609	0.6
Taxes at effective worldwide rates	$ 416,988	36.2%	$ 353,712	36.2%	$ 411,910	34.5%

Current and deferred tax provisions (benefits) were:

	Fiscal Year Ended					
	July 3, 2010		June 27, 2009		June 28, 2008	
	Current	Deferred	Current	Deferred	Current	Deferred
Federal	$ 384,088	$ (40,613)	$298,996	$ (5,646)	$ 334,381	$ (21,391)
Foreign	(9,956)	28,449	(4,544)	14,788	25,624	5,931
State	59,985	(4,965)	45,600	4,518	68,812	(1,447)
Total current and deferred tax provisions (benefits)	$ 434,117	$ (17,129)	$ 340,052	$ 13,660	$ 428,817	$ (16,907)

COACH, INC.

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11. INCOME TAXES – (continued)

The components of deferred tax assets and liabilities at the respective year-ends were as follows:

	Fiscal 2010	Fiscal 2009
Share-based compensation	$ 74,455	$ 74,328
Reserves not deductible until paid	81,396	74,159
Goodwill	—	22,923
Pensions and other employee benefits	45,935	15,623
Property and equipment	17,121	641
Net operating loss	40,890	26,430
Other	3,194	1,438
Gross deferred tax assets	$ 262,991	$ 215,542
Prepaid expenses	$ 7,426	$ 5,860
Equity adjustments	—	—
Goodwill	20,521	—
Other	1,224	1,114
Gross deferred tax liabilities	$ 29,171	$ 6,974
Net deferred tax assets	$ 233,820	$ 208,568
Consolidated Balance Sheets Classification		
Deferred income taxes – current asset	$ 77,355	$ 49,476
Deferred income taxes – noncurrent asset	156,465	159,092
Deferred income taxes – noncurrent liability	—	—
Net amount recognized	$ 233,820	$ 208,568

During fiscal 2009, the Company reorganized the ownership of its business in Japan. As a result of the reorganization, the Company recorded a non-current deferred tax asset of $103,170 which represents the tax effect in Japan of the basis difference related to an asset acquired from within the Coach group. The Company also recorded a deferred credit of $103,170 and a deferred expense of $17,715 which represents the tax effects of future tax deductions and the net taxes payable, respectively, on the transaction. The current and long-term portion of the deferred credit is included within accrued liabilities and other liabilities, respectively, and the deferred expense is included within other assets.

The Company adopted the Financial Accounting Standards Board's ("FASB") guidance for accounting for uncertainty in income taxes which has been codified within ASC 740 on July 1, 2007, the first day of fiscal 2008. ASC 740 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. As a result, the Company recorded a non-cash cumulative transition charge of $48,797 as a reduction to the opening retained earnings balance.

Significant judgment is required in determining the worldwide provision for income taxes, and there are many transactions for which the ultimate tax outcome is uncertain. It is the Company's policy to establish provisions for taxes that may become payable in future years as a result of an examination by tax authorities. The Company establishes the provisions based upon management's assessment of exposure associated with uncertain tax positions. The provisions are analyzed periodically and adjustments are made as events occur that warrant adjustments to those provisions. All of these determinations are subject to the requirements of ASC 740.

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11. INCOME TAXES – (continued)

A reconciliation of the beginning and ending gross amount of unrecognized tax benefits is as follows:

	Fiscal 2010	Fiscal 2009	Fiscal 2008
Balance at beginning of fiscal year	$ 137,807	$ 131,185	$ 120,367
Gross increase due to tax positions related to prior periods	3,903	13,690	8,606
Gross decrease due to tax positions related to prior periods	(1,376)	(48,602)	(44,719)
Gross increase due to tax positions related to current period	27,034	42,367	72,983
Gross decrease due to tax positions related to current period	—	—	(24,369)
Decrease due to lapse of statutes of limitations	(1,692)	(833)	(1,683)
Balance at end of fiscal year	$ 165,676	$ 137,807	$ 131,185

Of the $165,676 ending gross unrecognized tax benefit balance, $77,586 relates to items which, if recognized, would impact the effective tax rate. As of July 3, 2010 and June 27, 2009, gross interest and penalties payable was $35,331 and $25,960, which are included in other liabilities. During fiscal 2010, fiscal 2009 and fiscal 2008, the Company recognized interest and penalty expense of $6,204, $5,611 and $(3,180), respectively, in the Consolidated Statements of Income.

The Company files income tax returns in the U.S. federal jurisdiction as well as various state and foreign jurisdictions. Fiscal years 2007 to present are open to examination in the federal jurisdiction, fiscal 2003 to present in significant state jurisdictions, and from fiscal 2003 to present in foreign jurisdictions.

Based on the number of tax years currently under audit by the relevant tax authorities, the Company anticipates that one or more of these audits may be finalized in the foreseeable future. However, based on the status of these examinations, and the protocol of finalizing audits by the relevant tax authorities, we cannot reasonably estimate the impact of any amount of such changes in the next 12 months, if any, to previously recorded uncertain tax positions.

At July 3, 2010, the Company had net operating loss carryforwards in foreign tax jurisdictions of $97,241, which will expire beginning in fiscal years 2012 through fiscal year 2017.

The total amount of undistributed earnings of foreign subsidiaries as of July 3, 2010 was $525,136. It is the Company's intention to permanently reinvest undistributed earnings of its foreign subsidiaries and thereby indefinitely postpone their remittance. Accordingly, no provision has been made for foreign withholding taxes or United States income taxes which may become payable if undistributed earnings of foreign subsidiaries are paid as dividends.

12. DEFINED CONTRIBUTION PLAN

Coach maintains the Coach, Inc. Savings and Profit Sharing Plan, which is a defined contribution plan. Employees who meet certain eligibility requirements and are not part of a collective bargaining agreement may participate in this program. The annual expense incurred by Coach for this defined contribution plan was $13,285, $12,511 and $11,106 in fiscal 2010, fiscal 2009 and fiscal 2008, respectively.

COACH, INC.

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13. 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 stores in North America, Japan, Hong Kong, Macau and mainland China, the Internet and the Coach catalog constitute the Direct-to-Consumer segment. The Indirect segment includes sales to wholesale customers and distributors in over 20 countries, including the United States, and royalties earned on licensed products. 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. Unallocated corporate expenses include production variances, general marketing, administration and information systems, as well as distribution and consumer service expenses.

In connection with the acquisitions of the retail businesses in Hong Kong, Macau and mainland China, the Company evaluated the composition of its reportable segments and concluded that sales in these regions should be included in the Direct-to-Consumer segment. Accordingly, all prior year comparable sales and operating income have been reclassified to conform to the current year presentation.

	Direct-to-Consumer	Indirect	Corporate Unallocated	Total
Fiscal 2010				
Net sales	$ 3,155,860	$ 451,776	$ —	$ 3,607,636
Operating income (loss)	1,245,400	256,637	(351,866)	1,150,171
Income (loss) before provision for income taxes and discontinued operations	1,245,400	256,637	(350,109)	1,151,928
Depreciation and amortization expense	85,110	10,138	31,496	126,744
Total assets	1,294,445	120,739	1,051,931	2,467,115
Additions to long-lived assets	45,003	9,088	26,307	80,398
Fiscal 2009				
Net sales	$ 2,726,891	$ 503,577	$ —	$ 3,230,468
Operating income (loss)	996,285	290,981	(315,353)	971,913
Income (loss) before provision for income taxes and discontinued operations	996,285	290,981	(310,185)	977,081
Depreciation and amortization expense	82,539	10,394	30,081	123,014
Total assets	1,311,341	86,235	1,166,760	2,564,336
Additions to long-lived assets	82,852	7,242	158,665	248,759
Fiscal 2008				
Net sales	$ 2,557,872	$ 622,885	$ —	$ 3,180,757
Operating income (loss)	1,094,321	399,401	(346,593)	1,147,129
Income (loss) before provision for income taxes and discontinued operations	1,094,321	399,401	(298,773)	1,194,949
Depreciation and amortization expense	67,485	9,704	23,515	100,704
Total assets	1,035,621	119,561	1,092,171	2,247,353
Additions to long-lived assets	120,288	24,252	43,123	187,663

COACH, INC.

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13. SEGMENT INFORMATION – (continued)

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

	Fiscal Year Ended		
	July 3, 2010	June 27, 2009	June 28, 2008
Production variances	$ 61,481	$ 38,229	$ 26,659
Advertising, marketing and design	(164,082)	(150,714)	(128,938)
Administration and information systems	(204,029)	(153,387)	(199,525)
Distribution and customer service	(45,236)	(49,481)	(44,789)
Total corporate unallocated	$ (351,866)	$ (315,353)	$ (346,593)

Geographic Area Information

As of July 3, 2010, Coach operated 322 retail stores and 118 factory stores in the United States, 20 retail stores and three factory stores in Canada, 161 department store shop-in-shops, retail stores and factory stores in Japan and 41 department store shop-in-shops, retail stores and factory stores in Hong Kong, Macau and mainland China. Coach also operates distribution, product development and quality control locations in the United States, Hong Kong, China, South Korea, Vietnam and India. Geographic revenue information is based on the location of our customer. Geographic long-lived asset information is based on the physical location of the assets at the end of each period and includes property and equipment, net and other assets.

	United States	Japan	Other International(1)	Total
Fiscal 2010				
Net sales	$ 2,534,372	$ 720,860	$ 352,404	$ 3,607,636
Long-lived assets	567,380	76,514	42,466	686,360
Fiscal 2009				
Net sales	$ 2,318,602	$ 670,103	$ 241,763	$ 3,230,468
Long-lived assets	595,981	82,112	31,567	709,660
Fiscal 2008				
Net sales	$ 2,382,899	$ 605,523	$ 192,335	$ 3,180,757
Long-lived assets	452,616	76,863	10,404	539,883

(1) Other International sales reflect shipments to third-party distributors, primarily in East Asia, and sales from Coach-operated stores in Hong Kong, Macau, mainland China and Canada.

COACH, INC.

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14. EARNINGS PER SHARE

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

	Fiscal Year Ended		
	July 3, 2010	June 27, 2009	June 28, 2008
Income from continuing operations	$ 734,940	$ 623,369	$ 783,039
Total weighted-average basic shares	311,413	323,714	355,731
Dilutive securities:			
Employee benefit and share award plans	1,318	293	608
Stock option programs	3,117	1,613	3,993
Total weighted-average diluted shares	315,848	325,620	360,332
Earnings from continuing operations per share:			
Basic	$ 2.36	$ 1.93	$ 2.20
Diluted	$ 2.33	$ 1.91	$ 2.17

At July 3, 2010, options to purchase 3,710 shares of common stock were outstanding but not included in the computation of diluted earnings per share, as these options' exercise prices, ranging from $41.93 to $51.56, were greater than the average market price of the common shares.

At June 27, 2009, options to purchase 24,004 shares of common stock were outstanding but not included in the computation of diluted earnings per share, as these options' exercise prices, ranging from $24.33 to $51.56, were greater than the average market price of the common shares.

At June 28, 2008, options to purchase 11,439 shares of common stock were outstanding but not included in the computation of diluted earnings per share, as these options' exercise prices, ranging from $33.69 to $51.56, were greater than the average market price of the common shares.

15. PURCHASE OF CORPORATE HEADQUARTERS BUILDING

On November 26, 2008, Coach purchased its corporate headquarters building at 516 West 34th Street in New York City for $126,300. As part of the purchase agreement, Coach paid $103,300 of cash and assumed $23,000 of the outstanding mortgage held by the sellers. The mortgage bears interest at 4.68% per annum and interest payments are made monthly. Principal payments began in July 2009 with the final payment of $21,555 due in June 2013.

16. DISCONTINUED OPERATIONS

In March 2007, the Company exited its corporate accounts business in order to better control the location where Coach product is sold and the image of the brand. Through the corporate accounts business, Coach sold products primarily to distributors for gift-giving and incentive programs. The results of the corporate accounts business, previously included in the Indirect segment, have been segregated from continuing operations and reported as discontinued operations in the Consolidated Statements of Income for all periods presented. As the Company uses a centralized approach to cash management, interest income was not allocated to the corporate accounts business. The following table summarizes results of the corporate accounts business:

	Fiscal Year Ended		
	July 3, 2010	June 27, 2009	June 28, 2008
Net sales	$ —	$ —	$ 102
Income before provision for income taxes	—	—	31
Income from discontinued operations	—	—	16

COACH, INC.

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16. DISCONTINUED OPERATIONS – (continued)

At both July 3, 2010 and June 27, 2009 the consolidated balance sheet includes approximately $1,500 of accrued liabilities related to the corporate accounts business. The Consolidated Statement of Cash Flows includes the corporate accounts business for all periods presented.

17. STOCK REPURCHASE PROGRAM

Purchases of Coach's common stock are made from time to time, subject to market conditions and at prevailing market prices, through open market purchases. Repurchased shares of common stock become authorized but unissued shares and may be issued in the future for general corporate and other purposes. The Company may terminate or limit the stock repurchase program at any time.

During fiscal 2010, fiscal 2009 and fiscal 2008, the Company repurchased and retired 30,686; 20,159 and 39,688 shares of common stock at an average cost of $37.48, $22.51 and $33.68 per share, respectively. In April 2010, Coach's Board authorized a new $1,000,000 share repurchase program. As of July 3, 2010, Coach had $559,627 remaining in the stock repurchase program.

18. SUPPLEMENTAL BALANCE SHEET INFORMATION

The components of certain balance sheet accounts are as follows:

	July 3, 2010	June 27, 2009
Property and equipment		
Land and building	$ 154,873	$ 154,873
Machinery and equipment	27,659	27,053
Furniture and fixtures	336,240	311,916
Leasehold improvements	499,117	461,431
Construction in progress	15,705	22,726
Less: accumulated depreciation	(485,120)	(385,017)
Total property and equipment, net	$ 548,474	$ 592,982
Accrued liabilities		
Payroll and employee benefits	$ 149,688	$ 70,697
Accrued rent	35,637	29,324
Dividends payable	44,776	23,845
Derivative liability	7,538	37,061
Operating expenses	185,086	187,692
Total accrued liabilities	$ 422,725	$ 348,619
Other liabilities		
Deferred lease incentives	$ 111,126	$ 112,296
Non-current tax liabilities	165,676	137,807
Tax-related deferred credit (See Note on Income Taxes)	65,205	80,817
Other	66,620	52,650
Total other liabilities	$ 408,627	$ 383,570
Accumulated other comprehensive income		
Cumulative translation adjustments	$ 35,061	$ 7,597
Cumulative effect of adoption of ASC 320-10-35-17, net of taxes of $628 and $628	(1,072)	(1,072)
Unrealized losses on cash flow hedging derivatives, net of taxes of $1,920 and $245	(2,092)	(335)
ASC 715 adjustment and minimum pension liability, net of taxes of $1,642 and $1,559	(2,502)	(2,339)
Accumulated other comprehensive income	$ 29,395	$ 3,851

COACH, INC.

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

19. 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. 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 will be entitled to redeem the rights at $0.0001 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 becomes aware that, a person has acquired 10% or more of the outstanding common stock. As of the end of fiscal 2010, there were no shareholders whose common stock holdings exceeded the 10% threshold established by the rights plan.

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COACH, INC.

Schedule II — Valuation and Qualifying Accounts

For the Fiscal Years Ended July 3, 2010, June 27, 2009 and June 28, 2008

(amounts in thousands)

	Balance at Beginning of Year	Provision Charged to Costs and Expenses	Write-offs/ Allowances Taken	Balance at End of Year
Fiscal 2010				
Allowance for bad debts	$ 2,840	$ (897)	$ —	$ 1,943
Allowance for returns	3,507	8,579	(7,064)	5,022
Total	$ 6,347	$ 7,682	$ (7,064)	$ 6,965
Fiscal 2009				
Allowance for bad debts	$ 2,500	$ 376	$ (36)	$ 2,840
Allowance for returns	5,217	11,707	(13,417)	3,507
Total	$ 7,717	$ 12,083	$ (13,453)	$ 6,347
Fiscal 2008				
Allowance for bad debts	$ 2,915	$ (350)	$ (65)	$ 2,500
Allowance for returns	3,664	11,054	(9,501)	5,217
Total	$ 6,579	$ 10,704	$ (9,566)	$ 7,717

COACH, INC.

Quarterly Financial Data
(dollars and shares in thousands, except per share data)
(unaudited)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Fiscal 2010[(1)]				
Net sales	$ 761,437	$ 1,065,005	$ 830,669	$ 950,525
Gross profit	550,178	770,939	615,575	696,999
Income from continuing operations	140,827	240,950	157,636	195,527
Income from discontinued operations	—	—	—	—
Net income	140,827	240,950	157,636	195,527
Net income per common share:				
Basic	0.44	0.76	0.51	0.65
Diluted	0.44	0.75	0.50	0.64
Fiscal 2009[(1)(2)]				
Net sales	$ 752,529	$ 960,256	$ 739,939	$ 777,744
Gross profit	558,193	692,036	525,063	547,318
Income from continuing operations	145,811	216,906	114,859	145,793
Income from discontinued operations	—	—	—	—
Net income	145,811	216,906	114,859	145,793
Net income per common share:				
Basic	0.44	0.67	0.36	0.46
Diluted	0.44	0.67	0.36	0.45
Fiscal 2008[(1)(3)]				
Net sales	$ 676,718	$ 978,017	$ 744,522	$ 781,500
Gross profit	518,221	737,272	558,318	593,292
Income from continuing operations	154,786	252,317	162,412	213,524
Income from discontinued operations	20	—	(4)	—
Net income	154,806	252,317	162,408	213,524
Basic earnings per common share:				
Continuing operations	0.42	0.70	0.47	0.63
Discontinued operations	0.00	—	(0.00)	—
Net income	0.42	0.70	0.47	0.63
Diluted earnings per common share:				
Continuing operations	0.41	0.69	0.46	0.62
Discontinued operations	0.00	—	(0.00)	—
Net income	0.41	0.69	0.46	0.62

(1) The sum of the quarterly earnings per share may not equal the full-year amount, as the computations of the weighted-average number of common basic and diluted shares outstanding for each quarter and the full year are performed independently.

(2) The reported results for the third quarter of fiscal 2009 include a net charge of $8,286, or $0.03 per share which affects the comparability of our reported results. Excluding this net charge, income from continuing operations and diluted earnings per share from continuing operations were $123,145 and $0.38 per share, respectively. The $8,286 net charge represents cost savings initiatives. The reported results for the fourth quarter of fiscal 2009 include a net benefit of $9,527, or $0.03 per share. Excluding this net benefit, income from continuing operations and diluted earnings per share from continuing operations were $136,266 and $0.43 per share, respectively. The $9,527 net benefit represents a favorable

settlement of a multi-year tax return examination and increased interest income reduced by a charitable contribution to the Coach Foundation. See Fiscal 2009 and Fiscal 2008 Items Affecting Comparability of Our Financial Results within Item 6.

(3) The reported results for the fourth quarter of fiscal 2008 include a net benefit of $41,037, or $0.12 per share. Excluding this net benefit, income from continuing operations and diluted earnings per share from continuing operations were $172,487 and $0.50 per share, respectively. The net benefit represents a favorable settlement of a tax return examination reduced by the initial charitable contribution to the Coach Foundation and additional incentive compensation expense. See Fiscal 2009 and Fiscal 2008 Items Affecting Comparability of Our Financial Results within Item 6.

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COACH, INC.

EXHIBITS TO FORM 10-K

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

Exhibit No.	Description
3.1	Amended and Restated Bylaws of Coach, Inc., dated February 7, 2008, which is incorporated herein by reference from Exhibit 3.1 to Coach's Current Report on Form 8-K filed on February 13, 2008
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
3.5	Articles of Amendment of Coach, Inc., dated February 1, 2005, which is incorporated by reference from Exhibit 99.1 to Coach's Current Report on Form 8-K filed on February 2, 2005
4.1	Amended and Restated Rights Agreement, dated as of May 3, 2001, between Coach, Inc. and Mellon Investor Services LLC, which is incorporated by reference from Exhibit 4.1 to Coach's Annual Report on Form 10-K for the fiscal year ended July 2, 2005
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 Bank of America, N.A. which is incorporated by reference from Exhibit 10.1 to Coach's Annual Report on Form 10-K for the fiscal year ended June 30, 2007
10.2	Coach, Inc. 2000 Stock Incentive Plan, which is incorporated by reference from Exhibit 10.10 to Coach's Annual Report on Form 10-K for the fiscal year ended June 28, 2003
10.3	Coach, Inc. Performance-Based Annual Incentive Plan, which is incorporated by reference from Appendix A to the Registrant's Definitive Proxy Statement for the 2005 Annual Meeting of Stockholders, filed on September 28, 2005
10.4	Coach, Inc. 2000 Non-Employee Director Stock Plan, which is incorporated by reference from Exhibit 10.13 to Coach's Annual Report on Form 10-K for the fiscal year ended June 28, 2003
10.5	Coach, Inc. Non-Qualified Deferred Compensation Plan for Outside Directors, which is incorporated by reference from Exhibit 10.14 to Coach's Annual Report on Form 10-K for the fiscal year ended June 28, 2003
10.6	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
10.7	Coach, Inc. 2004 Stock Incentive Plan, which is incorporated by reference from Appendix A to the Registrant's Definitive Proxy Statement for the 2004 Annual Meeting of Stockholders, filed on September 29, 2004
10.8	Employment Agreement dated June 1, 2003 between Coach and Lew Frankfort, which is incorporated by reference from Exhibit 10.20 to Coach's Annual Report on Form 10-K for the fiscal year ended June 28, 2003
10.9	Employment Agreement dated June 1, 2003 between Coach and Reed Krakoff, which is incorporated by reference from Exhibit 10.21 to Coach's Annual Report on Form 10-K for the fiscal year ended June 28, 2003
10.10	Branding Agreement dated August 5, 2010 between Coach and Reed Krakoff

Exhibit No.	Description
10.11	Amendment to Employment Agreement, dated August 22, 2005, between Coach and Lew Frankfort, which is incorporated by reference from Exhibit 10.23 to Coach's Annual Report on Form 10-K for the fiscal year ended July 2, 2005
10.12	Amendment to Employment Agreement, dated August 22, 2005, between Coach and Reed Krakoff, which is incorporated by reference from Exhibit 10.23 to Coach's Annual Report on Form 10-K for the fiscal year ended July 2, 2005
10.13	Performance Restricted Stock Unit Award Grant Notice and Agreement, dated August 6, 2009, between Coach and Lew Frankfort
10.14	Employment Agreement dated November 8, 2005 between Coach and Michael Tucci, which is incorporated by reference from Exhibit 10.1 to Coach's Quarterly Report on Form 10-Q for the period ended December 31, 2005
10.15	Employment Agreement dated November 8, 2005 between Coach and Michael F Devine, III, which is incorporated by reference from Exhibit 10.2 to Coach's Quarterly Report on Form 10-Q for the period ended December 31, 2005
10.16	Amendment to Employment Agreement, dated March 11, 2008, between Coach and Reed Krakoff, which is incorporated herein by reference from Exhibit 10.16 to Coach's Annual Report on Form 10-K for the fiscal year ended June 28, 2008
10.17	Transition Employment Agreement, dated July 4, 2008, between Coach and Keith Monda, which is incorporated herein by reference from Exhibit 10.16 to Coach's Annual Report on Form 10-K for the fiscal year ended June 28, 2008
10.18	Amendment to Employment Agreement, dated August 5, 2008, between Coach and Michael Tucci, which is incorporated herein by reference from Exhibit 10.16 to Coach's Annual Report on Form 10-K for the fiscal year ended June 28, 2008
10.19	Performance Restricted Stock Unit Award Grant Notice and Agreement, dated August 5, 2010, between Coach and Jerry Stritzke
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
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase

Exhibit 10.10

BRANDING AGREEMENT

THIS BRANDING AGREEMENT (the "Agreement"), effective as of August 5, 2010, is entered into by and between Coach, Inc., a Maryland corporation having its principal office and place of business at 516 West 34th Street, New York, New York 10001 ("Coach"), and Reed Krakoff, an individual whose business address is c/o Coach, Inc., 516 West 34th Street, New York, New York 10001 ("Reed Krakoff"), collectively referred to herein as the parties.

WHEREAS, Coach, a leading marketer of modern classic American accessories, seeks to develop and market lines of products under the name, likeness, image, and reputation of Reed Krakoff; and

WHEREAS, Reed Krakoff, who serves as President, Executive Creative Director of Coach, agrees to the use of his name, on the terms set forth herein, by Coach to develop and market lines of products under the name, likeness, image, and/or reputation of Reed Krakoff and seeks to convey to Coach all rights, consents, permissions, grants, and any other means necessary to enable Coach to develop and market said lines;

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants herein contained, the parties agree as follows:

I. DEFINTIONS

In this Agreement, unless the context otherwise requires, the following capitalized terms shall be defined as stated herein:

"Assumed MOI" shall mean, with respect to any product bearing the Reed Krakoff Brand that is sold at retail locations that are not Reed Krakoff Brand retail operations but are operated by Coach or any of its other affiliates, three (3) percent of the FOB cost paid to the manufacturer of such product by Coach or its applicable affiliate.

"Cumulative MOI" shall mean the aggregate MOI for all Fiscal Years since the launch of the Reed Krakoff Brand.

"Employment Agreement" shall mean the Employment Agreement, dated June 1, 2003, between Reed Krakoff and Coach (as amended, modified or supplemented from time to time).

"Fiscal Quarter" shall mean Coach's accounting quarter period, which ends on the Saturday closest to June 30th, September 30th, December 31st and March 31st in each calendar year.

"Fiscal Year" shall mean Coach's accounting year period, which ends on the Saturday closest to June 30th in each calendar year. For example Fiscal Year 2010 begins on Sunday, June 28, 2009 and ends on Saturday, July 3, 2010.

"Future Employment Agreement" shall mean any future employment agreement between Reed Krakoff and Coach or any affiliate or successor company to Coach, which may either be in addition to or a replacement of the current Employment Agreement.

"LIBOR" shall mean the London Inter-Bank Offer Rate as published in the Wall Street Journal.

"Licensing Income" shall mean all amounts paid to Coach and its affiliates by licensees of the Reed Krakoff Brand or Reed Krakoff Name.

"Measured Operating Income", or "MOI", shall mean, per Fiscal Year, the actual Operating Income (including Licensing Income) of the division or subsidiary of Coach that operates the Reed Krakoff Brand plus Assumed MOI for such Fiscal Year less: (i) any Usage Payment accrued for such Fiscal Year, (ii) a shared service fee deduction of ten (10) percent of the Net Sales of products and services marketed and sold under the Reed Krakoff Brand and (iii) a cost of capital deduction equal to Coach's capital contributions to launching the Reed Krakoff Brand times a rate of interest of LIBOR plus two-tenths (0.2) of a percent from the respective date(s) of such contribution(s).

"Net Sales" shall mean the gross sales of products and services marketed and sold under the Reed Krakoff Brand by or through the division or subsidiary of Coach that operates the Reed Krakoff Brand (and any buyer of the Reed Krakoff Brand in accordance with Section IV.6) to retailers and end-use consumers, excluding amounts received for shipping charges, sales, excise, or other taxes, and less any allowances, discounts, returns, and amounts for uncollected accounts receivable.

"Nice Classifications" shall mean the classification of goods and services for the purpose of registering trademarks and service marks under the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks.

"Operating Income" shall mean Net Sales less all direct sales costs and operating expenses, other than Usage Payments, incurred in connection with marketing and selling products and services under the Reed Krakoff Brand. For the avoidance of doubt Operating Income shall (i) be calculated in a consistent manner to all other Coach operating divisions, (ii) not include as an expense any Usage Payments, (iii) include allocation for occupancies as consistently applied by Coach across its divisions and (iv) not include any deduction for indirect costs or overhead (including any costs for Coach central services / headquarters personnel).

"Positive Cumulative MOI" shall mean Cumulative MOI to the extent in excess of zero (0) US Dollars.

"Pre-Usage Payment MOI" shall mean, per Fiscal Year, MOI before the accrual of any Usage Payment for such Fiscal Year.

The "Reed Krakoff Brand" shall mean the brand of products and services in the Specified Classifications developed and marketed by Coach under the Reed Krakoff Name, and any derivation and combination thereof, pursuant to this Agreement.

The "Reed Krakoff Name" shall mean the name Reed Krakoff, and all derivations and combinations thereof (including, but not limited to, the names "Reed" and "Krakoff" and the initials "RK").

"Specified Classifications" shall mean the Nice Classifications listed in Section II.2) hereof.

"Usage Payments" shall mean Coach's monetary payments to Reed Krakoff pursuant to the terms and conditions of this Agreement.

II. GRANT OF RIGHTS

Reed Krakoff, his affiliates, successors, and assigns, grant Coach the following exclusive rights, in perpetuity:

1) The right to develop and market one or more lines of products and services in the Specified Classifications under the Reed Krakoff Name;

2) The right to register, in Coach's name and solely for Coach's ownership, the Reed Krakoff Name, including REED and the RK Logos, as trademarks and trade dress worldwide in the following Nice Classifications:

Class 3:	Cosmetics, Perfumes, Body and Hair Lotions, Make-Up
Class 4:	Candles
Class 8:	Silverware and Cutlery
Class 9:	Eyewear, Sunglasses, Glasses Frames and Cases
Class 14:	Jewelry, Watches, Keyrings
Class 16:	Paper and Cardboard Products like Stationery, Playing Cards, Daily Planners etc.
Class 18:	All Leather Goods, including Handbags, Briefcases, Travel Bags, Wallets, Purses, Small Leather Goods, etc.
Class 20:	Furniture and Picture Frames
Class 21:	Tabletop Categories, including Glassware, Dinnerware, Ceramics and Woodenware

Class 24:	Fabrics for the manufacture of Clothing, Shoes and Bags, Household Furnishings, Bed and Table Linens and Towels
Class 25:	Men's, Women's, and Children's Clothing, Accessories and Shoes
Class 34:	Smokers Accessories such as Ashtrays and Cigarette Holders
Class 35:	Advertising and Business (Services)
Class 42:	Design Services for others in the field of Fashion
Class 43:	Hotels; Restaurants;

3) The right to use the Reed Krakoff Name for all commercial purposes related to the development, promotion, marketing, distribution, sale, and any other use or exploitation of the Reed Krakoff Brand. Reed Krakoff, his affiliates, successors, and assigns will acknowledge that all images and personal likenesses of Reed Krakoff captured and used by Coach and its affiliates in connection with the Reed Krakoff Brand while he is employed by Coach and its affiliates, and all intellectual property created and developed by Coach and its affiliates in connection with the Reed Krakoff Brand, will upon creation become the property of Coach; and

4) The right to take any action in Coach's and/or Reed Krakoff's name to protect any of the rights granted to Coach hereunder.

Coach shall not use or authorize the use of the Reed Krakoff name in any indecent or disreputable manner.

Except as provided in the preceding paragraph, Coach's exercise of its rights stated above will be at its sole discretion, and Reed Krakoff shall not assert any claim against Coach for any damages, loss of goodwill, loss of profits, or compensation in connection with Coach's exercise of its rights as stated above, and in a manner consistent with that set forth above.

III. <u>COOPERATION AND FORBEARANCE</u>

Reed Krakoff, his affiliates, successors, and assigns agree to provide Coach, at no cost except as provided in Section XIV, with any and all consents, agreements, assignments, licenses, grants, rights, assistance, appointments, support, and any other means Coach may request in connection with the exercise of the rights granted to Coach in this Agreement, including but not limited to the following:

1) Consents to register in Coach's name and for Coach's sole ownership the Reed Krakoff Name, as trademarks and trade dress, worldwide in the Specified Classifications;

2) Agreements not to interpose any objection to the registration, ownership, and use by Coach of the Reed Krakoff Name as trademarks, trade dress, and trade names worldwide in the Specified Classifications;

3) Powers of Attorney allowing Coach to execute on Reed Krakoff's behalf all documents related to: (i) the administration of the trademarks, trade dress, trade names, copyrights, design patents and all other rights related to the Reed Krakoff Brand, (ii) the development and marketing of the Reed Krakoff Brand; and (iii) the exercise of any and all rights related to the Reed Krakoff Brand;

4) Licenses and assignments to Coach of all trademarks, trade dress, trade names and design patents bearing the Reed Krakoff Name, that Reed Krakoff, or any business entity which is now or hereafter owned or controlled, directly or indirectly by Reed Krakoff, has developed or owns or may hereafter develop or own;

5) Licenses and assignments to Coach of all images and likenesses of Reed Krakoff captured and used by Coach and its affiliates while he is employed by Coach and its affiliates, and all other copyrightable materials created and developed by Coach and its affiliates in connection with the development and marketing of the Reed Krakoff Brand;

6) Any and all supporting documentation relating to the enforcement of the rights granted to Coach hereunder.

Reed Krakoff, his affiliates, successors, and assigns agree to forbear from engaging, directly or indirectly, in any competition with the Reed Krakoff Brand, as follows:

a) Using the Reed Krakoff Name in any commercial capacity for products and services in the Specified Classifications;

b) Permitting any other person, firm, corporation, or business (other than Coach) to use the Reed Krakoff Name in any commercial capacity for products and services in the Specified Classifications.

c) The restrictions and forbearance provided for in this Section III shall include coupling the Reed Krakoff Name and the term "by", "with" or "for" with any other trademark, brand or name.

Notwithstanding anything to the contrary contained in this Agreement, Reed Krakoff may use his name, either personally or through any other entity with which he is affiliated, (a) for noncommercial purposes, (b) in connection with products and services not in the Specified Classifications, and (c) in advertising materials in connection with products and services in the Specified Classifications, but only (in the case of this clause (c)) if his name is used descriptively, in the context of a complete sentence or descriptive phrase, in a font no larger or more distinct than the surrounding words in that sentence or phrase, and not on clothes, labels, hang-tags, or product packaging.

IV. <u>COMPENSATION</u>

Coach will make Usage Payments to Reed Krakoff under the following terms and conditions:

1) Usage Payment During Employment: For each Fiscal Year during which Reed Krakoff is employed by Coach, Reed Krakoff will be entitled to a payment (a "Usage Payment") for each Fiscal Year during which Coach operates the Reed Krakoff Brand in an amount equal to the Pre-Usage Payment MOI for such Fiscal Year times the Usage Percentage; <u>provided</u> that MOI (<u>i.e.</u>, after the accrual of such Usage Payment) equals or exceeds twenty (20) million US Dollars. The "Usage Percentage" shall be as follows:

   A) For an initial term commencing on the date hereof and ending the earlier of (i) Fiscal Year 2024 or (ii) four Fiscal Years after the first Fiscal Year the Reed Krakoff Brand has achieved a Positive Cumulative MOI (the "Initial Period"), the Usage Percentage shall be ten (10) percent;

   B) After the Initial Period, the Usage Percentage will be reduced by two (2) percent beginning with the first Fiscal Year of each subsequent four (4) Fiscal Year period, provided that the Usage Percentage will never be reduced below four (4) percent.

   For example, if Fiscal Year 2015 is the first Fiscal Year that the Reed Krakoff Brand achieves a Positive Cumulative MOI, the Usage Percentage would be ten (10) percent through the end of Fiscal Year 2019. The Usage Percentage would then be reduced to eight (8) percent for Fiscal Year 2020 through the end of Fiscal Year 2023. The Usage Percentage would then be reduced to six (6) percent for Fiscal Year 2024 through the end of Fiscal Year 2027.

2) Usage Payment Post Employment: For each of the first fifteen (15) Fiscal Years beginning with the first Fiscal Year after Reed Krakoff's employment at Coach terminates, Reed Krakoff will be entitled to a Usage Payment for each Fiscal Year during which Coach operates the Reed Krakoff Brand in an amount equal to two (2) percent of Pre-Usage Payment-MOI; <u>provided</u> that MOI (<u>i.e.</u>, after the accrual of such Usage Payment) equals or exceeds twenty (20) million US Dollars. Thereafter, Reed Krakoff will not be entitled to any Usage Payment.

3) Notwithstanding any of the foregoing, the Usage Payments that Reed Krakoff is entitled to under the provisions of this Section IV will only accrue to the extent MOI for such Fiscal Year equals or exceeds Twenty (20) million US Dollars. In other words, the Usage Payment amount in any Fiscal Year will be adjusted downward such that the Usage Payment that accrues in such Fiscal Year does not cause MOI to be less than Twenty (20) million US Dollars for such Fiscal Year.

4) Notwithstanding any of the foregoing, the Usage Payments that Reed Krakoff is entitled to under the provisions of this Section IV shall not be payable in cash until the earlier of (a) the Reed Krakoff Brand achieves a Positive Cumulative MOI or (b) Coach experiences a Change in Control. All Usage Payments not yet paid in cash to Reed Krakoff shall be carried forward and shall accrue interest at the annual rate Coach receives on its cash based investments. Such accrued interest shall be paid along with the Usage Payments pursuant to the terms and conditions of this Section IV. A "Change in Control" shall be deemed to have occurred if any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act of 1934 (the "Exchange Act")) is or becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of voting stock or equity interests of Coach representing more than 50% of the total outstanding voting stock or equity interests of Coach.

5) Commencing with the Fiscal Year in which the Reed Krakoff Brand first achieves a Positive Cumulative MOI, all current and deferred Usage Payments and interest accrued thereon will be paid within Sixty (60) days of the end of the applicable Fiscal Year in an amount not to exceed such Fiscal Year's Positive Cumulative MOI. All current and deferred Usage Payments and interest accrued thereon will be paid simultaneously with the occurrence of the Change in Control.

6) If Coach sells the Reed Krakoff Brand, (a) the net proceeds of such sale shall be treated at Net Sales for purposes of calculating MOI and Cumulative MOI under this Agreement and (b) Coach will require that the buyer will have a continuing obligation to make Usage Payments on the terms set forth in this Agreement (and that Krakoff will have enforceable rights against such buyer) on sales by such buyer of products and services marketed and sold under the Reed Krakoff Brand.

7) For purposes of illustration and not based on any forecast or plan, the following table sets forth hypothetical results and Usage Payments for a five-Fiscal-Year period, assuming Reed Krakoff's continued employment at Coach during this period (in thousands):

	2013	2014	2015	2016	2017
MOI (Pre-Usage Fee)*	14,920	17,980	22,000	26,840	31,500
Usage Fee (10% of net, 9.1% before usage)	-	-	2,000	2,440	2,864
MOI (After Usage Fee)	14,920	17,980	20,000	24,400	28,636
Cumulative MOI	(46,000)	(28,020)	(8,020)	16,380	45,016
Accrued Usage Fee	-	-	2,000	-	-
Interest on Unpaid Usage Fee Carried Forward from Prior Year	-	-	-	40	-
Total Accrued and Unpaid Usage Payments + Interest	-	-	2,000	40	-
Cumulative Accrual at Year End			2,000	2,040	-
Cash Payment	$ -	$ -	$ -	$ 4,480	$ 2,864

* RK operating income less shared service fee and cost of capital.

The above table assumes that the interest Coach realizes on its cash balances in all periods is 2%.

In this example, the Usage Percentage would be reduced to 8% of MOI beginning in Fiscal Year 2020.

V. BUY-OUT OPTION

Commencing with Fiscal Year 2015, if Reed Krakoff is not employed by Coach, he may purchase from Coach the rights granted to Coach in this Agreement and be released from the forbearance obligations stated in this Agreement (the "Buy-Out Option"), if (i) Net Sales of the Reed Krakoff Brand are less than Twenty Five (25) million US Dollars annually for the prior Fiscal Year, and (ii) Net Sales for such Fiscal Year are less than eighty (80) percent of the average Net Sales for the prior three (3) years. The "Purchase Price" will be the higher of (i) two (2) times the prior twelve (12) months Net Sales or (ii) the percentage of the Cumulative Operating Losses of the Reed Krakoff Brand set forth below:

Time From Cessation of Reed Krakoff Employment and Closing of the Buy-Out Option	**Purchase Price**
Within 12 months	100% of Cumulative Operating Loss
After 12 months but before 24 months	75% of Cumulative Operating Loss
After 24 months but before 36 months	50% of Cumulative Operating Loss
After 36 months but before 48 months	25% of Cumulative Operating Loss
After 48 months	0%

VI. REPRESENTATIONS AND WARRANTIES

Reed Krakoff hereby represents and warrants that:

1) He is free to enter into and perform fully under this Agreement. There is no agreement or understanding to which he is a party or to which he is bound which conflicts with the provisions of this Agreement.

2) He has not previously sold, assigned, licensed or otherwise transferred all or any portion of the rights granted to Coach pursuant to this Agreement to any other person.

Coach hereby represents and warrants that:

a) Authorization. Coach has all requisite corporate power and authority to execute and deliver this Agreement and perform its obligations hereunder. This Agreement has been duly and validly executed and delivered by Coach and (assuming the execution and delivery by Reed Krakoff) this Agreement constitutes the valid and binding obligation of Coach, enforceable against it in accordance with its terms.

b) Organization. Coach is a corporation duly organized, validly existing and in good standing under the laws of the State of Maryland.

c) No Conflicts. None of the execution and delivery by Coach of this Agreement, the consummation by Coach of the transactions contemplated hereby, or compliance by Coach with any of the provisions hereof does or will conflict with, or result in any violation of or default (with or without notice or lapse of time, or both) under: (i) any provision of the certificate of incorporation or bylaws of Coach; (ii) any contract to which Coach is a party or by which any of the properties or assets of Coach are bound; (iii) any order of any governmental authority applicable to Coach or by which any of the properties or assets of Coach are bound; or (iv) any applicable law.

d) No Consent. No consent, waiver, approval, order, permit or authorization of, or declaration or filing with, or notification to, any person or governmental authority is required on the part of Coach in connection with the execution, delivery or performance by Coach of this Agreement or the consummation by Coach of the transactions contemplated hereby.

VII. INDEMNIFICATION

Reed Krakoff, his affiliates, successors, and assigns shall protect, indemnify, and save harmless Coach, its affiliates, officers, directors, employees, agents, successors, and assigns against any and all liabilities, claims, damages, penalties, causes of action, costs, and expenses including reasonable attorneys' fees, arising out of the breach of any representation, warranty, covenant, or agreement contained herein.

Coach, its affiliates, successors, and assigns shall protect, indemnify, and save harmless Reed Krakoff, agents, successors, and assigns against any and all liabilities, claims, damages, penalties, causes of action, costs, and expenses including reasonable attorneys' fees, arising out of the breach of any representation, warranty, covenant, or agreement contained herein, or in connection with any action brought by a third-party naming or involving Reed Krakoff relating to the Reed Krakoff Brand and the Reed Krakoff Brand, and/or Coach's exercise of the rights granted hereunder.

VIII. REMEDIES FOR BREACH OF CONTRACT

In the event of a breach or threatened breach of any of the covenants or agreements made by Reed Krakoff hereunder, Coach shall have the right, without the necessity of proving any actual damages, to obtain temporary or permanent injunctive or mandatory relief in a court of competent jurisdiction, it being the intention of the parties to this Agreement that the covenants and agreements of Reed Krakoff hereunder be specifically enforced to the maximum extent permitted by law.

If Coach is awarded damages, pursuant to a final, nonappealable arbitration award, as a result of any breach by Reed Krakoff of any of his representations, warranties or covenants contained in this Agreement or his Employment Agreement, Coach shall have the right, in addition to any and all rights and remedies that it has against Reed Krakoff by reason of same, to set off the amount of such award against any sums payable to Reed Krakoff hereunder.

IX. AUDIT RIGHTS

Reed Krakoff will have the right, exercisable once per Fiscal Year within sixty (60) days after Coach presents Reed Krakoff with its calculation of the Usage Payments for such year, to audit the books and records of Coach relating to the Reed Krakoff Brand for up to the past three (3) Fiscal Years in order to verify any accounting related to this Agreement. If the audit results in an increase in the Usage Payment payable to Reed Krakoff in respect of any Fiscal Year, such amount shall be paid with interest at the rate of two (2) percentage points above the Prime Rate of interest as reported in The Wall Street Journal on the date the audit is completed. If the audit results in an increase in the Usage Payment payable to Reed Krakoff in respect of any Fiscal Year of more than three (3) percent, Coach will also pay for the cost of the Audit.

X. CLAW-BACKS; PAYMENTS;TAXES; REPORTS AND RECORDS.

(a) Claw-backs. In the event that Reed Krakoff (i) violates the forbearance covenants set forth in Section III of this Agreement, (ii) violates any of the covenants set forth in Section 9(a) or 9(b) of the Employment Agreement (or comparable covenants in any Future Employment Agreement), or (iii) materially violates any of the covenants set forth in Section 9(c), 9(e) or 9(f) of the Employment Agreement (or comparable covenants in any Future Employment Agreement), Reed Krakoff shall, in addition to any other remedy which may be available to Coach at law or in equity or pursuant to the Employment Agreement, any Future Employment Agreement or otherwise, (a) forfeit his right to receive any future Usage Fees and (b) be required to pay to the Company an amount equal to all Usage Fees that he has received during the 12 month period immediately preceding (or at any time after) the date that he first breaches such covenant.

(b) Payments in U.S. Currency. All payments due under this Agreement shall be paid in cash to Reed Krakoff and all payments shall be made in United States currency. Conversion of foreign currency to U.S. dollars shall be made at the conversion rate used by Coach in the preparation of its financial statements.

(c) Taxes. All payments due to Reed Krakoff hereunder shall be paid in full without deduction of taxes or other fees which may be imposed by any government, and any such taxes or other fees imposed by any government shall be paid by Coach. Notwithstanding anything else to the contrary, Coach will not be responsible for any tax gross-up for Reed if payments are deemed ordinary income under this Agreement.

(d) Books. Coach shall keep full, true and accurate books of account containing all particulars that may be necessary for the purpose of showing the amounts payable to Reed Krakoff hereunder and to enable the reports provided under Section X.(d) to be verified. Said books of account shall be kept at Coach's principal place of business.

(e) Reports. Coach, within forty-five (45) days after March 31, June 30, September 30 and December 31 of each year, shall deliver to Reed Krakoff a true and accurate report, giving such particulars of the business conducted by Coach, its affiliates and its sublicensees during the preceding three-month period under this Agreement as shall be pertinent to an accounting of Usage Payments hereunder as shown in Exhibit A hereto. Without limiting the generality of the foregoing, these reports shall include at least the following:

(i) MOI for the preceding Fiscal Quarter, with reasonable detail regarding how such MOI and how Operating Income for such Fiscal Quarter was calculated;

(ii) Cumulative MOI as of the end of the preceding Fiscal Quarter, with reasonable detail regarding how such Cumulative MOI (including any cost of capital deduction) was calculated;

(iii) for each product that accounts for more than 5% of Net Sales of products sold under the Reed Krakoff Brand, the number of units of such product sold and the amount of Net Sales realized on sales of such products;

(iv) the amount of all deductions applied in calculating Net Sales, broken down as in clause (iii) to the extent applicable;

(v) the names and addresses of all licensees of the Reed Krakoff Brand; and

(vi) all license revenue by licensee and country.

XI. ACKNOWLEDGEMENTS AND AGREEMENTS

Coach and Reed Krakoff acknowledge and agree as follows:

1) Coach will be required to disclose, via an 8-K filing, this Agreement within four business days of its execution and to file a copy of this Agreement (and any future amendments hereto) with the Securities and Exchange Commission with its next annual/quarterly report on Form 10-K or 10-Q, at which time this Agreement shall become a public document;

2) All intellectual property, including but not limited to all trademarks, trade dress, trade names, copyrights, and patents developed and created in connection with the development and marketing of the Reed Krakoff Brand shall be owned solely by Coach; and

3) Neither party may transfer, assign, or license any and all of its rights hereunder without the prior written consent of the other party, except that Coach may transfer, assign or license any of such rights to any wholly-owned subsidiary of Coach without the consent of Reed Krakoff.

XII. NOTICES

All notices or other communications required or contemplated hereunder shall be in writing and shall be deemed given when delivered in person or five (5) days after sent, postage prepaid, by registered mail, as follows:

(a) if to the Coach, addressed as follows:

Coach, Inc.
516 West 34th Street
New York, New York 10001
Attention: General Counsel

(b) if to Reed Krakoff, addressed first mentioned above.

Reed Krakoff
c/o Coach, Inc.
516 West 34th Street
New York, New York 10001

With a copy to:

George W. Lloyd
Goodwin|Procter LLP
53 State Street
Boston, Massachusetts 02109

XIII. BINDING EFFECT

This agreement shall be binding upon and inure to the benefit of the successors and permitted assigns of the parties hereto.

XIV. ARBITRATION AND EQUITABLE REMEDIES

Any controversy, claim or dispute arising out of or relating to this Agreement or breach thereof shall be settled by binding arbitration in accordance with the rules of the American Arbitration Association, by three arbitrators. Each party shall appoint one arbitrator. If within fifteen (15) days after receipt of the first party's notification of the appointment of an arbitrator, the other party has not notified the first party of the name of the arbitrator it appoints, the second arbitrator shall be appointed by the American Arbitration Association. The two (2) arbitrators thus appointed shall choose the third arbitrator who will act as the presiding arbitrator of the tribunal. If they fail to agree on the appointment of such third arbitrator within fifteen (15) days after the appointment of the second arbitrator, then the third arbitrator shall be appointed by the American Arbitration Association as soon as possible thereafter. Judgment upon any award so rendered may be entered in any court having jurisdiction thereof. The arbitration shall be held in New York, New York.

Notice of arbitration shall be sufficient if made or given in accordance with the provisions of Section XII of this Agreement. The parties shall each bear their respective costs of making reference to arbitration. The costs of making the arbitral award (including the arbitrators' fees and expenses) shall be borne equally by the parties; provided, however, that in the event of a postponement, the party requesting the postponement of the arbitration hearing shall bear the postponement fee charge by the arbitral tribunal. Except as otherwise provided for in this Agreement, the parties agree that the award of the arbitral tribunal will be the sole and exclusive remedy between them regarding all matters arising out of this Agreement, and no recourse shall be made to any court, except to solely enforce a final arbitral award. The party, which by its refusal, obliges the other to go to court for enforcement will bear all costs incurred.

Notwithstanding anything in the foregoing to the contrary, Coach shall have the right to bring an action before a court of competent jurisdiction for the purpose of seeking injunctive, mandatory, or other relief with respect to any alleged violation of the provisions of this Agreement, and any ancillary matters related to such claim for relief may similarly be resolved by such court.

XV. Section 409A

Coach and Reed Krakoff acknowledge and agree that, to the extent applicable, this Agreement shall be interpreted in accordance with, and Coach and Reed Krakoff agree to use best efforts to achieve timely compliance with, Section 409A of the Internal Revenue Code and the Department of Treasury Regulations and other interpretive guidance issued thereunder (collectively, "Section 409A"), including without limitation any such regulations or other guidance that may be issued after the date hereof. Coach and Reed Krakoff intend for the payments to be made hereunder to constitute "short term deferrals" for purposes of Section 409A and the Agreement shall be interpreted in accordance with that intent. Notwithstanding any provision of this Agreement to the contrary, in the event that Coach determines that any compensation payable or provided to Reed Krakoff under this Agreement may be subject to Section 409A, Coach may adopt (without any obligation to do so or to indemnify Reed Krakoff for failure to do so) such limited amendments to this Agreement and appropriate policies and procedures, including amendments and policies with retroactive effect, that Coach reasonably determines are necessary or appropriate to (a) exempt the compensation and benefits payable under this Agreement from Section 409A and/or preserve the intended tax treatment of the compensation and benefits provided with respect to this Agreement or (b) comply with the requirements of Section 409A; *provided*, however, that the foregoing shall not reduce the total compensation to which Reed Krakoff is entitled hereunder. Notwithstanding anything herein to the contrary, if at the time of Reed Krakoff's separation from service with Coach he is a "specified employee" as defined in Section 409A (and any related regulations or other pronouncements thereunder) and to the extent that any payment that Reed Krakoff becomes entitled to under this Agreement on account of his separation from service would be considered deferred compensation subject to the 20% additional tax imposed by Section 409A, such payment shall be delayed (without any reduction in such payments ultimately paid or provided to him) until the date that is six months following his separation from service (or the earliest date as is permitted under Section 409A). In such event, the first payment made after such delay shall include a catch-up payment covering amounts that would otherwise have been paid during such six-month (or shorter) period.

XVI. RELATIONSHIP OF PARTIES

This Agreement shall not create nor be considered to create the relationship of master and servant, principal and agent, partnership or joint venture between the parties hereto, and neither party shall be liable for any obligation, liability, representation, negligent act or omission to act on the part of the other except as expressly set forth herein.

XVII. GOVERNING LAW

This Agreement shall be construed and governed in accordance with the laws of the State of New York without regard to choice of law provisions. Any and all matters of dispute arising out of, or in any way connected with this Agreement or the relationship between the Parties hereto, are subject to determination only by the Federal or State courts or American Arbitration Association located in the State of New York, within the County of New York. The parties hereby consent and submit to the jurisdiction of such courts or arbitration forums which the parties acknowledge and agree are convenient forums in which to litigate any such action. The parties waive any right to transfer any such action to any other forum or court and agree to be bound by the judgment rendered by such courts or arbitration forums.

XVIII. SEVERABILITY

Provisions of this Agreement are severable, and if any provision shall be held invalid or unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such provision, or part thereof, in such jurisdiction and shall not in any manner affect such provision, or part thereof, in any other jurisdiction, or any other provision in this Agreement in any jurisdiction.

XIX. WAIVER

The failure of either party at any time to require the performance by the other of any term, provision, covenant, or condition hereof shall in no way affect its right to enforce the same or any other term, provision, covenant, or condition hereof; nor shall failure of either party to act with respect to any breach or violation of any term, provision, covenant, or condition of this Agreement by the other party be taken, held, or construed to be a waiver of any subsequent breach or violation thereof or as a waiver of the term, provision, covenant, or condition itself.

XX. LEGAL FEES

Coach shall be responsible for its own legal costs and expenses in connection with the drafting and negotiation of this Agreement and shall reimburse Reed Krakoff for the reasonable fees and expenses of counsel in connection with the drafting and negotiation of this Agreement, any amendment, waiver, or other modification hereof, and any request by Coach for any action or consent by Reed Krakoff under this Agreement.

XXI. ENTIRE AGREEMENT

This Agreement contains the entire agreement between the parties hereto with respect to the transactions contemplated hereby and may not be changed or modified other than by a written instrument executed by both parties. Except as stated herein, neither party may, nor shall have the power to assign or transfer this Agreement or any rights or obligations hereunder or claims arising hereunder, without the prior written consent of the other party. Any attempt to assign or transfer this Agreement in violation of this Section shall be void and of no force and effect. The descriptive headings and captions in this Agreement are for convenience only and shall not affect the meaning or construction of any provisions hereof.

XXII. COUNTERPARTS

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Agreement or caused this Agreement to be executed by their duly authorized representatives as of the effective date stated above.

____
Reed Krakoff
Individually

COACH, INC.

By: ________________________
Name:
Title:

Exhibit A

Quarterly Report

[To come.]

Exhibit 10.13

COACH

2004 Stock Incentive Plan
Performance Restricted Stock Unit Award Grant Notice and Agreement

Lew Frankfort

Coach, Inc. (the "**Company**") is pleased to confirm that you have been granted a performance restricted stock unit award (the "**Award**"), effective as of August 6, 2009 (the "**Award Date**"), as provided in this Performance Restricted Stock Unit Award Grant Notice and Agreement (including all annexes attached hereto, the "**Agreement**") pursuant to the Coach, Inc. 2004 Stock Incentive Plan (as amended, the " **Plan**"). The Award is subject to all of the terms and conditions set forth in the Agreement.

1. **Defined Terms**. Capitalized terms used but not otherwise defined in the Agreement shall have the meanings set forth in the Definition Annex attached hereto as Annex A.

2. **Award.** Subject to the restrictions, limitations and conditions described in the Agreement, the Company hereby awards to you as of the Award Date performance restricted stock units (the "**PRSUs**") in accordance with the terms and conditions of the Agreement. PRSUs are considered Performance Stock Units under the Plan. Each PRSU represents the right to receive one share of Common Stock upon the satisfaction of the terms and conditions of the Agreement and the Plan (and in particular the terms and conditions set forth on Annex B) (the "**Restrictions**"). While the Restrictions are in effect, the PRSUs are not transferable by you by means of sale, assignment, exchange, pledge, or otherwise. The number of PRSUs subject to the Award shall be determined in accordance with the terms of Annex B.

3. **Vesting**. The PRSUs will remain restricted and may not be sold or transferred by you until they have become vested pursuant to the terms of the Agreement and the vesting provisions set forth on Annex B.

4. **Distribution of the Award.** Except as otherwise provided by Section 5(d), on, or as soon as reasonably practicable following, the Vesting Date (and in no event later than the last date permitted by Treasury Regulation Section 1.409A-3(d)), the Committee will release the portion of the Award that has become vested as of the Vesting Date. Applicable withholding taxes will be settled by withholding a number of shares of Common Stock with a market value not less than the amount of such taxes (determined at the minimum applicable rates), and the net number of shares of Common Stock subject to the Award shall be distributed to you; *provided*, *however*, that certain transfer restrictions will continue to apply to certain shares of Common Stock distributed to you hereunder until the expiration of the Retention Period; and, *provided*, *further*, that in the event that the Company is liquidated in bankruptcy (a) the Committee will not release shares of Common Stock pursuant to the Award and (b) all payments made pursuant to the Award will be made in a per-share cash payment equal to the fair market value per share of Common Stock on the distribution date.

5. **Termination of Employment**.

(a) **Death or Disability.** If prior to the Vesting Date you cease active employment with the Company because of your death or Disability (i) any portion of the Fiscal Year PRSUs that relates to a fiscal year of the Company that ended on or prior to the Date of Termination that would have become vested had you remained employed by the Company through the Vesting Date shall become vested effective as of the Vesting Date and (ii) the Performance Period PRSUs and any portion of the Fiscal Year PRSUs that relates to a fiscal year that has not ended on or prior to the Date of Termination shall thereupon be forfeited; *provided*, *however*, that the Committee may, in its sole discretion, cause any or all of the Section 5(a) Portion to become vested effective as of the Date of Termination.

(b) **Termination without Cause or for Good Reason.** Except as otherwise provided in Section 5(d) with respect to certain terminations of employment in connection with a Change in Control, if prior to the Vesting Date your employment is terminated by the Company without Cause or by you for Good Reason, all Fiscal Year PRSUs and Performance Period PRSUs that would have been eligible to become vested with respect to the Award had you remained employed through the Vesting Date shall become vested as of the Vesting Date, pursuant to the terms and conditions set forth on Annex B, based on the Company's performance through the Vesting Date.

(c) **Termination for Cause or without Good Reason.** If prior to the Vesting Date your employment is terminated by the Company for Cause or by you without Good Reason (including, without limitation, by reason of your retirement) the Award shall thereupon be forfeited in its entirety.

(d) **Certain Terminations of Employment in connection with a Change in Control.** Notwithstanding Section 5(b), if your employment is terminated by the Company without Cause or by you for Good Reason prior to the Vesting Date and within six months prior to a Change in Control or during the 12 month period immediately following such Change in Control, then, effective as of the later of the Date of Termination or the date of the Change in Control, the Award shall become vested with respect to (i) any portion of the Fiscal Year PRSUs that relates to a fiscal year of the Company that ended on or prior to the Date of Termination (or date of the Change in Control, if later) that would have become vested had you remained employed by the Company through the Vesting Date (assuming for these purposes that the Company's performance (A) would not be Marginal or below for any fiscal year that ends following the Date of Termination (or date of the Change in Control, if later) and (B) would be above Superior in at least one fiscal year that ends following the Date of Termination (or date of Change in Control, if later)) and (ii) the Section 5(d) Portion, and, notwithstanding Section 4, such vested portion of the Award shall be distributed in accordance with the provisions of Section 3 and Annex B as soon as reasonably practicable following the date of such vesting.

6. **Forfeiture**. Notwithstanding anything contained in the Agreement to the contrary, you shall be subject to the restrictive covenants set forth on Annex D hereto (the "**Restrictive Covenants**"), and you acknowledge and agree that the Company is granting you the Award in consideration for your agreement to be bound by such Restrictive Covenants. Accordingly, if you (a) violate any of the covenants set forth in Sections 1 or 2 of the Restrictive Covenants or (b) materially violate any of the covenants set forth in Sections 3, 4 or 5 of the Restrictive Covenants, then (i) any portion of the Award that has not been distributed to you prior to the date of such violation shall thereupon be forfeited and (ii) you shall be required to pay to the Company the amount of all PRSU Gain. The forfeiture provisions of this Section 6 shall also apply, and you shall also be required to pay to the Company the amount of all PRSU Gain, if you willfully commit 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.

7. **Award Not Transferable**. The Award will not be assignable or transferable by you, other than by a qualified domestic relations order or by will or by the laws of descent and distribution, and will be exercisable during your lifetime only by you (or your legal guardian or personal representative).

8. **Transferability of Award Shares**. You acknowledge and agree that certain shares of Common Stock distributed to you pursuant to the Award shall be subject to the transfer restrictions set forth in Annex B. Except as otherwise set forth in Annex B, the shares you will receive under the Award on or following the Vesting Date (or such other vesting date pursuant to Section 5) generally are freely tradable in the United States. However, you may not offer, sell or otherwise dispose of any shares in a way which would: (a) require the Company to file any registration statement with the Securities and Exchange Commission (or any similar filing under state law or the laws of any other country) or to amend or supplement any such filing or (b) violate or cause the Company to violate the Securities Act of 1933, as amended, the rules and regulations promulgated thereunder, any other state or federal law, or the laws of any other country. The Company reserves the right to place restrictions required by law on any shares of Common Stock received by you pursuant to the Award.

9. **Conformity with the Plan.** The Award is intended to conform in all respects with, and is subject to applicable provisions of, the Plan. Inconsistencies between the Agreement and the Plan shall be resolved in accordance with the terms of the Plan. By your acceptance of the Agreement, you agree to be bound by all of the terms of the Agreement (including the terms of any annex attached hereto) and the Plan.

10. **No Rights to Continued Employment.** Nothing in the Agreement confers any right on you to continue in the employ of the Company and any of its affiliates or direct or indirect subsidiaries or affects in any way the right of the Company and any of its affiliates or direct or indirect subsidiaries to terminate your employment at any time with or without cause.

11. **Miscellaneous**.

(a) **Amendment or Modifications**. The grant of the Award (and the allocation of PRSUs for each fiscal year and the Performance Period, as applicable) is documented by the minutes of the Committee, which records are the final determinant of the number of PRSUs granted in any fiscal year or the Performance Period, as applicable, and the conditions of any such grant. The Committee may amend or modify the Award in any manner to the extent that the Committee would have had the authority under the Plan initially to grant such Award, *provided* that no such amendment or modification shall directly or indirectly impair or otherwise adversely affect your rights under the Agreement (including, without limitation, under Annex B) without your prior written consent. Except as in accordance with the two immediately preceding sentences, the Agreement may be amended, modified or supplemented only by an instrument in writing signed by both parties hereto.

(b) **Governing Law**. All matters regarding or affecting the relationship of the Company and its stockholders shall be governed by the General Corporation Law of the State of Maryland. All other matters arising under the Agreement shall be governed by the internal laws of the State of New York, including matters of validity, construction and interpretation. You and the Company agree that all claims in respect of any action or proceeding arising out of or relating to the Agreement shall be heard or determined in any state or federal court sitting in New York, New York and you and the Company agree to submit to the jurisdiction of such courts, to bring all such actions or proceedings in such courts and to waive any defense of inconvenient forum to such actions or proceedings. A final judgment in any action or proceeding so brought shall be conclusive and may be enforced in any manner provided by law.

(c) **Successors and Assigns**. Except as otherwise provided herein, the Agreement will bind and inure to the benefit of the respective successors and permitted assigns and heirs and legal representatives of the parties hereto whether so expressed or not.

(d) **Severability**. Whenever feasible, each provision of the Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of the Agreement is held to be prohibited by or invalid under applicable law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of the Agreement.

12. **Section 409A**.

(a) **In General.** The parties acknowledge and agree that, to the extent applicable, the Agreement shall be interpreted in accordance with Section 409A. Notwithstanding any provision of the Agreement to the contrary, in the event that the Company determines that any amounts payable hereunder may be subject to Section 409A, the Company may adopt (without any obligation to do so or to indemnify you for failure to do so) such limited amendments to the Agreement and appropriate policies and procedures, including amendments and policies with retroactive effect, that the Company reasonably determines are necessary or appropriate to (i) exempt the amounts payable hereunder from Section 409A and/or preserve the intended tax treatment of the amounts payable hereunder or (ii) comply with the requirements of Section 409A.

(b) **Specified Employee Separation from Service.** Notwithstanding anything to the contrary in the Agreement, if you are determined to be a "specified employee" within the meaning of Section 409A as of the date of your "separation from service" as defined in Treasury Regulation Section 1.409A-1(h) (or any successor regulation), and if any payments or entitlements provided for in the Agreement constitute a "deferral of compensation" within the meaning of Section 409A and therefore cannot be paid or provided in the manner provided herein without subjecting you to additional tax, interest or penalties under Section 409A, then any such payment and/or entitlement which would have been payable during the first six months following your "separation from service" shall instead be paid or provided to you in a lump sum payment on the first business day immediately following the six-month anniversary of your "separation from service" (or, if earlier, the date of your death).

[signature page follows]

In witness whereof, the parties hereto have executed and delivered the Agreement.

COACH, INC.

____
Sarah Dunn

Senior Vice President of Human Resources

Date:

I acknowledge that I have read and understand the terms and conditions of the Agreement and of the Plan and I agree to be bound thereto.

AWARD RECIPIENT:

____
Lew Frankfort

Employee ID: _______________________________

Date:

Exhibit F-Annex A

DEFINITION ANNEX

For purposes of the Performance Restricted Stock Unit Award Grant Notice and Agreement (including all annexes thereto, the "**Agreement**") to which this Definition Annex is attached as an Annex, the following terms have the meanings set forth below:

(a) "**Award Date**" shall have the meaning set forth in the preamble to the Agreement.

(b) "**Board**" shall mean the Board of Directors of the Company.

(c) 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.

(d) A "**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.

In addition, if a Change in Control constitutes a payment event with respect to any Award which provides for the deferral of compensation and is subject to Section 409A, the transaction or event described in subsection (i), (ii) or (iii) with respect to such Award must also constitute a "change in control event," as defined in Treasury Regulation §1.409A-3(i)(5) to the extent required by Section 409A.

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

(f) "**Committee**" shall mean the Human Resources Committee of the Board.

(g) "**Common Stock**" shall mean the $0.01 par value common stock of the Company.

(h) "**Company**" shall mean Coach, Inc., a Maryland corporation.

(i) "**Continuing Director**" shall mean (i) any member of the Board (other than an employee of the Company) as of the Award 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.

(j) "**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 for any other reason, the date specified in the written notice of termination delivered by the Executive to the Company (or if no such date is specified, the last day of the Executive's active employment with the Company).

(k) "**Disability**" shall mean any mental or physical illness, condition, disability or incapacity that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, and which:

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

(ii) Shall be attested to in writing by a physician or 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 180 th day in such 365 day period.

(l) "**Executive**" shall mean Lew Frankfort.

(m) "**Fair Market Value**" shall mean, as of any given date, the fair market value of a share of Common Stock on such date determined by such methods or procedures as may be established from time to time by the Committee. Unless otherwise determined by the Committee, the Fair Market Value of a share of Common Stock as of any date shall be the average of the high and low trading prices for a share of Common Stock as reported on the New York Stock Exchange (or any national securities exchange on which the Common Stock is then listed) for such date or, if no such prices are reported for that date, the average of the high and low trading prices on the next preceding date for which such prices were reported.

(n) "**Fiscal Year PRSUs**" shall have the meaning set forth on <u>Annex B</u>.

(o) A performance level of "**Good**" with respect to any Performance Goal shall have the meaning set forth on <u>Annex C</u>.

(p) 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 the Executive's employment agreement with the Company, or the Company's material reduction of any compensation, equity or benefits that the Executive is eligible to receive under his employment agreement; or (v) the Company's material breach of the Executive's employment 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 his employment 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

(q) A performance level of "**Marginal**" with respect to any Performance Goal shall have the meaning set forth on <u>Annex C</u>.

(r) A performance level of "**Outstanding**" with respect to any Performance Goal shall have the meaning set forth on <u>Annex C</u>.

(s) "**Performance Criteria**" shall mean the criteria that the Committee selects for purposes of establishing the Performance Goals. The Performance Criteria that will be used to establish Performance Goals are limited to the following: net earnings (either before or after interest, taxes, depreciation and amortization), economic value-added (as determined by the Committee), sales or revenue, net income (either before or after taxes), operating earnings or income, cash flow (including, but not limited to, operating cash flow and free cash flow), funds from operations, cash flow return on capital, return on investment, return on stockholders' equity, return on assets or net assets, return on capital, stockholder returns, return on sales, gross or net profit margin, productivity, expense, margins, operating efficiency, cost reduction or savings, customer satisfaction, working capital, earnings or diluted earnings per share, price per share of Stock, and market share, any of which may be measured either in absolute terms or as compared to any incremental increase or as compared to results of a peer group. The Committee shall, within the time prescribed by Section 162(m) of the Code, define in an objective fashion the manner of calculating the Performance Criteria it selects to use for the Performance Period or a fiscal year of the Company.

(t) "**Performance Goals**" shall mean the Performance Goals (as defined in the Plan) established in writing by the Committee for the Performance Period, or for a fiscal year of the Company during the Performance Period, based on the Performance Criteria, and set forth on Annex C.

(u) "**Performance Period**" shall mean the period beginning on June 28, 2009 and ending on June 29, 2013.

(v) "**Performance Period PRSUs**" shall have the meaning set forth on Annex B.

(w) "**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.

(x) "**PRSU Gain**" shall mean an amount equal to the product of (i) the number of shares of Common Stock that are distributed pursuant to the PRSU Award and (ii) the Fair Market Value per share of Common Stock on the date of such distribution.

(y) "**Retention Period**" shall mean the period beginning on the Vesting Date and ending on the second anniversary of the Vesting Date.

(z) "**Section 409A**" shall mean Section 409A of the Code and the Department of Treasury Regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or guidance that may be issued after the date hereof.

(aa) "**Section 5(a) Portion**" shall mean a number of PRSUs equal to the sum of (x) the number of Fiscal Year PRSUs that relate to any fiscal year of the Company that ended on or prior to the Date of Termination due to death or Disability (assuming for these purposes that (A) the Company's performance would not be Marginal or below for any fiscal year that ends following the Date of Termination and (B) the Company's performance would be at least Superior for at least one fiscal year that ends following the Date of Termination), (y) **102,424** PRSUs (the Target Number of Performance Period PRSUs) and (z) the ratio of (i) the product of (A) $1,750,000 and (B) the number of fiscal years during the Performance Period that have not ended on or prior to the Date of Termination due to death or Disability, to (ii) the Fair Market Value per share of Common Stock on the first day of the fiscal year in which the Date of Termination due to death or Disability occurs.

(bb) "**Section 5(d) Portion**" shall mean a number of PRSUs equal to the sum of (x) **102,424** PRSUs (the Target Number of Performance Period PRSUs) and (y) the ratio of (i) the product of (A) $1,750,000 and (B) the number of fiscal years during the Performance Period that have not ended prior to the Date of Termination (or date of Change in Control, if later), to (ii) the Fair Market Value per share of Common Stock on the first day of the fiscal year in which the Date of Termination, or Change in Control, as applicable, occurs.

(cc) A performance level of "**Superior**" with respect to any Performance Goal shall have the meaning set forth on Annex C.

(dd) "**Target Number of PRSUs**" shall, with respect to each of the Performance Period PRSUs and the Fiscal Year PRSUs, mean that certain number of PRSUs calculated in accordance with the formula set forth on Annex B for the Performance Period or an individual fiscal year, as applicable.

(ee) "**Vesting Date**" shall mean June 29, 2013.

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

PERFORMANCE RESTRICTED STOCK UNIT TERMS

As set forth in that certain Performance Restricted Stock Unit Award Grant Notice and Agreement to which this Annex B is attached (the **"Agreement"**), this Annex B sets forth certain terms and conditions related to the PRSUs granted pursuant to the Agreement. Capitalized terms not defined herein are defined in the Agreement or in the Definitions Annex attached to the Agreement as Annex A.

Executive: Lew Frankfort

Award Date: August 6, 2009

Performance Period: June 28, 2009 through June 29, 2013 (i.e., the Company's 2010 through 2013 fiscal years)

Target Value of Award: The aggregate target value of the Award is $10,000,000, divided as follows:

(a) $7,000,000 based on the Company's performance as measured against specified pre-established performance goals for each of the Company's 2010 through 2013 fiscal years ("Fiscal Year PRSUs").

(b) $3,000,000 based on the Company's aggregate international growth during the Performance Period ("Performance Period PRSUs").

Target Number of PRSUs: The Target Number of PRSUs shall be determined as follows:

(a) Fiscal Year PRSUs:

(i) Fiscal Year 2010: **59,747** PRSUs

(ii) Fiscal Year 2011: That number of PRSUs equal to the ratio of: (A). $1,750,000, to (B)the Fair Market Value per share of Common Stock on the date the Committee approves the performance goals for Fiscal Year 2011

(iii) Fiscal Year 2012: That number of PRSUs equal to the ratio of: (A) $1,750,000, to (B)the Fair Market Value per share of Common Stock on the date the Committee approves the performance goals for Fiscal Year 2012

(iv) Fiscal Year 2013: That number of PRSUs equal to the ratio of: (A) $1,750,000, to (B)the Fair Market Value per share of Common Stock on the date the Committee approves the performance goals for Fiscal Year 2013

Fractional PRSUs shall not be granted, and the number of PRSUs determined pursuant to (ii), (iii) and (iv) will be rounded down to the nearest whole number to eliminate fractional PRSUs.

(b) Performance Period PRSUs: **102,424** PRSUs

Actual Number of PRSUs: The actual number of PRSUs which vest pursuant to the Award may be greater than or less than the Target Number of PRSUs based on the Company's achievement of the Performance Goals set forth on Annex C and determined in accordance with the Vesting Schedule set forth below.

Vesting Schedule: Subject to subsection (c), below, the PRSUs shall become vested on the Vesting Date based on the Company's achievement of the Performance Goals set forth on Annex C as follows:

(a) Fiscal Year PRSUs:

With respect to the performance of the Company in each of the Company's 2010 – 2013 fiscal years, the number of PRSUs vesting on the Vesting Date shall be:

(i) Zero, if the Company performance level for such fiscal year is less than or equal to Marginal;

(ii) 67% of the Target Number of PRSUs for such fiscal year if the Company performance level for such fiscal year is Good;

(iii) 100% of the Target Number of PRSUs for such fiscal year if the Company performance level for such fiscal year is Superior; and

(iv) 133% of the Target Number of PRSUs for such fiscal year if the Company performance level for such fiscal year is Outstanding.

If the Company performance level for a fiscal year is between Marginal and Good, between Good and Superior, or between Superior and Outstanding, the number of PRSUs that may become vested with respect to such fiscal year on the Vesting Date shall be determined by means of linear interpolation.

Notwithstanding the foregoing, no Fiscal Year PRSUs in excess of the Target Number of PRSUs shall vest on the Vesting Date with respect to performance in any fiscal year unless (x) the Company's performance level was greater than Superior in at least two of the fiscal years during the Performance Period, and (y) the Company's performance level was at least Marginal in every fiscal year during the Performance Period.

(b) Performance Period PRSUs:

The number of PRSUs vesting on the Vesting Date shall be:

(i) Zero, if the Company performance level for the Performance Period is less than or equal to Marginal;

(ii) 50% of the Target Number of PRSUs if the Company performance level for the Performance Period is Good;

(iii) 100% of the Target Number of PRSUs if the Company performance level for the Performance Period is Superior; and

(iv) 133% of the Target Number of PRSUs if the Company performance level for the Performance Period is Outstanding.

If the Company performance level for the Performance Period is between Marginal and Good, between Good and Superior, or between Superior and Outstanding, the number of PRSUs that may become vested on the Vesting Date shall be determined by means of linear interpolation.

(c) Termination of Employment Prior to Vesting Date:

Notwithstanding the foregoing subsections (a) and (b), in the event of the Executive's termination of employment prior to the Vesting Date, any or all Fiscal Year PRSUs and Performance Period PRSUs shall be subject to forfeiture in accordance with Section 5 of the Agreement (and no PRSUs that are forfeited pursuant to Section 5 of the Agreement shall become vested pursuant to this Annex B).

Dividend Equivalents:

(a) The Executive shall be eligible to receive Dividend Equivalents (as defined in the Plan) with respect to the Award (the "Dividend Equivalent PRSUs"). Subject to subsection (b), below, the amount of the Dividend Equivalent PRSUs shall be determined as of the Vesting Date (or, if earlier, the date the Award is distributed to Executive pursuant to Section 5 of the Agreement) and shall be distributed in accordance with the terms of the Agreement. For purposes of determining the amount of Dividend Equivalent PRSUs (and subject to subsection (b), below): (i) an amount representing dividends payable on the number of shares of Common Stock equal to (A) the number of Performance Period PRSUs and (B) Fiscal Year PRSUs with respect to fiscal years beginning on or prior to the dividend record date shall be deemed reinvested in Common Stock and credited as additional PRSUs as of the dividend payment date; and (ii) (A) with respect to the Performance Period PRSUs, the Company's performance will be deemed to be Outstanding, (B) with respect to the Fiscal Year PRSUs for the fiscal year in which the dividend record date occurs, the Company's performance level will be deemed to be Outstanding; *provided*, *however*, that in the event the Company's performance level is Marginal or below in any fiscal year that ends prior to the dividend record date, the Company's performance for the fiscal year in which the dividend record date occurs shall be deemed to be Superior, and (C) with respect to the Fiscal Year PRSUs for the fiscal years ending prior to the fiscal year in which the dividend record date occurs, the Company's performance will be based on actual results for such prior fiscal years.

	(b) All Dividend Equivalent PRSUs (including Dividend Equivalent PRSUs paid with respect to any prior year's Dividend Equivalent PRSUs) will be subject to forfeiture if the underlying PRSUs are forfeited in accordance with the forfeiture and vesting provisions set forth in Section 5 of the Agreement and this Annex B.
Transfer Restrictions:	The PRSUs shall be subject to the transfer restrictions set forth in the Agreement and the Retention Requirements set forth below.
Retention Requirements:	Following the Vesting Date, 50% of the net number of shares of Common Stock distributed to the Executive pursuant to the vesting of the Award (after the deduction of shares for tax withholding in accordance with the Agreement) must be retained by the Executive until the expiration of the Retention Period and during such period the Executive may not in any manner, directly or indirectly, transfer, assign, sell, exchange, pledge, hypothecate or otherwise dispose of any such shares of Common Stock. Notwithstanding the foregoing, the Retention Period shall not apply (i) following a termination of employment due to death or Disability, (ii) following a termination of employment without Cause or for Good Reason that occurs within 12 months following a Change in Control, or (iii) upon a Change in Control that occurs within the six months following a termination of employment without Cause or for Good Reason.
Performance Goals:	The Award is intended to qualify as "performance-based compensation" within the meaning of Section 162(m) of the Code. The Performance Goals set forth on Annex C shall be established and the level of achievement of such Performance Goals shall be determined in the following manner: (a) Fiscal Year PRSUs No later than 90 days following the commencement of each of the Company's fiscal years during the Performance Period (or such earlier time as may be required under Section 162(m) of the Code), the Committee shall, in writing, select the Performance Criteria for such fiscal year and establish the Performance Goals and the Target Number of PRSUs which may be earned for such fiscal year based on the Performance Criteria. Following the completion of each fiscal year, the Committee shall certify in writing whether and the extent to which the Performance Goals have been achieved for such fiscal year. (b) Performance Period PRSUs No later than 90 days following the commencement of the Performance Period, the Committee shall, in writing, select the Performance Criteria for the Performance Period and establish the Performance Goals and the Target Number of PRSUs which may be earned for the Performance Period based on the Performance Criteria. Following the completion of the Performance Period, the Committee shall certify in writing whether and the extent to which the Performance Goals have been achieved for the Performance Period.

Notwithstanding any other provision of the Agreement (or any of its annexes), the Award shall be subject to any additional limitations set forth in Section 162(m) of the Code or any regulations or rulings thereunder that are requirements for qualification as “performance-based compensation,” and the Agreement shall be deemed amended to the extent necessary to conform to such requirements.

Exhibit F-Annex C

PERFORMANCE GOALS

I. Fiscal Year PRSUs

The Performance Goals for the Fiscal Year PRSUs for each of fiscal years 2010 through 2013 shall equal the performance goals for such fiscal year to be adopted by the Human Resources Committee of the Board under the Company's Performance-Based Annual Incentive Plan (together with any successor plan adopted by the Company that provides for "performance-based compensation" within the meaning of Section 162(m) of the Code, the "Bonus Plan").

Each of the terms "Good," "Marginal," "Outstanding" and "Superior", with respect to any Performance Goal for Fiscal Year PRSUs in any fiscal year, shall have the same value as adopted by the Human Resources Committee for such fiscal year pursuant to the Bonus Plan.

II. Performance Period PRSUs

The Performance Goal for the Performance Period PRSUs shall equal the target to be approved by the Human Resources Committee on August 6, 2009 for aggregate net sales by Coach International, excluding Coach Japan, during the final fiscal year of the Performance Period.

Each of the terms "Good," "Marginal," "Outstanding" and "Superior", with respect to such Performance Goal for the Performance Period PRSUs, shall have the same value as adopted by the Human Resources Committee on August 6, 2009.

RESTRICTIVE COVENANTS

Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Agreement to which this Annex C is attached or in the Definition Annex attached to the Agreement as Annex B.

1. The Executive shall not, at any time during his employment 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 (a) Competitive Business (as defined below), (b) new luxury accessories business that competes directly with the existing or planned product lines of the Company or (c) 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. For purposes of these Restrictive Covenants, "**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).

2. 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.

3. 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 3, 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.

4. Notwithstanding Section 3, 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 his employment agreement). In the event of such requested cooperation, the Company shall reimburse the Executive's reasonable out of pocket expenses.

5. 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 5 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.

6. 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 (a) were earlier communicated to the Executive in confidence by any third party as proprietary information, or (b) 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 the Executive's employment, 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.

7. As used in these Restrictive Covenants, the term "**Company**" shall include the Company and any of its affiliates or direct or indirect subsidiaries.

8. The Company and the Executive expressly acknowledge and agree that the agreements and covenants contained in these Restrictive Covenants are reasonable. In the event, however, that any agreement or covenant contained in these Restrictive Covenants 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.

Exhibit 10.19

COACH

2004 Stock Incentive Plan
Performance Restricted Stock Unit Award Grant Notice and Agreement

JERRY STRITZKE

Coach, Inc. (the "**Company**") is pleased to confirm that you have been granted a performance restricted stock unit award (the "**Award**"), effective as of August 5, 2010 (the "**Award Date**"), as provided in this Performance Restricted Stock Unit Award Grant Notice and Agreement (including all annexes attached hereto, this "**Agreement**") pursuant to the Coach, Inc. 2004 Stock Incentive Plan (as amended, the " **Plan**"). The Award is subject to all of the terms and conditions set forth in this Agreement.

1. **Defined Terms**. Capitalized terms used but not otherwise defined in this Agreement shall have the meanings set forth in the Definition Annex attached hereto as Annex A.

2. **Award.** Subject to the restrictions, limitations and conditions described in this Agreement, the Company hereby awards to you as of the Award Date performance restricted stock units (the "**PRSUs**") in accordance with the terms and conditions of this Agreement. PRSUs are considered Performance Stock Units under the Plan. Each PRSU represents the right to receive one share of Common Stock upon the satisfaction of the terms and conditions of this Agreement and the Plan (and in particular the terms and conditions set forth on Annex B) (the "**Restrictions**"). While the Restrictions are in effect, the PRSUs are not transferable by you by means of sale, assignment, exchange, pledge, or otherwise. The number of PRSUs subject to the Award shall be determined in accordance with the terms of Annex B.

3. **Vesting**. The PRSUs will remain restricted and may not be sold or transferred by you until they have become vested pursuant to the terms of this Agreement and the vesting provisions set forth on Annex B.

4. **Distribution of the Award.** Except as otherwise provided by Section 5(d), on, or as soon as reasonably practicable following, the Vesting Date (and in no event later than the last date permitted by Treasury Regulation Section 1.409A-3(d)), the Committee will release the portion of the Award that has become vested as of the Vesting Date. Applicable withholding taxes will be settled by withholding a number of shares of Common Stock with a market value not less than the amount of such taxes (determined at the minimum applicable rates), and the net number of shares of Common Stock subject to the Award shall be distributed to you; *provided* that in the event that the Company is liquidated in bankruptcy (a) the Committee will not release shares of Common Stock pursuant to the Award and (b) all payments made pursuant to the Award will be made in a per-share cash payment equal to the fair market value per share of Common Stock on the distribution date.

5. **Termination of Employment**.

(a) **Death or Disability.** If prior to the Vesting Date you cease active employment with the Company because of your death or Disability (i) any portion of the Fiscal Year PRSUs that relates to a fiscal year of the Company that ended on or prior to the Date of Termination that would have become vested had you remained employed by the Company through the Vesting Date shall become vested effective as of the Vesting Date and (ii) the Performance Period PRSUs and any portion of the Fiscal Year PRSUs that relates to a fiscal year that has not ended on or prior to the Date of Termination shall thereupon be forfeited; *provided*, *however*, that the Committee may, in its sole discretion, cause any or all of the Section 5(a) Portion to become vested effective as of the Date of Termination.

(b) **Termination without Cause or for Good Reason.** Except as otherwise provided in Section 5(d) with respect to certain terminations of employment in connection with a Change in Control, if prior to the Vesting Date your employment is terminated by the Company without Cause or by you for Good Reason, all Fiscal Year PRSUs and Performance Period PRSUs that would have been eligible to become vested with respect to the Award had you remained employed through the Vesting Date shall become vested as of the Vesting Date, pursuant to the terms and conditions set forth on Annex B, based on the Company's performance through the Vesting Date.

(c) **Termination for Cause or without Good Reason.** If prior to the Vesting Date your employment is terminated by the Company for Cause or by you without Good Reason (including, without limitation, by reason of your retirement) the Award shall thereupon be forfeited in its entirety.

(d) **Certain Terminations of Employment in connection with a Change in Control.** Notwithstanding Section 5(b), if your employment is terminated by the Company without Cause or by you for Good Reason prior to the Vesting Date and within six months prior to a Change in Control or during the 12 month period immediately following such Change in Control, then, effective as of the later of the Date of Termination or the date of the Change in Control, the Award shall become vested with respect to (i) any portion of the Fiscal Year PRSUs that relates to a fiscal year of the Company that ended on or prior to the Date of Termination (or date of the Change in Control, if later) that would have become vested had you remained employed by the Company through the Vesting Date (assuming for these purposes that the Company's performance (A) would not be Marginal or below for any fiscal year that ends following the Date of Termination (or date of the Change in Control, if later) and (B) would be above Superior in at least one fiscal year that ends following the Date of Termination (or date of Change in Control, if later)) and (ii) the Section 5(d) Portion, and, notwithstanding Section 4, such vested portion of the Award shall be distributed in accordance with the provisions of Section 3 and Annex B as soon as reasonably practicable following the date of such vesting.

6. **Forfeiture**. Notwithstanding anything contained in this Agreement to the contrary, you shall be subject to the restrictive covenants set forth on Annex D hereto (the "**Restrictive Covenants**"), and you acknowledge and agree that the Company is granting you the Award in consideration for your agreement to be bound by such Restrictive Covenants. Accordingly, if you (a) violate any of the covenants set forth in Sections 1 or 2 of the Restrictive Covenants or (b) materially violate any of the covenants set forth in Sections 3, 4 or 5 of the Restrictive Covenants, then (i) any portion of the Award that has not been distributed to you prior to the date of such violation shall thereupon be forfeited and (ii) you shall be required to pay to the Company the amount of all PRSU Gain. The forfeiture provisions of this Section 6 shall also apply, and you shall also be required to pay to the Company the amount of all PRSU Gain, if you willfully commit 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.

7. **Award Not Transferable**. The Award will not be assignable or transferable by you, other than by a qualified domestic relations order or by will or by the laws of descent and distribution, and will be exercisable during your lifetime only by you (or your legal guardian or personal representative).

8. **Transferability of Award Shares**. The shares you will receive under the Award on or following the Vesting Date (or such other vesting date pursuant to Section 5) generally are freely tradable in the United States. However, you may not offer, sell or otherwise dispose of any shares in a way which would: (a) require the Company to file any registration statement with the Securities and Exchange Commission (or any similar filing under state law or the laws of any other country) or to amend or supplement any such filing or (b) violate or cause the Company to violate the Securities Act of 1933, as amended, the rules and regulations promulgated thereunder, any other state or federal law, or the laws of any other country. The Company reserves the right to place restrictions required by law on any shares of Common Stock received by you pursuant to the Award.

9. **Conformity with the Plan.** The Award is intended to conform in all respects with, and is subject to applicable provisions of, the Plan. Inconsistencies between this Agreement and the Plan shall be resolved in accordance with the terms of the Plan. By your acceptance of this Agreement, you agree to be bound by all of the terms of this Agreement (including the terms of any annex attached hereto) and the Plan.

10. **No Rights to Continued Employment.** Nothing in this Agreement confers any right on you to continue in the employ of the Company and any of its affiliates or direct or indirect subsidiaries or affects in any way the right of the Company and any of its affiliates or direct or indirect subsidiaries to terminate your employment at any time with or without cause.

11. **Miscellaneous**.

(a) **Amendment or Modifications**. The grant of the Award (and the allocation of PRSUs for each fiscal year and the Performance Period, as applicable) is documented by the minutes of the Committee, which records are the final determinant of the number of PRSUs granted in any fiscal year or the Performance Period, as applicable, and the conditions of any such grant. The Committee may amend or modify the Award in any manner to the extent that the Committee would have had the authority under the Plan initially to grant such Award, *provided* that no such amendment or modification shall directly or indirectly impair or otherwise adversely affect your rights under this Agreement (including, without limitation, under Annex B) without your prior written consent. Except as in accordance with the two immediately preceding sentences, this Agreement may be amended, modified or supplemented only by an instrument in writing signed by both parties hereto.

(b) **Governing Law**. All matters regarding or affecting the relationship of the Company and its stockholders shall be governed by the General Corporation Law of the State of Maryland. All other matters arising under this Agreement shall be governed by the internal laws of the State of New York, including matters of validity, construction and interpretation. You and the Company agree that all claims in respect of any action or proceeding arising out of or relating to this Agreement shall be heard or determined in any state or federal court sitting in New York, New York and you and the Company agree to submit to the jurisdiction of such courts, to bring all such actions or proceedings in such courts and to waive any defense of inconvenient forum to such actions or proceedings. A final judgment in any action or proceeding so brought shall be conclusive and may be enforced in any manner provided by law.

(c) **Successors and Assigns**. Except as otherwise provided herein, this Agreement will bind and inure to the benefit of the respective successors and permitted assigns and heirs and legal representatives of the parties hereto whether so expressed or not.

(d) **Severability**. Whenever feasible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Agreement.

12. **Section 409A**.

(a) **In General.** The parties acknowledge and agree that, to the extent applicable, this Agreement shall be interpreted in accordance with Section 409A. Notwithstanding any provision of this Agreement to the contrary, in the event that the Company determines that any amounts payable hereunder may be subject to Section 409A, the Company may adopt (without any obligation to do so or to indemnify you for failure to do so) such limited amendments to this Agreement and appropriate policies and procedures, including amendments and policies with retroactive effect, that the Company reasonably determines are necessary or appropriate to (i) exempt the amounts payable hereunder from Section 409A and/or preserve the intended tax treatment of the amounts payable hereunder or (ii) comply with the requirements of Section 409A.

(b) **Specified Employee Separation from Service.** Notwithstanding anything to the contrary in this Agreement, if you are determined to be a “specified employee” within the meaning of Section 409A as of the date of your “separation from service” as defined in Treasury Regulation Section 1.409A-1(h) (or any successor regulation), and if any payments or entitlements provided for in this Agreement constitute a “deferral of compensation” within the meaning of Section 409A and therefore cannot be paid or provided in the manner provided herein without subjecting you to additional tax, interest or penalties under Section 409A, then any such payment and/or entitlement which would have been payable during the first six months following your “separation from service” shall instead be paid or provided to you in a lump sum payment on the first business day immediately following the six-month anniversary of your “separation from service” (or, if earlier, the date of your death).

[signature page follows]

In witness whereof, the parties hereto have executed and delivered this Agreement.

COACH, INC.

____
Sarah Dunn

Senior Vice President of Human Resources

Date: August 5, 2010

I acknowledge that I have read and understand the terms and conditions of this Agreement and of the Plan and I agree to be bound thereto.

AWARD RECIPIENT:

____
JERRY STRITZKE

Employee ID#: _____________________

Date: ______________

Annex A

DEFINITION ANNEX

For purposes of this Agreement, the following terms have the meanings set forth below:

(a) "**Award Date**" shall have the meaning set forth in the preamble to this Agreement.

(b) "**Board**" shall mean the Board of Directors of the Company.

(c) 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 of his/her appointed office (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.

(d) A "**Change in Control**" shall occur upon any of the following events:

(i) A "Person" (which term, for purposes of this Section, 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 of the Company) is or becomes the Beneficial Owner (as defined in Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of Voting Stock representing thirty percent (30%) 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 or the Company sells, or otherwise disposes of, all or substantially all of the Company's property and assets, or the stockholders of the Company approve a liquidation or dissolution of the Company (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) During any period of 12 consecutive months, individuals who, at the beginning of such period, constitute the Board together with any new Director(s) (other than a Director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in paragraphs "i" or "ii" above) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least a majority of the Directors then still in office who either were Directors at the beginning of the 12-month period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof.

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

(f) "**Committee**" shall mean the Human Resources Committee of the Board.

(g) "**Common Stock**" shall mean the $0.01 par value common stock of the Company.

(h) "**Company**" shall mean Coach, Inc., a Maryland corporation.

(i) "**Continuing Director**" shall mean (i) any member of the Board (other than an employee of the Company) as of the Award 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.

(j) "**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 for any other reason, the date specified in the written notice of termination delivered by the Executive to the Company (or if no such date is specified, the last day of the Executive's active employment with the Company).

(k) "**Disability**" shall mean any mental or physical illness, condition, disability or incapacity that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, and which:

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

(ii) Shall be attested to in writing by a physician or 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 such 365 day period.

(l) “**Executive**” shall mean the executive named on the first page of this Agreement.

(m) “**Fair Market Value**” shall mean, as of any given date, the fair market value of a share of Common Stock on such date determined by such methods or procedures as may be established from time to time by the Committee. Unless otherwise determined by the Committee, the Fair Market Value of a share of Common Stock as of any date shall be the average of the high and low trading prices for a share of Common Stock as reported on the New York Stock Exchange (or any national securities exchange on which the Common Stock is then listed) for such date or, if no such prices are reported for that date, the average of the high and low trading prices on the next preceding date for which such prices were reported.

(n) “**Fiscal Year PRSUs**” shall have the meaning set forth on Annex B.

(o) A performance level of “**Good**” with respect to any Performance Goal shall have the meaning set forth on Annex C.

(p) 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 his/her appointed office; (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 away from the executive offices at which he/she has agreed to work; (iv) failure of the Company to timely make any material payment or provide any material benefit under the Executive’s employment agreement with the Company, or the Company’s material reduction of any compensation, equity or benefits that the Executive is eligible to receive under his employment agreement; or (v) the Company’s material breach of the Executive’s employment 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 his employment 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

(q) A performance level of “**Marginal**” with respect to any Performance Goal shall have the meaning set forth on Annex C.

(r) A performance level of “**Outstanding**” with respect to any Performance Goal shall have the meaning set forth on Annex C.

(s) “**Performance Criteria**” shall mean the criteria that the Committee selects for purposes of establishing the Performance Goals. The Performance Criteria that will be used to establish Performance Goals are limited to the following: net earnings (either before or after interest, taxes, depreciation and amortization), economic value-added (as determined by the Committee), sales or revenue, net income (either before or after taxes), operating earnings or income, cash flow (including, but not limited to, operating cash flow and free cash flow), funds from operations, cash flow return on capital, return on investment, return on stockholders’ equity, return on assets or net assets, return on capital, stockholder returns, return on sales, gross or net profit margin, productivity, expense, margins, operating efficiency, cost reduction or savings, customer satisfaction, working capital, earnings or diluted earnings per share, price per share of Stock, and market share, any of which may be measured either in absolute terms or as compared to any incremental increase or as compared to results of a peer group. The Committee shall, within the time prescribed by Section 162(m) of the Code, define in an objective fashion the manner of calculating the Performance Criteria it selects to use for the Performance Period or a fiscal year of the Company.

(t) "**Performance Goals**" shall mean the Performance Goals (as defined in the Plan) established in writing by the Committee for the Performance Period, or for a fiscal year of the Company during the Performance Period, based on the Performance Criteria, and set forth on Annex C.

(u) "**Performance Period**" shall mean the period beginning on July 4, 2010 and ending on June 28 2014.

(v) "**Performance Period PRSUs**" shall have the meaning set forth on Annex B.

(w) "**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.

(x) "**PRSU Gain**" shall mean an amount equal to the product of (i) the number of shares of Common Stock that are distributed pursuant to the PRSU Award and (ii) the Fair Market Value per share of Common Stock on the date of such distribution.

(y) "**Section 409A**" shall mean Section 409A of the Code and the Department of Treasury Regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or guidance that may be issued after the date hereof.

(z) "**Section 5(a) Portion**" shall mean a number of PRSUs equal to the sum of (x) the number of Fiscal Year PRSUs that relate to any fiscal year of the Company that ended on or prior to the Date of Termination due to death or Disability (assuming for these purposes that (A) the Company's performance would not be Marginal or below for any fiscal year that ends following the Date of Termination and (B) the Company's performance would be at least Superior for at least one fiscal year that ends following the Date of Termination), (y) **36,129** PRSUs (the Target Number of Performance Period PRSUs) and (z) the ratio of (i) the product of (A) **$466,666.67** and (B) the number of not-yet-completed fiscal years for which there is a Fiscal Year PRSU Award as of the Date of Termination due to death or Disability, to (ii) the Fair Market Value per share of Common Stock on the first day of the fiscal year in which the Date of Termination due to death or Disability occurs.

(aa) "**Section 5(d) Portion**" shall mean a number of PRSUs equal to the sum of (x) **36,129** PRSUs (the Target Number of Performance Period PRSUs) and (y) the ratio of (i) the product of (A) **$466,666.67** and (B) the number of not-yet-completed fiscal years for which there is a Fiscal Year PRSU Award as of the Date of Termination (or date of Change in Control, if later), to (ii) the Fair Market Value per share of Common Stock on the first day of the fiscal year in which the Date of Termination, or Change in Control, as applicable, occurs.

(bb) A performance level of "**Superior**" with respect to any Performance Goal shall have the meaning set forth on Annex C.

(cc) "**Target Number of PRSUs**" shall, with respect to each of the Performance Period PRSUs and the Fiscal Year PRSUs, mean that certain number of PRSUs calculated in accordance with the formula set forth on Annex B for the Performance Period or an individual fiscal year, as applicable.

(dd) "**Vesting Date**" shall mean each of the vesting dates shown on the vesting schedule on Annex B.

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

PERFORMANCE RESTRICTED STOCK UNIT TERMS

As set forth in that certain Performance Restricted Stock Unit Award Grant Notice and Agreement to which this Annex B is attached (the **"Agreement"**), this Annex B sets forth certain terms and conditions related to the PRSUs granted pursuant to this Agreement. Capitalized terms not defined herein are defined in this Agreement or in the Definitions Annex attached to this Agreement as Annex A.

Award Date: August 5, 2010

Performance Period: July 4, 2010 through June 28, 2014 (i.e., the Company's 2011 through 2014 fiscal years)

Target Value of Award: The aggregate target value of the Award is $2,800,000, divided as follows:

(a) $1,400,000 based on the Company's performance as measured against specified pre-established performance goals for each of the Company's 2011 through 2013 fiscal years ("Fiscal Year PRSUs").

(b) $1,400,000 based on the Company's international sales during fiscal year 2014 ("Performance Period PRSUs").

Target Number of PRSUs: The Target Number of PRSUs shall be determined as follows:

(a) Fiscal Year PRSUs:

(i) Fiscal Year 2011: **12,043** PRSUs

(ii) Fiscal Year 2012: That number of PRSUs equal to the ratio of: (A) $466,666.67, to

(B) the Fair Market Value per share of Common Stock on the date the Committee approves the performance goals for Fiscal Year 2012

(iii) Fiscal Year 2013: That number of PRSUs equal to the ratio of: (A) $466,666.67, to

(B) the Fair Market Value per share of Common Stock on the date the Committee approves the performance goals for Fiscal Year 2013

Fractional PRSUs shall not be granted, and the number of PRSUs determined pursuant to (ii), (iii) and (iv) will be rounded down to the nearest whole number to eliminate fractional PRSUs.

(b) Performance Period PRSUs: **36,129** PRSUs

Actual Number of PRSUs: The actual number of PRSUs which vest pursuant to the Award may be greater than or less than the Target Number of PRSUs based on the Company's achievement of the Performance Goals set forth on Annex C and determined in accordance with the Vesting Schedule set forth below.

Vesting Schedule: Subject to subsection (c), below, the PRSUs shall become vested on the Vesting Date based on the Company's achievement of the Performance Goals set forth on Annex C as follows:

a. Fiscal Year PRSUs:

With respect to the performance of the Company in each of the Company's 2011 – 2013 fiscal years, the number of PRSUs vesting on the Vesting Date shall be:

(i) Zero, if the Company performance level for such fiscal year is less than or equal to Marginal;

(ii) 67% of the Target Number of PRSUs for such fiscal year if the Company performance level for such fiscal year is Good;

(iii) 100% of the Target Number of PRSUs for such fiscal year if the Company performance level for such fiscal year is Superior; and

(iv) 133% of the Target Number of PRSUs for such fiscal year if the Company performance level for such fiscal year is Outstanding.

The Vesting Date for the FY11 Fiscal Year PRSUs shall be June 29, 2013.
The Vesting Date for the FY12 Fiscal Year PRSUs shall be June 29, 2013.
The Vesting Date for the FY13 Fiscal Year PRSUs shall be June 28, 2014.

If the Company performance level for a fiscal year is between Marginal and Good, between Good and Superior, or between Superior and Outstanding, the number of PRSUs that may become vested with respect to such fiscal year on the Vesting Date shall be determined by means of linear interpolation.

Notwithstanding the foregoing, no Fiscal Year PRSUs in excess of the Target Number of PRSUs shall vest on the Vesting Date with respect to performance in any fiscal year unless the Company's performance level was at least Marginal in every fiscal year for which there is a Fiscal Year PRSU.

(b) Performance Period PRSUs:

The number of PRSUs vesting on the Vesting Date shall be:

(i) Zero, if the Company performance level for the Performance Period is less than or equal to Marginal;

(ii) 50% of the Target Number of PRSUs if the Company performance level for the Performance Period is Good;

(iii) 100% of the Target Number of PRSUs if the Company performance level for the Performance Period is Superior; and

(iv) 133% of the Target Number of PRSUs if the Company performance level for the Performance Period is Outstanding.

The Vesting Date for the Performance Period PRSUs shall be June 28, 2014.

If the Company performance level for the Performance Period is between Marginal and Good, between Good and Superior, or between Superior and Outstanding, the number of PRSUs that may become vested on the Vesting Date shall be determined by means of linear interpolation.

(c) Termination of Employment Prior to Vesting Date:

Notwithstanding the foregoing subsections (a) and (b), in the event of the Executive's termination of employment prior to the Vesting Date, any or all Fiscal Year PRSUs and Performance Period PRSUs shall be subject to forfeiture in accordance with Section 5 of this Agreement (and no PRSUs that are forfeited pursuant to Section 5 of this Agreement shall become vested pursuant to this Annex B).

Dividend Equivalents:

(a) The Executive shall be eligible to receive Dividend Equivalents (as defined in the Plan) with respect to the Award (the "Dividend Equivalent PRSUs"). Subject to subsection (b), below, the amount of the Dividend Equivalent PRSUs shall be determined as of the Vesting Date (or, if earlier, the date the Award is distributed to Executive pursuant to Section 5 of this Agreement) and shall be distributed in accordance with the terms of this Agreement. For purposes of determining the amount of Dividend Equivalent PRSUs (and subject to subsection (b), below): (i) an amount representing dividends payable on the number of shares of Common Stock equal to (A) the number of Performance Period PRSUs and (B) Fiscal Year PRSUs with respect to fiscal years beginning on or prior to the dividend record date shall be deemed reinvested in Common Stock and credited as additional PRSUs as of the dividend payment date; and (ii) (A) with respect to the Performance Period PRSUs, the Company's performance will be deemed to be Outstanding, (B) with respect to the Fiscal Year PRSUs for the fiscal year in which the dividend record date occurs, the Company's performance level will be deemed to be Outstanding; *provided*, *however*, that in the event the Company's performance level is Marginal or below in any fiscal year that ends prior to the dividend record date, the Company's performance for the fiscal year in which the dividend record date occurs shall be deemed to be Superior, and (C) with respect to the Fiscal Year PRSUs for the fiscal years ending prior to the fiscal year in which the dividend record date occurs, the Company's performance will be based on actual results for such prior fiscal years.

(b) All Dividend Equivalent PRSUs (including Dividend Equivalent PRSUs paid with respect to any prior year's Dividend Equivalent PRSUs) will be subject to forfeiture if the underlying PRSUs are forfeited in accordance with the forfeiture and vesting provisions set forth in Section 5 of this Agreement and this Annex B.

Performance Goals:

The Award is intended to qualify as "performance-based compensation" within the meaning of Section 162(m) of the Code.

The Performance Goals set forth on Annex C shall be established and the level of achievement of such Performance Goals shall be determined in the following manner:

(a) Fiscal Year PRSUs

No later than 90 days following the commencement of each of the Company's fiscal years during the Performance Period (or such earlier time as may be required under Section 162(m) of the Code), the Committee shall, in writing, select the Performance Criteria for such fiscal year and establish the Performance Goals and the Target Number of PRSUs which may be earned for such fiscal year based on the Performance Criteria. Following the completion of each fiscal year, the Committee shall certify in writing whether and the extent to which the Performance Goals have been achieved for such fiscal year.

(b) Performance Period PRSUs

No later than 90 days following the commencement of the Performance Period, the Committee shall, in writing, select the Performance Criteria for the Performance Period and establish the Performance Goals and the Target Number of PRSUs which may be earned for the Performance Period based on the Performance Criteria. Following the completion of the Performance Period, the Committee shall certify in writing whether and the extent to which the Performance Goals have been achieved for the Performance Period.
Notwithstanding any other provision of this Agreement (or any of its annexes), the Award shall be subject to any additional limitations set forth in Section 162(m) of the Code or any regulations or rulings thereunder that are requirements for qualification as "performance-based compensation," and this Agreement shall be deemed amended to the extent necessary to conform to such requirements.

PERFORMANCE GOALS

I. Fiscal Year PRSUs

The Performance Goals for the Fiscal Year PRSUs for each of fiscal years 2011 through 2013 shall equal the performance goals for such fiscal year to be adopted by the Human Resources Committee of the Board under the Company's Performance-Based Annual Incentive Plan (together with any successor plan adopted by the Company that provides for "performance-based compensation" within the meaning of Section 162(m) of the Code, the "Bonus Plan").

Each of the terms "Good," "Marginal," "Outstanding" and "Superior", with respect to any Performance Goal for Fiscal Year PRSUs in any fiscal year, shall have the same value as adopted by the Human Resources Committee for such fiscal year pursuant to the Bonus Plan.

II. Performance Period PRSUs

The Performance Goal for the Performance Period PRSUs shall equal the target to be approved by the Human Resources Committee on August 5, 2010 for aggregate sales by Coach International, during the final fiscal year of the Performance Period.

Each of the terms "Good," "Marginal," "Outstanding" and "Superior", with respect to such Performance Goal for the Performance Period PRSUs, shall have the same value as adopted by the Human Resources Committee on August 5, 2010.

Annex D

RESTRICTIVE COVENANTS

1. The Executive shall not, at any time during his employment 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 (a) Competitive Business (as defined below), or (b) 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. For purposes of these Restrictive Covenants, " **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 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).

2. 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.

3. 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 3, 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 an employee or director.

4. Notwithstanding Section 3, 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 his employment agreement). In the event of such requested cooperation, the Company shall reimburse the Executive's reasonable out of pocket expenses.

5. 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 5 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.

6. 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 (a) were earlier communicated to the Executive in confidence by any third party as proprietary information, or (b) 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 the Executive's employment, 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.

7. As used in these Restrictive Covenants, the term "**Company**" shall include the Company and any of its affiliates or direct or indirect subsidiaries.

8. The Company and the Executive expressly acknowledge and agree that the agreements and covenants contained in these Restrictive Covenants are reasonable. In the event, however, that any agreement or covenant contained in these Restrictive Covenants 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.

Exhibit 21.1

LIST OF SUBSIDIARIES OF COACH, INC.

1. Coach, Inc. (Maryland)
2. Coach Services, Inc. (Maryland)
3. 504-514 West 34th Street Corp. (Maryland)
4. Coach Stores Puerto Rico, Inc. (Delaware)
5. Coach Japan Investments, Inc. (Delaware)
6. 516 West 34th Street LLC (Delaware)
7. Reed Krakoff LLC (Delaware)
8. Coach Stores Canada, Inc. (Canada)
9. Coach International Holdings, Inc. (Cayman Islands)
10. Coach Consulting (Shenzhen) Co. Ltd. (China)
11. Coach Shanghai Limited (China)
12. Coach International Limited Shenzhen (China)
13. Coach International Limited (Hong Kong)
14. Coach Manufacturing Limited (Hong Kong)
15. Coach Hong Kong Limited (Hong Kong)
16. Coach Hong Kong Limited Macau Branch (Macau)
17. Coach Italy Services S.r.l. (Italy)
18. Coach Japan LLC (Japan)
19. Coach Korea Limited (Korea)
20. Coach International Limited Korea Branch (Korea)
21. Coach Leatherware India Private Limited (India)
22. Coach France S.A.S. (France)
23. Coach Stores Limited (UK)
24. Representative Office of Coach International Limited in Ho Chi Minh City (Vietnam)

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-51706 and 333-82102 on Form S-8 and 333-162454 and 333-162502 on Form S-3 of our reports dated August 25, 2010, relating to the consolidated financial statements and consolidated financial statement schedule of Coach, Inc. and subsidiaries (the "Company") and the effectiveness of the Company's internal control over financial reporting, appearing in this Annual Report on Form 10-K of the Company for the year ended July 3, 2010.

/s/ Deloitte & Touche LLP
New York, New York
August 25, 2010

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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 25, 2010

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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 25, 2010

By: /s/ Michael F. Devine, III
Name: Michael F. Devine, III
Title: Executive 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 July 3, 2010 (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: August 25, 2010

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 July 3, 2010 (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: August 25, 2010

By: /s/ Michael F. Devine, III
Name: Michael F. Devine, III
Title: Executive Vice President and Chief Financial Officer