UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE TO

(RULE 14D-100)
Tender Offer Statement Under Section 14(d)(1) or 13(e)(1)
of the Securities Exchange Act of 1934
(Amendment No. 2)

KATE SPADE & COMPANY

(Name of Subject Company)

CHELSEA MERGER SUB INC.

(Offeror)

COACH, INC.

(Names of Filing Persons)

COMMON STOCK, PAR VALUE $1.00 PER SHARE
(Title of Class of Securities)

485865109
(CUSIP Number of Class of Securities)

Todd Kahn
President, Chief Administrative Officer & Secretary

Coach, Inc.
10 Hudson Yards
New York, New York 10001
(212) 594-1850
(Name, address and telephone number of person authorized to receive notices and communications on behalf of filing persons)

with copies to:

Brian Mangino, Esq.
Fried, Frank, Harris, Shriver & Jacobson LLP
801 17th Street NW
Washington, District of Columbia 20006

CALCULATION OF FILING FEE

Transaction Valuation*	Amount of Filing Fee**
$2,383,828,854.00	$276,285.76

* Estimated for purposes of calculating the filing fee only. The transaction valuation was calculated by adding the sum of (i) 128,623,421 shares of common stock, par value $1.00 per share (the “Shares”), of Kate Spade & Company, a Delaware corporation (“Kate Spade”), outstanding multiplied by the offer price of $18.50 per Share, (ii) 351,250 Shares issuable pursuant to outstanding Kate Spade stock options with an exercise price less than the offer price of $18.50 per Share, multiplied by $11.34, which is the offer price of $18.50 per Share minus the weighted average exercise price for such options of $7.16 per Share and (iii) 16,886 Shares issuable pursuant to outstanding unvested restricted stock units, market share units and performance share units, which is an estimate of the maximum number of restricted stock units expected to vest after May 22, 2017 and prior to the consummation of the offer, multiplied by the offer price of $18.50 per Share. The calculation of the filing fee is based on information provided by Kate Spade as of May 22, 2017.

** The filing fee was calculated in accordance with Rule 0-11 under the Securities Exchange Act of 1934, as amended, and Fee Rate Advisory No. 1 for Fiscal Year 2017, issued August 31, 2016, by multiplying the transaction valuation by 0.00011590.

☒ Check the box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid:	$276,285.76	Filing Party:	Chelsea Merger Sub Inc. and Coach, Inc.
Form or Registration No.:	Schedule TO	Date Filed:	May 26, 2017

☐ Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Check the appropriate boxes below to designate any transactions to which the statement relates:

☒ third-party tender offer subject to Rule 14d-1.
☐ issuer tender offer subject to Rule 13e-4.
☐ going-private transaction subject to Rule 13e-3.
☐ amendment to Schedule 13D under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of the tender offer: ☐

This Amendment No. 2 (this “Amendment”) amends and supplements the Tender Offer Statement on Schedule TO filed by Coach, Inc., a Maryland corporation (“Parent”), and Chelsea Merger Sub Inc., a Delaware corporation (“Merger Sub”) and a wholly owned direct subsidiary of Parent, with the Securities and Exchange Commission on May 26, 2017 (together with any subsequent amendments and supplements thereto, the “Schedule TO”). The Schedule TO relates to the tender offer by Merger Sub for all of the outstanding shares of common stock, par value $1.00 per share (“Shares”), of Kate Spade & Company, a Delaware corporation (“Kate Spade”), at a price of $18.50 per share, net to the seller in cash, without interest thereon and less any applicable withholding taxes, upon the terms and conditions set forth in the offer to purchase dated May 26, 2017 (the “Offer to Purchase”), a copy of which is attached as Exhibit (a)(1)(A), and in the related letter of transmittal (the “Letter of Transmittal”), a copy of which is attached as Exhibit (a)(1)(B), which, as each may be amended or supplemented from time to time, collectively constitute the “Offer.”

All the information set forth in the Offer to Purchase, including Schedule I thereto, is incorporated by reference herein in response to Items 1 through 9 and Item 11 of this Schedule TO, and is supplemented by the information specifically provided in this Amendment. This Amendment is being filed to reflect certain updates as reflected below.

Capitalized terms used but not defined in this Amendment shall have the meanings assigned to such terms in the Schedule TO.

Item 1. ***Summary Term Sheet.***

Regulation M-A Item 1001

The Offer to Purchase and Item 1 of the Schedule TO (and Items 1 through 9 and Item 11 of the Schedule TO, to the extent such items incorporate by reference the information contained in the Offer to Purchase under the following captions and Sections) are hereby amended as follows:

1. The information set forth in the Summary Term Sheet under the caption– “Is there an agreement governing the Offer?” –of the Offer to Purchase is hereby amended and supplemented by deleting the last sentence of the first paragraph of such section and replacing such sentence with the following:

   “If the Minimum Condition (as defined below) and the other conditions to the Offer are satisfied or waived (to the extent permitted by applicable law) on or before the Expiration Date and we consummate the Offer, we intend to effect the Merger as soon as practicable pursuant to Section 251(h) of the General Corporation Law of the State of Delaware (the “DGCL”) without a vote on the adoption of the Merger Agreement by the Kate Spade stockholders.”

2. The information set forth in the Summary Term Sheet under the caption– “Will you have the financial resources to pay for the Shares?” –of the Offer to Purchase is hereby amended and supplemented by deleting the first paragraph and replacing such paragraph with the following:

   “Yes. Neither the consummation of the Offer nor the Merger is subject to any financing condition. Parent and Merger Sub estimate that the total amount of funds required to consummate the Offer and purchase all outstanding Shares in the Offer, to provide funding for the Merger, and to provide funding for the payment in respect of certain outstanding Kate Spade equity awards that will be cashed out at the Effective Time (as defined below) is approximately $2.46 billion, including related fees and expenses. Parent plans to provide Merger Sub with the necessary funds to pay for the Offer with Parent’s cash on hand and cash on hand at Kate Spade, the proceeds of senior notes and new term loans that Parent expects to borrow by the time the acquisition is completed. Parent has also entered into a $2.1 billion bridge loan facility commitment letter pursuant to which Bank of America, N.A. (“Bank of America”) and Merrill Lynch, Pierce, Fenner & Smith Incorporated (together with Bank of America, “BofA Merrill Lynch”) committed to provide financing for the Offer and the Merger; however, as discussed below, Parent intends to use the proceeds of the senior notes and term loan borrowings in lieu of drawing on the bridge loan facility.

Credit Facility

On May 30, 2017, Parent entered into a definitive credit agreement (the "Credit Agreement") whereby Bank of America, as administrative agent, the other agents party thereto, and a syndicate of banks and financial institutions have (i) committed to lend to Parent, subject to the satisfaction or waiver of the conditions set forth in the credit agreement, an $800 million unsecured term loan facility maturing six months after the term loans thereunder are borrowed (the "Six-Month Term Loan Facility"), which Parent expects to repay with cash on its balance sheet at maturity, and a $300 million unsecured term loan facility maturing three years after the term loans thereunder are borrowed (collectively with the Six-Month Term Loan Facility, the "Term Loan Facilities") and (ii) made available to Parent a $900 million unsecured revolving credit facility, including sub-facilities for letters of credit, with a maturity date of May 30, 2022 (the "Revolving Credit Facility"). The Revolving Credit Facility will replace Parent's previously existing revolving credit facility under the Amendment and Restatement Agreement, dated as of March 18, 2015, by and between Parent, certain lenders and JPMorgan Chase Bank, N.A., as administrative agent. Parent plans to use borrowings under the Term Loan Facilities to fund, in part, the purchase price of Parent's previously announced acquisition of Kate Spade, subject to the terms and conditions of the Merger Agreement. The Revolving Credit Facility may be used to finance the working capital needs, capital expenditures, permitted investments, share purchases, dividends and other general corporate purposes of Parent and its subsidiaries (which may include commercial paper back-up).

The Credit Agreement is annexed hereto and incorporated by reference as Exhibit (b)(1) to this Amendment. Kate Spade stockholders and other interested parties should read the Credit Agreement in its entirety.

Notes

On June 6, 2017, Parent entered into an underwriting agreement (the "Underwriting Agreement") with Merrill Lynch, Pierce, Fenner & Smith Incorporated and J.P. Morgan Securities LLC, as representatives of the several underwriters named therein, providing for its underwritten public offering of $400,000,000 aggregate principal amount of 3.000% senior unsecured notes due 2022 (the "2022 Notes") and $600,000,000 aggregate principal amount of 4.125% senior unsecured notes due 2027 (the "2027 Notes," and together with the 2022 Notes, the "Notes"). The offer and sale of the Notes is registered under the Securities Act of 1933, as amended, pursuant to an automatic shelf registration statement on Form S-3 (File No. 333-200642) filed with the SEC on December 1, 2014. Parent plans to use the proceeds of the Notes to finance, in part, the Offer and the Merger, subject to the terms and conditions of the Merger Agreement.

The Underwriting Agreement is annexed hereto and incorporated by reference as Exhibit (b)(2) to this Amendment. Kate Spade stockholders and other interested parties should read the Underwriting Agreement in its entirety."

3. The information set forth in the Summary Term Sheet under the caption– "What are the conditions to the Offer?" –of the Offer to Purchase is hereby amended and supplemented by adding the following sentence to the end of the last paragraph of such section:

   "For the avoidance of doubt, (i) all of the foregoing conditions to the Offer must be satisfied or waived (to the extent waiver is permitted by applicable law) on or before the Expiration Date and (ii) the Regulatory Condition may not be waived."

4. The information set forth in the Summary Term Sheet under the caption– "If I tender my Shares, when and how will I get paid?" –of the Offer to Purchase is hereby amended and supplemented by deleting the first paragraph of such Section and replacing such paragraph with the following:

   "If the conditions to the Offer as set forth in Section 15—"Conditions of the Offer" are satisfied or waived (to the extent permitted by applicable law) on or before the Expiration Date and we consummate the Offer and accept your Shares for purchase and payment, we will deposit the Offer Price for such Shares with the Depositary, which will act as paying agent for tendering stockholders for the purpose of receiving payments from us and transmitting such payments to tendering stockholders whose Shares have been accepted for payment."

5. The information set forth in the Summary Term Sheet under the caption– "If I tender my Shares, when and how will I get paid?" –of the Offer to Purchase is hereby amended and supplemented by deleting the first sentence of the second paragraph of such Section and replacing such sentence with the following:

   "The Depository will pay an amount equal to the number of Shares you tendered multiplied by $18.50 in cash without interest, less any applicable withholding taxes, promptly after the Expiration Date, subject to timely receipt of the items described in Section 2 — "Acceptance for Payment and Payment of Shares."

Item 4. ***Terms of the Transaction.***

Regulation M-A Item 1004

The Offer to Purchase and Item 4 of the Schedule TO (and Items 1 through 9 and Item 11 of the Schedule TO, to the extent such items incorporate by reference the information contained in the Offer to Purchase under the following captions and Sections) are hereby amended as follows:

1. The information set forth in Section 1 – "Terms of the Offer" –of the Offer to Purchase is hereby amended and supplemented by deleting the third sentence of the second paragraph of such Section and replacing such sentence with the following:

   "Promptly following the Acceptance Time, Merger Sub shall cause Broadridge Corporate Issuer Solutions, Inc. (the "Depository") to pay for all Shares validly tendered and not properly withdrawn pursuant to the Offer."

2. The information set forth in Section 1 – "Terms of the Offer" –of the Offer to Purchase is hereby amended and supplemented by deleting the last sentence of the seventh paragraph of such Section and replacing such sentence with the following:

   "In addition, in the Merger Agreement, we have agreed that, on the terms and subject to the conditions of the Offer and the Merger Agreement, Merger Sub will cause the Depository to pay for all Shares validly tendered (and not properly withdrawn) in the Offer promptly after the Acceptance Time."

3. The information set forth in Section 2 – "Acceptance for Payment and Payment for Shares" –of the Offer to Purchase is hereby amended and supplemented by deleting the first sentence of the first paragraph of such Section and replacing such sentence with the following:

   "Subject to the satisfaction or waiver (to the extent permitted by applicable law) of all the conditions to the Offer set forth in Section 15 — "Conditions of the Offer" on or before the Expiration Date, we will accept for purchase and payment all Shares validly tendered and not properly withdrawn pursuant to the Offer prior to 9:00 a.m., New York City time, on the business day immediately following the Expiration Date."

4. The information set forth in Section 2 – "Acceptance for Payment and Payment for Shares" –of the Offer to Purchase is hereby amended and supplemented by deleting the last sentence of the fourth paragraph of such Section and replacing such sentence with the following:

   "Upon the deposit of such funds with the Depositary, Purchaser's obligation to make such payment will be satisfied in full, and tendering stockholders must thereafter look solely to the Depositary for payment of amounts owed to them by reason of the acceptance for payment of Shares pursuant to the Offer; provided that we have agreed that Merger Sub will cause the Depository to pay for all Shares validly tendered (and not properly withdrawn) in the Offer promptly after the Acceptance Time."

5. The information set forth in Section 7 — "Certain Information Concerning Kate Spade" –of the Offer to Purchase is hereby amended and supplemented by deleting the last sentence of the first paragraph of such Section.

6. The information set forth in Section 15 – "Conditions of the Offer" –of the Offer to Purchase is hereby amended and supplemented by adding the following sentence to the end of the last paragraph of such Section:

   "For the avoidance of doubt, (i) all of the foregoing conditions to the Offer must be satisfied or waived (to the extent waiver is permitted by applicable law) on or before the Expiration Date and (ii) the Regulatory Condition may not be waived by the parties."

Item 5. ***Past Contacts, Transactions, Negotiations and Agreements.***

Regulation M-A Item 1005

The Offer to Purchase and Item 5 of the Schedule TO (and Items 1 through 9 and Item 11 of the Schedule TO, to the extent such items incorporate by reference the information contained in the Offer to Purchase under the following captions and Sections) are hereby amended as follows:

1. The information set forth in Section 10 — "Background of the Offer; Past Contacts or Negotiations with Kate Spade" –of the Offer to Purchase is hereby amended and supplemented by deleting the first paragraph of such Section.

Item 7. ***Source and Amount of Funds or Other Consideration.***

Regulation M-A Item 1007

The Offer to Purchase and Item 7 of the Schedule TO (and Items 1 through 9 and Item 11 of the Schedule TO, to the extent such items incorporate by reference the information contained in the Offer to Purchase under the following captions and Sections) are hereby amended as follows:

1. The information set forth in Section 9 — "Source and Amount of Funds" –of the Offer to Purchase is hereby amended and supplemented by deleting the first paragraph and second paragraph of such Section and replacing such paragraphs with the following:

   "The Offer and the Merger are not conditioned upon obtaining financing. Because (i) the only consideration to be paid in the Offer and the Merger is cash, (ii) the Offer is being made to purchase all issued and outstanding Shares solely for cash, (iii) Parent has entered into a $2.1 billion bridge loan facility commitment letter pursuant to which BofA Merrill Lynch committed to provide financing for the Offer and the Merger (although, as discussed below, Parent intends to use the proceeds of senior notes and term loan borrowings in lieu of drawing on the bridge loan facility), (iv) there is no financing condition to the completion of the Offer or the Merger and (v) if we consummate the Offer, we will acquire all remaining Shares (subject to limited exceptions for Shares held by Kate Spade stockholders who validly exercise appraisal rights under Delaware law with respect to such Shares) for the same cash consideration in the Merger as was paid in the Offer (i.e., the Offer Price), we believe the financial condition of Parent and Merger Sub is not material to a decision by a holder of Shares whether to sell, hold or tender Shares in the Offer.

   Parent and Merger Sub estimate that the total amount of funds required to consummate the Offer and purchase all outstanding Shares in the Offer, to provide funding for the Merger, and to provide funding for the payment in respect of outstanding Kate Spade equity awards that will be cashed out at the Effective Time pursuant to the Merger Agreement and other individual agreements is approximately $2.46 billion, including related fees and expenses. Parent and Merger Sub anticipate funding such cash requirements with Parent's cash on hand, cash on hand at Kate Spade and the proceeds of senior notes and new term loans that Parent expects to borrow by the time the acquisition is completed. Parent has also entered into a $2.1 billion bridge loan facility commitment letter pursuant to which BofA Merrill Lynch committed to provide financing for the Offer and the Merger; however, as discussed below, Parent intends to use the proceeds of the senior notes and term loan borrowings in lieu of drawing on the bridge loan facility.

   Credit Facility

   On May 30, 2017, Parent entered into a definitive credit agreement (the "Credit Agreement") whereby Bank of America, N.A., as administrative agent (the "Administrative Agent"), the other agents party thereto, and a syndicate of banks and financial institutions (the "Lenders") have (i) committed to lend to Parent, subject to the satisfaction or waiver of the conditions set forth in the credit agreement, an $800 million unsecured term loan facility maturing six months after the term loans thereunder are borrowed (the "Six-Month Term Loan Facility"), which Parent expects to repay with cash on its balance sheet at maturity, and a $300 million unsecured term loan facility maturing three years after the term loans thereunder are borrowed (collectively with the Six-Month Term Loan Facility, the "Term Loan Facilities") and (ii) made available to Parent a $900 million unsecured revolving credit facility, including sub-facilities for letters of credit, with a maturity date of May 30, 2022 (the "Revolving Credit Facility" and collectively with the Term Loan Facilities, the "Facility"). The Revolving Credit Facility will replace Parent's previously existing revolving credit facility under the Amendment and Restatement Agreement, dated as of March 18, 2015, by and between Parent, certain lenders and JPMorgan Chase Bank, N.A., as administrative agent (the "Previous Credit Facility"). Parent plans to use borrowings under the Term Loan Facilities to fund, in part, the purchase price of Parent's previously announced acquisition of Kate Spade, subject to the terms and conditions of the Merger Agreement. The Revolving Credit Facility may be used to finance the working capital needs, capital expenditures, permitted investments, share purchases, dividends and other general corporate purposes of Parent and its subsidiaries (which may include commercial paper back-up). Letters of credit and swing line loans (the "Swing Line Loans") may be issued under the Revolving Credit Facility as described below. Certain terms and conditions of the Facility are as follows:

   Structure. Initially, only Parent will be a borrower under the Facility, but foreign subsidiaries may become borrowers under the Revolving Credit Facility (collectively with Parent, the "Borrowers") subject to approval by the Administrative Agent and the Lenders. In addition, the Credit Agreement provides that the revolving commitments under the Revolving Credit Facility may be increased by an amount not to exceed $300 million, subject to certain terms and conditions. Loans may be made under the Revolving Credit Facility, at the Borrowers' election, in Euros, Pounds Sterling, Japanese Yen or U.S. Dollars.

Letters of Credit. The Revolving Credit Facility will be available for the issuance of letters of credit by the Administrative Agent or one or more other Lenders. Standby letters of credit may be issued in respect of obligations of Parent or any of its subsidiaries incurred pursuant to contracts made or performances undertaken, or to be undertaken, or like matters relating to contracts to which Parent or any of its subsidiaries is, or proposes to become, a party in the ordinary course of business, including, but not limited to, for insurance purposes and in connection with lease transactions. Commercial letters of credit may be issued to finance purchases of goods by Parent and its subsidiaries in the ordinary course of business. The aggregate amount outstanding at any time with respect to standby letters of credit may not exceed $125 million and the Revolving Credit Facility shall be available in its entirety for the issuance of commercial letters of credit.

Swing Line Loans. The Revolving Credit Facility will be available for the issuance of Swing Line Loans by the Administrative Agent in an aggregate amount outstanding at any time not to exceed $20 million.

Interest Rates and Fees. Pursuant to the Credit Agreement, borrowings under the Facility bear interest at a rate per annum equal to, at the Borrowers' option, either (a) an alternate base rate or (b) a rate based on the rates applicable for deposits in the interbank market for U.S. Dollars or the applicable currency in which the loans are made (the "Adjusted LIBO Rate") plus, in each case, an applicable margin. The applicable margin will be adjusted by reference to a grid (the "Pricing Grid") based on the ratio of (a) consolidated debt plus 600% of consolidated lease expense to (b) consolidated EBITDAR ("Leverage Ratio"). Additionally, Parent will pay commitment fees, calculated at a rate per annum determined in accordance with the Pricing Grid, on the average daily undrawn portion of the Term Loan Facility and the full amount of the Revolving Credit Facility, payable quarterly in arrears, and certain fees with respect to letters of credit that are issued.

Optional Prepayments and Commitment Reductions. Loans under the Credit Agreement may be prepaid and commitments may be terminated or reduced by the Borrowers without premium or penalty (other than customary breakage costs).

Restrictive Covenants and Other Matters. The Credit Agreement contains negative covenants that, subject to significant exceptions, limit the ability of Parent and its subsidiaries to, among other things, incur debt, engage in new lines of business, incur liens, engage in mergers, consolidations, liquidations and dissolutions, dispose of substantially all of the assets of Parent and its subsidiaries, make investments, loans, advances, guarantees and acquisitions, make restricted payments and enter into transactions with affiliates. Parent and its subsidiaries must also comply on a quarterly basis with a maximum Leverage Ratio of 4.0 to 1.0.

Events of Default. The Credit Agreement contains events of default that are customary for a facility of this nature, including (subject in certain cases to grace periods and thresholds) nonpayment of principal, nonpayment of interest, fees or other amounts, material inaccuracy of representations and warranties, violation of covenants, cross-default to other material indebtedness, bankruptcy or insolvency events, certain events arising under the Employee Income Retirement Security Act of 1974, as amended, material judgments and a change of control as specified in the Credit Agreement. If an event of default occurs, the commitments of the Lenders to lend under the Facility may be terminated and the maturity of the amounts owed may be accelerated.

The Credit Agreement is annexed hereto and incorporated by reference as Exhibit (b)(1) to this Amendment. Kate Spade stockholders and other interested parties should read the Credit Agreement in its entirety.

Notes

On June 6, 2017, Parent entered into an underwriting agreement (the "Underwriting Agreement") with Merrill Lynch, Pierce, Fenner & Smith Incorporated and J.P. Morgan Securities LLC, as representatives of the several underwriters named therein (collectively, the "Underwriters"), providing for its underwritten public offering of $400,000,000 aggregate principal amount of 3.000% senior unsecured notes due 2022 (the "2022 Notes") and $600,000,000 aggregate principal amount of 4.125% senior unsecured notes due 2027 (the "2027 Notes," and together with the 2022 Notes, the "Notes"). The offer and sale of the Notes is registered under the Securities Act of 1933, as amended, pursuant to an automatic shelf registration statement on Form S-3 (File No. 333-200642) filed with the SEC on December 1, 2014. Parent plans to use the proceeds of the Notes to finance, in part, the Offer and the Merger, subject to the terms and conditions of the Merger Agreement.

The Underwriting Agreement contains customary representations, warranties and agreements of Parent and customary conditions to closing, indemnification rights and obligations of the parties. Parent expects the sale of the Notes to close on or about June 20, 2017 (the "Notes Closing Date").

The Notes will be issued under an Indenture (the “Base Indenture”), as supplemented by a supplemental indenture with respect to the 2022 Notes and a supplemental indenture with respect to the 2027 Notes, each to be dated as of the Notes Closing Date (collectively, the “Supplemental Indentures” and, together with the Base Indenture, the “Indenture”), between Parent and U.S. Bank National Association, as trustee. The Indenture will contain covenants limiting Parent’s ability to: (1) create certain liens, (2) enter into certain sale and leaseback transactions and (3) merge, or consolidate or transfer, sell or lease all or substantially all of Parent’s assets. These covenants will be subject to important limitations and exceptions that will be described in the Indenture.

The 2022 Notes will bear interest at a rate of 3.000% per year and the 2027 Notes will bear interest at a rate of 4.125% per year, subject to adjustments from time to time if either Moody’s or S&P (or a substitute rating agency) downgrades (or downgrades and subsequently upgrades) the credit rating assigned to the 2022 Notes or the 2027 Notes, as applicable, as set forth in more detail in the prospectus supplement filed by Parent with the SEC on June 6, 2017. Interest on the 2022 Notes and the 2027 Notes is payable semi-annually on January 15 and July 15 of each year, beginning on January 15, 2018. The Notes will be unsecured, senior obligations and rank equal in right of payment to any of Parent’s existing and future senior unsecured indebtedness, senior in right of payment to any of Parent’s future subordinated indebtedness, effectively subordinated in right of payment to any of Parent’s subsidiaries’ obligations (including secured and unsecured obligations) and effectively subordinated in right of payment to any of Parent’s secured obligations, to the extent of the assets securing such obligations.

The Underwriting Agreement is annexed hereto and incorporated by reference as Exhibit (b)(2) to this Amendment. Kate Spade stockholders and other interested parties should read the Underwriting Agreement in its entirety.”

Item 11. ***Additional Information.***

Regulation M-A Item 1011

The Offer to Purchase and Item 11 of the Schedule TO (and Items 1 through 9 and Item 11 of the Schedule TO, to the extent such items incorporate by reference the information contained in the Offer to Purchase under the following captions and Sections) are hereby amended as follows:

1. The information set forth in Section 16 — “Certain Legal Matters; Regulatory Approvals” of the Offer to Purchase is hereby amended and supplemented to delete the second numerated paragraph added to such Section in Amendment No. 1 to the Schedule TO and replacing such paragraph with the following:

   “Beginning on May 31, 2017, five putative class action complaints were filed by purported stockholders of Kate Spade challenging the Offer and the Merger in the United States District Court for the Southern District of New York. The cases are captioned Rosenfeld vs. Kate Spade & Company, et al., Case No. 1:17-CV-04085 (S.D.N.Y) (filed on May 31, 2017); Ali vs. Kate Spade & Co., et al., Case No. 1:17-CV-04125 (S.D.N.Y.) (filed on June 2, 2017); Steinberg vs. Kate Spade & Company, et al., Case No. 1:17-CV-04155 (S.D.N.Y.) (filed on June 2, 2017); Garcia vs. Kate Spade & Company, et al., Case No. 1:17-CV-04177 (S.D.N.Y.) (filed on June 5, 2017); and Jauregui vs. Kate Spade & Company, et al., Case No. 1:17-CV-04205 (S.D.N.Y.) (filed on June 5, 2017). The complaints name as defendants Kate Spade and members of the Kate Spade Board, and the Steinberg and Jauregui complaints additionally name Parent and Merger Sub. The complaints allege, among other things, that the defendants violated Sections 14(d), 14(e) and 20(a) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and certain rules promulgated thereunder by omitting or misrepresenting certain allegedly material information in the Solicitation/Recommendation Statement on Schedule 14D-9 of Kate Spade (together with any exhibits and annexes attached thereto, the “Schedule 14D-9”), which the plaintiff-stockholders argue is necessary for stockholders to make an informed decision as to whether to tender their Shares. In addition, the Jauregui complaint alleges that the Kate Spade Board breached its fiduciary duties by causing Kate Spade to enter into the Merger Agreement based on allegations that the Offer price is inadequate, the sales process was flawed, and the Merger Agreement includes preclusive deal protection provisions that would impede or prevent a potential superior proposal. As relief, the plaintiff-stockholders seek in the complaint, among other things, an injunction against the Offer and Merger, rescissory damages should the Offer and Merger not be enjoined, unspecified money damages, and an award of the costs of the action, including attorneys’ and experts’ fees. Copies of the complaints are annexed hereto and incorporated by reference as Exhibits (a)(5)(A), (a)(5)(B), (a)(5)(C), (a)(5)(D) and (a)(5)(E) to this Amendment.

   Similar stockholder actions relating to the Offer and Merger may be filed during and after this offering.”

Item 12. ***Exhibits.***

Regulation M-A Item 1016

Exhibit (a)(1)(H) and Item 12 of the Schedule TO are hereby amended as follows:

1. The information set forth under the caption “Cautionary Statement Regarding Forward-Looking Statements” in Exhibit (a)(1)(H) is hereby amended and supplemented by deleting the paragraph of such section and replacing such paragraph with the following:

“This press release may contain “forward-looking statements” within the meaning of the federal securities laws. In this context, forward-looking statements often address expected future business and financial performance and financial condition, and often contain words such as “expect,” “anticipate,” “intend,” “plan,” “believe,” “seek,” “see,” “will,” “would,” “target,” similar expressions, and variations or negatives of these words. Forward-looking statements by their nature address matters that are, to different degrees, uncertain, such as statements about the consummation of the proposed transaction and the anticipated benefits thereof. Such statements involve risks, uncertainties and assumptions. If such risks or uncertainties materialize or such assumptions prove incorrect, the results of Coach, Inc. and its consolidated subsidiaries could differ materially from those expressed or implied by such forward-looking statements and assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. Risks, uncertainties and assumptions include the possibility that expected benefits may not materialize as expected; that the merger may not be timely completed, if at all; that, prior to the completion of the transaction, Kate Spade & Company’s business may not perform as expected due to transaction-related uncertainty or other factors; that the parties are unable to successfully implement integration strategies; and other risks that are described in Coach, Inc.’s latest Annual Report on Form 10-K and its other filings with the SEC.”

SIGNATURES

After due inquiry and to the best of their knowledge and belief, each of the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated: June 8, 2017

CHELSEA MERGER SUB INC.

By: /s/ Todd Kahn
Name: Todd Kahn
Title: President & Secretary

COACH, INC.

By: /s/ Todd Kahn
Name: Todd Kahn
Title: President, Chief Administrative Officer & Secretary

EXHIBIT INDEX

Exhibit No.	Description
(a)(1)(A)	Offer to Purchase, dated May 26, 2017.*
(a)(1)(B)	Letter of Transmittal.*
(a)(1)(C)	Notice of Guaranteed Delivery.*
(a)(1)(D)	Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.*
(a)(1)(E)	Letter to Clients for Use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.*
(a)(1)(F)	Press Release of Coach, Inc., dated May 8, 2017 (incorporated by reference to Exhibit 99.1 to the Current Report on Form 8-K filed by Coach, Inc. with the Securities and Exchange Commission on May 8, 2017).*
(a)(1)(G)	Summary Advertisement as published in *The Wall Street Journal* on May 26, 2017.*
(a)(1)(H)	Press Release of Coach, Inc., dated May 26, 2017.*
(a)(1)(I)	Investor Presentation, dated May 8, 2017. (incorporated by reference to Exhibit 99.1 to the Tender Offer Statement on Schedule TO filed by Coach, Inc. with the Securities and Exchange Commission on May 8, 2017).*
(a)(1)(J)	Leadership Briefing Packet. (incorporated by reference to Exhibit 99.2 to the Tender Offer Statement on Schedule TO filed by Coach, Inc. with the Securities and Exchange Commission on May 8, 2017).*
(a)(1)(K)	Vendor Letter, dated May 8, 2017. (incorporated by reference to Exhibit 99.3 to the Tender Offer Statement on Schedule TO filed by Coach, Inc. with the Securities and Exchange Commission on May 8, 2017).*
(a)(1)(L)	Employee Letter, dated May 8, 2017. (incorporated by reference to Exhibit 99.4 to the Tender Offer Statement on Schedule TO filed by Coach, Inc. with the Securities and Exchange Commission on May 8, 2017).*
(a)(1)(M)	Partner/Distributor Letter, dated May 8, 2017. (incorporated by reference to Exhibit 99.5 to the Tender Offer Statement on Schedule TO filed by Coach, Inc. with the Securities and Exchange Commission on May 8, 2017).*
(a)(1)(N)	Webcast Transcript, dated May 8, 2017. (incorporated by reference to Exhibit 99.6 to the Tender Offer Statement on Schedule TO filed by Coach, Inc. with the Securities and Exchange Commission on May 8, 2017).*
(a)(5)(A)	Class Action Complaint as filed May 31, 2017 (Rosenfeld vs. Kate Spade & Company, et al., Case No. 1:17-CV-04085 (S.D.N.Y)).*
(a)(5)(B)	Class Action Complaint as filed June 2, 2017 (Ali vs. Kate Spade & Co., et al., Case No. 1:17-CV-04125 (S.D.N.Y.)).
(a)(5)(C)	Class Action Complaint as filed June 2, 2017 (Steinberg vs. Kate Spade & Company, et al., Case No. 1:17-CV-04155 (S.D.N.Y.)).
(a)(5)(D)	Class Action Complaint as filed June 5, 2017 (Garcia vs. Kate Spade & Company, et al., Case No. 1:17-CV-04177 (S.D.N.Y.)).
(a)(5)(E)	Class Action Complaint as filed June 5, 2017 (Jauregui vs. Kate Spade & Company, et al., Case No. 1:17-CV-04205 (S.D.N.Y.)).
(b)(1)	Credit Agreement, dated as of May 30, 2017, by and among Coach, Inc., Bank of America, N.A., as administrative agent, the other agents party thereto, and a syndicate of banks and financial institutions (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by Coach, Inc. with the Securities and Exchange Commission on May 31, 2017).*
(b)(2)	Underwriting Agreement, dated as of June 6, 2017, by and among Coach, Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated and J.P. Morgan Securities LLC, as representatives of the several underwriters named therein (incorporated by reference to Exhibit 1.1 to the Current Report on Form 8-K filed by Coach, Inc. with the Securities and Exchange Commission on June 7, 2017).*
(d)(1)	Agreement and Plan of Merger, dated as of May 7, 2017, by and among Kate Spade & Company, Coach, Inc., and Chelsea Merger Sub Inc. (incorporated by reference to Exhibit 2.1 to the Quarterly Report for the Quarterly Period Ended April 1, 2017, on Form 10-Q filed by Coach, Inc. with the Securities and Exchange Commission on May 10, 2017).*
(d)(2)	Commitment Letter, dated May 7, 2017, among Coach, Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Bank of America, N.A. (incorporated by reference to Exhibit 10.2 to the Quarterly Report for the Quarterly Period Ended April 1, 2017, on Form 10-Q filed by Coach, Inc. with the Securities and Exchange Commission on May 10, 2017).*
(d)(3)	Confidentiality Agreement, dated January 7, 2017, between Coach, Inc. and Kate Spade & Company.*

* Previously filed.

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

JARED ALI, individually and on behalf of all others similarly situated,

Plaintiff,

v.

KATE SPADE & CO., NANCY J. KARCH, LAWRENCE S. BENJAMIN, RAUL J. FERNANDEZ, CARSTEN FISCHER, KENNETH B. GILMAN, KENNETH P. KOPELMAN, CRAIG A. LEAVITT, DEBORAH LLOYD, DOUGLAS MACK, JAN SINGER, and DOREEN A. TOBEN

Defendants.

CIVIL ACTION NO. ___________

CLASS ACTION COMPLAINT FOR VIOLATION OF FEDERAL SECURITIES LAWS

Plaintiff Jared Ali ("Plaintiff"), by his attorneys, alleges upon information and belief, except for his own acts, which are alleged on knowledge, as follows:

NATURE AND SUMMARY OF THE ACTION

1. Plaintiff brings this class action on behalf of the public stockholders of Kate Spade & Co. ("Kate Spade" or the "Company") against the members of Kate Spade's Board of Directors collectively, the "Board" or the "Individual Defendants," as further defined below) for violations of Section 14(d)(4), and Rule 14D-9 promulgated thereunder by the U.S. Securities and Exchange Commission (the "SEC"), and Sections 14(e) and 20(a). Specifically, Defendants solicit the tendering of stockholder shares in connection with the sale of the Company to Coach, Inc. ("Parent") through Parent's wholly-owned subsidiary, Chelsea Merger Sub, Inc. ("Merger Sub," and together with Parent, "Coach") through a recommendation statement that omits material facts necessary to make the statements therein not false or misleading. Stockholders need this material information to decide whether to tender their shares or pursue their appraisal rights.

2. On May 8, 2017, the Company announced that it had entered into a definitive agreement (the "Merger Agreement"), by which Coach would commence a tender offer (the "Tender Offer") to acquire all of the outstanding shares of Kate Spade common stock for $18.50 per share in cash (the "Merger Consideration"). The Tender Offer, commenced on May 26, 2017, is set to expire at 11:59 P.M. New York City Time on June 23, 2017. The Proposed Transaction is valued at approximately $2.4 billion.

3. In connection with the commencement of the Tender Offer, on May 26, 2017, the Company filed a Recommendation Statement on Schedule 14D-9 (the "Recommendation Statement") with the SEC. The Recommendation Statement is materially deficient and misleading because, *inter alia*, it fails to disclose material information about the background of the merger. Without all material information, Kate Spade stockholders cannot make an informed decision regarding the exchange of their shares in the Tender Offer. The failure to adequately disclose such material information constitutes a violation of §§ 14(d)(4), 14(e) and 20(a) of the Exchange Act as stockholders need such information in order to make a fully-informed decision regarding tendering their shares in connection with the Proposed Transaction .

4. For these reasons and as set forth in detail herein, the Individual Defendants have violated federal securities laws. Accordingly, Plaintiff seeks to enjoin the Proposed Transaction or, in the event the Proposed Transaction is consummated, recover damages resulting from the Individual Defendants' violations of these laws. Judicial intervention is warranted here to rectify existing and future irreparable harm to the Company's stockholders.

JURISDICTION AND VENUE

5. This Court has subject matter jurisdiction under 28 U.S.C. § 1331 (federal question jurisdiction) and Section 27 of the Exchange Act (15 U.S.C. § 78aa) because Plaintiff alleges violations of Sections 14(d), 14(e), and 20(a) of the Exchange Act and SEC Rule 14d-9.

6. Personal jurisdiction exists over each defendant either because the defendant conducts business in or maintains operations in this District, or is an individual who is either present in this District for jurisdictional purposes or has sufficient minimum contacts with this District as to render the exercise of jurisdiction over defendant by this Court permissible under traditional notions of fair play and substantial justice.

7. Venue is proper in this District under Section 27 of the Exchange Act, 15 U.S.C. § 78aa, as well as under 28 U.S.C. § 1391, because: (i) the conduct at issue took place and had an effect in this District; (ii) Kate Spade maintains its primary place of business in this District; (iii) a substantial portion of the transactions and wrongs complained of herein, including Defendants' primary participation in the wrongful acts detailed herein, occurred in this District; and (iv) Defendants have received substantial compensation in this District by doing business here and engaging in numerous activities that had an effect in this District.

PARTIES AND RELEVANT NON-PARTIES

8. Plaintiff is, and has been at all relevant times, the owner of shares of common stock of Kate Spade.

9. Kate Spade is a corporation organized and existing under the laws of the State of Delaware. It maintains principal executive offices at 2 Park Avenue, New York, New York, 10016.

10. Defendant Nancy J. Karch ("Karch") has served as a director of the Company since 2000 and was elected Chairman of the Board in May 2013.

11. Defendant Lawrence S. Benjamin ("Benjamin") has served as a director of the Company since January 2011.

12. Defendant Raul J. Fernandez ("Fernandez") has served as a director of the Company since 2000.

13. Defendant Carsten Fischer ("Fischer") has served as a director of the Company since July 2016.

14. Defendant Kenneth B. Gilman ("Gilman") has served as a director of the Company since February 2008.

15. Defendant Kenneth P. Kopelman ("Kopelman") has served as a director of the Company since 1996.

16. Defendant Craig A. Leavitt ("Leavitt") has served as a director of the Company since February 2014 and has served as Chief Executive Officer of the Company in 2010.

17. Defendant Deborah Lloyd ("Lloyd") has served as a director of the Company since February 2014 and is the Company's Chief Creative Officer.

18. Defendant Douglas Mack ("Mack") has served as a director of the Company since June 2014.

19. Defendant Jan Singer ("Singer") has served as a director of the Company since May 2015.

20. Defendant Doreen A. Toben ("Toben") has served as a director of the Company since 2009.

21. Defendants referenced in ¶¶ 10 through 20 are collectively referred to as Individual Defendants and/or the Board.

22. Relevant non-party Coach is a corporation organized and existing under the laws of the State of Maryland. Coach maintains its principal executive offices at 10 Hudson Yards, New York, New York, 10001.

23. Relevant non-party Merger Sub is a Delaware corporation and wholly owned subsidiary of Coach that was created for the purposes of effectuating the Proposed Transaction.

CLASS ACTION ALLEGATIONS

24. Plaintiff brings this action as a class action on behalf of all persons and/or entities that own Kate Spade common stock (the "Class"). Excluded from the Class are Defendants and their affiliates, immediate families, legal representatives, heirs, successors or assigns and any entity in which Defendants have or had a controlling interest.

25. The Class is so numerous that joinder of all members is impracticable. While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through discovery, Plaintiff believes that there are thousands of members in the Class. The Recommendation Statement states that, as of May 22, 2017, there were 128,623,421 shares of common stock outstanding. All members of the Class may be identified from records maintained by Kate Spade or its transfer agent and may be notified of the pendency of this action by mail, using forms of notice similar to that customarily used in securities class actions.

26. Questions of law and fact are common to the Class, including (i) whether Defendants solicited stockholder approval of the Proposed Transaction through a materially false or misleading Recommendation Statement in violation of federal securities laws; (ii) whether Plaintiff and other Class members will suffer irreparable harm if securities laws violations are not remedied before the vote on the Proposed Transaction; and (iii) whether the Class entitled is to injunctive relief as a result of Defendants' wrongful conduct.

27. Plaintiff's claims are typical of the claims of the other members of the Class. Plaintiff and the other members of the Class have sustained damages as a result of Defendants' wrongful conduct as alleged herein.

28. Plaintiff will fairly and adequately protect the interests of the Class, and has no interests contrary to or in conflict with those of the Class that Plaintiff seeks to represent.

29. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy. Plaintiff knows of no difficulty to be encountered in the management of this action that would preclude its maintenance as a class action.

FURTHER SUBSTANTIVE ALLEGATIONS

Company Background

30. Kate Spade is a clothing and lifestyle company, operating principally under two global brands, kate spade new york and Jack Spade New York. Founded in 1993, the Company has more than 140 retail shops and outlet stores across the United States and more than 175 shops internationally. The Company also sells its products through third-party retailers.

The Sale Process

31. Coach expressed interest in acquiring the Company in February 2016. Defendant Leavitt and the Company's Chief Operating Officer George Carrara held a meeting with Victor Luis on February 1, 2016 to discuss a potential combination. Coach delivered a preliminary indication of interest to acquire the Company on February 16, 2016 for a price of $22.00 per share. As of February 16, 2016, the Company's stock closed at $16.73. Defendants Leavitt and Karch determined that this price was not sufficient for the Company to engage in negotiations.

32. During a special meeting of the Board on February 26, 2016, the Board authorized the Company to engage Perella Weinberg Partners LP ("Perella Weinberg") as the Company's financial advisor in evaluating acquisition proposals. After negotiation, the Company formally engaged Perella Weinberg on March 22, 2016.

33. Discussions did not progress further with Coach for the next several months.

34. On November 14, 2016, Caerus Investors ("Caerus"), a large stockholder of the Company released a public letter to the Board urging a sale of the Company.

35. Following discussions of the Board on November 29, 2016 and December 2, 2016, fifteen potential counterparties were identified and Perella Weinberg was instructed to begin contacting these counterparties regarding a potential transaction.

36. On December 28, 2016, media outlets reported that the Company was exploring a sale.

37. The Company entered into a confidentiality agreement with Coach on January 7, 2017. This confidentiality agreement contained a standstill provision that permitted private proposals to the Board.

38. On January 17, 2017 and January 26, 2017, the Company entered into confidentiality agreements with Party A and Party B. The Recommendation Statement does not disclose whether these confidentiality agreements contained standstill provisions, and if so, whether they also contained "don't-ask-don't-waive provisions."

39. Party B informed Perella Weinberg on February 3, 2017 that it would not be submitting a bid for the Company.

40. On February 13, 2017, Coach submitted a non-binding indication of interest at a price range of $18.00 to $22.00 per share. The same day, Party A submitted a non-binding indication of interest in a cash transaction at a price range of $20.00 to $22.00 per share.

41. The Board met to review the ongoing strategic process on February 15, 2017. After discussion, the Board directed Perella Weinberg to inform Party A and Coach that they would be invited to continue in the process. Perella Weinberg provided the two parties with bid instruction letters on February 27, 2017, with submission deadlines for bids on March 27, 2017.

42. On March 8, 2017, Party A informed Perella Weinberg that it would not be submitting a bid to acquire the Company.

43. On March 21, 2017, Coach informed representatives of the Company that it would not be submitting a formal bid for the Company by March 27, 2017, but expressed an interest in continuing discussions.

44. After continued discussions, Coach submitted a non-binding proposal for $18.00 per share on April 29, 2017. After further negotiation, Coach submitted a revised proposal for $18.50 per share on May 2, 2017.

45. On May 7, 2017, the Board held a meeting to discuss the final terms of the Merger Agreement. After Perella Weinberg presented its fairness opinion and analysis, the Board unanimously authorized the execution of the Merger Agreement.

46. Following the meeting, the Company and Coach executed the Merger Agreement and other transaction documents.

47. The next morning, on May 8, 2017, the Company and Coach then issued a press release, reading in relevant part:

NEW YORK--(BUSINESS WIRE)--May 8, 2017-- Coach, Inc. (NYSE:COH) (SEHK:6388), a leading New York design house of modern luxury accessories and lifestyle brands, today announced it has signed a definitive agreement to acquire Kate Spade & Company (NYSE:KATE). Under the terms of the transaction Kate Spade shareholders will receive $18.50 per share in cash for a total transaction value of $2.4 billion. The transaction represents a 27.5% percent premium to the unaffected closing price of Kate Spade's shares as of December 27, 2016, the last trading day prior to media speculation of a transaction. The transaction has been unanimously approved by the Boards of Directors of Kate Spade & Company and Coach, Inc.

* * *

Victor Luis, Chief Executive Officer of Coach, Inc. said, “Kate Spade has a truly unique and differentiated brand positioning with a broad lifestyle assortment and strong awareness among consumers, especially snake people. Through this acquisition, we will create the first New York-based house of modern luxury lifestyle brands, defined by authentic, distinctive products and fashion innovation. In addition, we believe Coach's extensive experience in opening and operating specialty retail stores globally, and brand building in international markets, can unlock Kate Spade's largely untapped global growth potential. We are confident that this combination will strengthen our overall platform and provide an additional vehicle for driving long-term, sustainable growth.”

Craig A. Leavitt, Chief Executive Officer of Kate Spade & Company, said, “Following a thorough review of strategic alternatives, reaching an agreement to join Coach's portfolio of global brands will maximize value for our shareholders and positions Kate Spade for long-term success as we continue our evolution into a powerful, global, multi-channel lifestyle brand. We look forward to working with Coach's leadership team to leverage their expertise across the business as we continue to innovate and build long-term loyalty with consumers and expand across our product category and geographic axes of growth.”

Kevin Wills, Coach's Chief Financial Officer added, “Due to the complementary nature of our respective businesses, we believe that we can realize a run rate of approximately $50 million in synergies within three years of the deal closing. These cost synergies will be realized through operational efficiencies, improved scale and inventory management, and the optimization of Kate Spade's supply chain network. At the same time, to ensure the long-term viability and health of the Kate Spade brand, and similar to the steps Coach has itself taken over the last three years, we plan to reduce sales in Kate Spade's wholesale disposition and online flash sales channels. Therefore, the reduction in profitability from the pullback in these channels will be offset by the realization of these substantial synergies. As a result, we expect that the acquisition will be accretive in fiscal 2018 on a non-GAAP basis, and will reach double-digit accretion by fiscal 2019, also on a non-GAAP basis.”

Mr. Luis concluded, "The acquisition of Kate Spade is an important step in Coach's evolution as a customer-focused, multi-brand organization. The combination enhances our position in the attractive global premium handbag and accessories, footwear and outerwear categories, bringing product, brand positioning and customer diversification to the portfolio, and establishing scale in key functions with the resources to invest in talent and innovation. In addition, we believe the Kate Spade brand will benefit from our best-in-class supply chain and strong corporate infrastructure."

Strategic Rationale

The combination of Coach, Inc. and Kate Spade & Company will create a leading luxury lifestyle company with a more diverse multi-brand portfolio supported by significant expertise in handbag design, merchandising, supply chain and retail operations as well as solid financial acumen. Coach's history and heritage, multi-channel, international distribution model, and seasoned leadership team uniquely position it to drive long-term sustainable growth for Kate Spade. Coach is focused on preserving Kate Spade's brand independence as well as retaining key talent, ensuring a smooth transition to Coach, Inc.'s ownership.

Transaction Details

The transaction is not subject to a financing condition. Coach has secured committed bridge financing from BofA Merrill Lynch. The $2.4 billion purchase price is expected to be funded by a combination of senior notes, bank term loans and approximately $1.2 billion of excess Coach cash, a portion of which will be used to repay an expected $800 million 6-month term loan. The transaction is expected to close in the third quarter of calendar 2017, subject to customary closing conditions, including the tender of a majority of the outstanding Kate Spade & Company shares pursuant to the offer and receipt of required regulatory approvals.

The Materially Misleading and Incomplete Recommendation Statement

48. Defendants have failed to provide stockholders with material information necessary for an informed vote on the Proposed Transaction. The Recommendation Statement, which recommends that the Company's stockholders tender their shares in the Proposed Transaction, misrepresents and/or omits material information in violation of Sections 14(e), 14(d)(4), and 20(a) of the Exchange Act.

Standstill Provisions

49. The Recommendation Statement discloses that the Company entered into confidentiality agreements with Party A and Party B, as well as Coach during its search for strategic partners. However, the Recommendation Statement is materially misleading because it discloses the standstill provision and terms of the agreement with Coach, but fails to state whether the confidentiality agreements with Party A and Party B contained standstill provisions or contained don't-ask-don't-waive provisions or other terms that would contractually forbid the counterparties from coming forward with a superior offer, or "topping bid," to the Proposed Transaction.

50. The disclosure of these agreements is particularly important in a transaction like this, where the Company has agreed in the Merger Agreement that it "shall seek to enforce any preexisting explicit or implicit confidentiality or standstill provisions or similar agreements with any Person or group of Persons." Indeed, this provision in the Merger Agreement also strongly suggests that restrictive standstill terms are currently in place, and currently operating to contractually forbid the counterparties from making topping bids.

51. The omission of this information materially misleads Kate Spade stockholders as to the ability of other parties to come forward with superior offers.

Potential Management Conflicts of Interest

52. The Recommendation Statement discloses that the Company's senior management negotiated their own retention agreements, and that retention of key individuals was a requirement of the deal terms put forward by Coach.

53. However, the Recommendation Statement omits any information regarding the first instance of retention-related communications. By omitting this information, the Recommendation Statement materially misleads Kate Spade stockholders as to management's interests throughout the strategic process in encouraging a bid from Coach at the expense of negotiations with Party A, Party B, or any other potential strategic counterparty.

54. Without the material information described above, stockholders cannot make an informed decision whether or not to tender their shares in favor of the Proposed Transaction or seek appraisal for their shares, and have been harmed thereby. These omissions materially mislead Kate Spade stockholders as to the as to the accuracy and value of the Recommendation Statement's other disclosures.

55. Defendants failure to provide Kate Spade's stockholders with the foregoing material information constitutes a violation of Sections 14(d)(4), 14(e), and 20(a) of the Exchange Act, and Rule 14d-9 promulgated thereunder. The Individual Defendants were aware of their duty to disclose this information. The material information described above that was omitted from the Recommendation Statement takes on actual significance in the minds of Kate Spade's stockholders in reaching their decision whether to vote in favor of the Proposed Transaction. Absent disclosure of this material information prior to the vote on the Proposed Transaction, Plaintiff and the other members of the Class will be unable to make an informed decision about whether to vote in favor of the Proposed Transaction and are thus threatened with irreparable harm for which damages are not an adequate remedy.

CLAIMS FOR RELIEF

COUNT I

Claims Against All Defendants for Violations of § 14(e) of the Securities Exchange Act of 1934

56. Plaintiff incorporates each and every allegation set forth above as if fully set forth herein.

57. Section 14(e) of the Exchange Act provides that it is unlawful "for any person to make any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading…" 15 U.S.C. § 78n(e).

58. As discussed above, Kate Spade filed and delivered the Recommendation Statement to its stockholders, which defendants knew or recklessly disregarded contained material omissions and misstatements as set forth above.

59. Defendants violated § 14(e) of the Exchange Act by issuing the Recommendation Statement in which they made untrue statements of material facts or failed to state all material facts necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, in connection with the tender offer commenced in conjunction with the Proposed Transaction. Defendants knew or recklessly disregarded that the Recommendation Statement failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

60. The Recommendation Statement was prepared, reviewed and/or disseminated by defendants. It misrepresented and/or omitted material facts, including material information about the consideration offered to stockholders via the tender offer, the intrinsic value of the Company, and potential conflicts of interest faced by certain Individual Defendants.

61. In so doing, defendants made untrue statements of material facts and omitted material facts necessary to make the statements that were made not misleading in violation of § 14(e) of the Exchange Act. By virtue of their positions within the Company and/or roles in the process and in the preparation of the Recommendation Statement, defendants were aware of this information and their obligation to disclose this information in the Recommendation Statement.

62. The omissions and incomplete and misleading statements in the Recommendation Statement are material in that a reasonable stockholder would consider them important in deciding whether to tender their shares or seek appraisal. In addition, a reasonable investor would view the information identified above which has been omitted from the Recommendation Statement as altering the “total mix” of information made available to stockholders.

63. Defendants knowingly or with deliberate recklessness omitted the material information identified above from the Recommendation Statement, causing certain statements therein to be materially incomplete and therefore misleading. Indeed, while defendants undoubtedly had access to and/or reviewed the omitted material information in connection with approving the Proposed Transaction, they allowed it to be omitted from the Recommendation Statement, rendering certain portions of the Recommendation Statement materially incomplete and therefore misleading.

64. The misrepresentations and omissions in the Recommendation Statement are material to Plaintiff, and Plaintiff will be deprived of their entitlement to make a fully informed decision if such misrepresentations and omissions are not corrected prior to the expiration of the tender offer.

COUNT II

Claims Against All Defendants for Violations of § 14(d)(4) of the Securities Exchange Act of 1934 and SEC Rule 14d-9 (17 C.F.R. § 240.14d-9)

65. Plaintiff repeats and realleges the preceding allegations as if fully set forth herein.

66. Defendants have caused the Recommendation Statement to be issued with the intention of soliciting stockholder support of the Proposed Transaction.

67. Section 14(d)(4) of the Exchange Act and SEC Rule 14d-9 promulgated thereunder require full and complete disclosure in connection with tender offers.

68. The Recommendation Statement violates § 14(d)(4) and Rule 14d-9 because it omits material facts, including those set forth above, which render the Recommendation Statement false and/or misleading.

69. Defendants knowingly or with deliberate recklessness omitted the material information identified above from the Recommendation Statement, causing certain statements therein to be materially incomplete and therefore misleading. Indeed, while defendants undoubtedly had access to and/or reviewed the omitted material information in connection with approving the Proposed Transaction, they allowed it to be omitted from the Recommendation Statement, rendering certain portions of the Recommendation Statement materially incomplete and therefore misleading.

70. The misrepresentations and omissions in the Recommendation Statement are material to Plaintiff, and Plaintiff will be deprived of their entitlement to make a fully informed decision if such misrepresentations and omissions are not corrected prior to the expiration of the tender offer.

71. The misrepresentations and omissions in the Recommendation Statement are material to Plaintiff, and Plaintiff will be deprived of their entitlement to make a fully informed decision if such misrepresentations and omissions are not corrected prior to the expiration of the tender offer.

COUNT III
Against the Individual Defendants for Violations of § 20(a) of the 1934 Act

72. Plaintiff repeats and realleges the preceding allegations as if fully set forth herein.

73. The Individual Defendants acted as controlling persons of Kate Spade within the meaning of Section 20(a) of the 1934 Act as alleged herein. By virtue of their positions as officers and/or directors of Kate Spade and participation in and/or awareness of the Company's operations and/or intimate knowledge of the false statements contained in the Recommendation Statement, they had the power to influence and control and did influence and control, directly or indirectly, the decision making of the Company, including the content and dissemination of the various statements that plaintiff contends are false and misleading.

74. Each of the Individual Defendants was provided with or had unlimited access to copies of the Recommendation Statement alleged by Plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause them to be corrected.

75. In particular, each of the Individual Defendants had direct and supervisory involvement in the day-to-day operations of the Company, and, therefore, is presumed to have had the power to control and influence the particular transactions giving rise to the violations as alleged herein, and exercised the same. The Recommendation Statement contains the unanimous recommendation of the Individual Defendants to approve the Proposed Transaction. They were thus directly involved in the making of the Recommendation Statement.

76. By virtue of the foregoing, the Individual Defendants violated Section 20(a) of the 1934 Act.

77. As set forth above, the Individual Defendants had the ability to exercise control over and did control a person or persons who have each violated Section 14(d) of the 1934 Act and Rule 14d-9, by their acts and omissions as alleged herein. By virtue of their positions as controlling persons, these defendants are liable pursuant to Section 20(a) of the 1934 Act. As a direct and proximate result of defendants' conduct, Plaintiff is threatened with irreparable harm.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff demands judgment against defendants jointly and severally, as follows:

(A) declaring this action to be a class action and certifying Plaintiff as the Class representatives and her counsel as Class counsel;

(B) declaring that the Recommendation Statement is materially false or misleading;

(C) enjoining, preliminarily and permanently, the Proposed Transaction;

(D) in the event that the transaction is consummated before the entry of this Court's final judgment, rescinding it or awarding Plaintiff and the Class rescissory damages;

(E) directing that Defendants account to Plaintiff and the other members of the Class for all damages caused by them and account for all profits and any special benefits obtained as a result of their breaches of their fiduciary duties;

(F) awarding Plaintiff the costs of this action, including a reasonable allowance for the fees and expenses of Plaintiff's attorneys and experts; and

(G) granting Plaintiff and the other members of the Class such further relief as the Court deems just and proper.

JURY DEMAND

Plaintiff demands a trial by jury.

Dated: June 2, 2017

Respectfully submitted,

By: /s/ Michael Ershowsky
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Attorneys for Plaintiff

Exhibit (a)(5)(C)

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

CHAILE STEINBERG, On Behalf of Herself and All Others Similarly Situated, Plaintiff, v. KATE SPADE & COMPANY, NANCY J. KARCH, LAWRENCE S. BENJAMIN, RAUL J. FERNANDEZ, CARSTEN FISCHER, KENNETH B. GILMAN, KENNETH P. KOPELMAN, CRAIG A. LEAVITT, DEBORAH LLOYD, DOUGLAS MACK, JAN SINGER, DOREEN A. TOBEN, COACH, INC., and CHELSEA MERGER SUB INC., Defendants.	)	Case No. ______________________ CLASS ACTION DEMAND FOR JURY TRIAL

COMPLAINT FOR VIOLATION OF THE SECURITIES EXCHANGE ACT OF 1934

Plaintiff, by her undersigned attorneys, for this complaint against defendants, alleges upon personal knowledge with respect to herself, and upon information and belief based upon, *inter alia*, the investigation of counsel as to all other allegations herein, as follows:

NATURE OF THE ACTION

1. This action stems from a proposed transaction announced on May 8, 2017 (the “Proposed Transaction”), pursuant to which Kate Spade & Company (“Kate Spade” or the “Company”) will be acquired by Coach, Inc. (“Parent”) and its wholly-owned subsidiary, Chelsea Merger Sub Inc. (“Merger Sub,” and together with Parent, “Coach”).

2. On May 7, 2017, Kate Spade’s Board of Directors (the “Board” or “Individual Defendants”) caused the Company to enter into an agreement and plan of merger (the “Merger Agreement”). Pursuant to the terms of the Merger Agreement, Coach commenced a tender offer (the “Tender Offer”) on May 26, 2017 to acquire all of Kate Spade’s outstanding stock for $18.50 per share in cash. The Tender Offer is currently set to expire on June 23, 2017.

3. On May 26, 2017, defendants filed a Solicitation/Recommendation Statement (the "Solicitation Statement") with the United States Securities and Exchange Commission ("SEC"), which recommends that Kate Spade's stockholders approve the Proposed Transaction and tender their shares in the Tender Offer.

4. The Solicitation Statement omits material information with respect to the Proposed Transaction, which renders the Solicitation Statement false and misleading. Accordingly, plaintiff alleges herein that defendants violated Sections 14(e), 14(d), and 20(a) of the Securities Exchange Act of 1934 (the "1934 Act") in connection with the Solicitation Statement.

JURISDICTION AND VENUE

5. This Court has jurisdiction over all claims asserted herein pursuant to Section 27 of the 1934 Act because the claims asserted herein arise under Sections 14(e), 14(d), and 20(a) of the 1934 Act and Rule 14a-9.

6. This Court has jurisdiction over defendants because each defendant is either a corporation that conducts business in and maintains operations within this District, or is an individual with sufficient minimum contacts with this District so as to make the exercise of jurisdiction by this Court permissible under traditional notions of fair play and substantial justice.

7. Venue is proper under 28 U.S.C. § 1391 because a substantial portion of the transactions and wrongs complained of herein occurred in this District.

PARTIES

8. Plaintiff is, and has been continuously throughout all times relevant hereto, the owner of Kate Spade common stock.

9. Defendant Kate Spade is a Delaware corporation and maintains its principal executive offices at 2 Park Avenue, New York, New York 10016. Kate Spade's common stock is traded on the NYSE under the ticker symbol "KATE."

10. Defendant Nancy J. Karch ("Karch") has served as a director of Kate Spade since 2000 and is Chair of the Board.

11. Defendant Lawrence S. Benjamin ("Benjamin") has served as a director of Kate Spade since January 2011.

12. Defendant Raul J. Fernandez ("Fernandez") has served as a director of Kate Spade since 2000.

13. Defendant Carsten Fischer ("Fischer") has served as a director of Kate Spade since July 2016.

14. Defendant Kenneth B. Gilman ("Gilman") has served as a director of Kate Spade since February 2008.

15. Defendant Kenneth P. Kopelman ("Kopelman") has served as a director of Kate Spade since 1996.

16. Defendant Craig A. Leavitt ("Leavitt") has served as a director of Kate Spade since February 2014 and is Chief Executive Officer ("CEO").

17. Defendant Deborah Lloyd ("Lloyd") has served as a director of Kate Spade since February 2014.

18. Defendant Douglas Mack ("Mack") has served as a director of Kate Spade since June 2014.

19. Defendant Jan Singer ("Singer") has served as a director of Kate Spade since 2015.

20. Defendant Doreen A. Toben ("Toben") has served as a director of Kate Spade since 2009.

21. The defendants identified in paragraphs 10 through 20 are collectively referred to herein as the "Individual Defendants."

22. Defendant Parent is a Maryland corporation and a party to the Merger Agreement.

23. Defendant Merger Sub is a Delaware corporation, a wholly-owned subsidiary of Parent, and a party to the Merger Agreement.

CLASS ACTION ALLEGATIONS

24. Plaintiff brings this action as a class action on behalf of herself and the other public stockholders of Kate Spade (the "Class"). Excluded from the Class are defendants herein and any person, firm, trust, corporation, or other entity related to or affiliated with any defendant.

25. This action is properly maintainable as a class action.

26. The Class is so numerous that joinder of all members is impracticable. As of May 5, 2017, there were approximately 128,604,671 shares of Kate Spade common stock outstanding, held by hundreds, if not thousands, of individuals and entities scattered throughout the country.

27. Questions of law and fact are common to the Class, including, among others: (i) whether defendants violated the 1934 Act; and (ii) whether defendants will irreparably harm plaintiff and the other members of the Class if defendants' conduct complained of herein continues.

28. Plaintiff is committed to prosecuting this action and has retained competent counsel experienced in litigation of this nature. Plaintiff's claims are typical of the claims of the other members of the Class and plaintiff has the same interests as the other members of the Class. Accordingly, plaintiff is an adequate representative of the Class and will fairly and adequately protect the interests of the Class.

29. The prosecution of separate actions by individual members of the Class would create the risk of inconsistent or varying adjudications that would establish incompatible standards of conduct for defendants, or adjudications that would, as a practical matter, be dispositive of the interests of individual members of the Class who are not parties to the adjudications or would substantially impair or impede those non-party Class members' ability to protect their interests.

30. Defendants have acted, or refused to act, on grounds generally applicable to the Class as a whole, and are causing injury to the entire Class. Therefore, final injunctive relief on behalf of the Class is appropriate.

SUBSTANTIVE ALLEGATIONS

Background of the Company

31. Kate Spade operates principally under two global, multichannel lifestyle brands: kate spade new york and JACK SPADE. The Company's four category pillars — women's, men's, children's, and home — span demographics, genders, and geographies. In addition, the Company owns a private brand jewelry design and development group, the Adelington Design Group.

32. On February 16, 2017, Kate Spade issued a press release wherein it reported its fourth quarter and full year 2016 financial results. The Company reported direct-to-consumer comparable sales growth of 9% for the fourth quarter and for the full year 2016. Kate Spade's net sales increased $42 million, or 10%, for the fourth quarter, and, for the full year, net sales increased $139 million, or 11%, on a reported basis and increased $166 million, or 14%, excluding wind-down operations in 2015.

33. The Company's fourth quarter net income was $86 million, or 18% of net sales, and its Adjusted EBITDA was $118 million, or 25% of net sales. For the full year, net income was $154 million, or 11% of net sales, and its Adjusted EBITDA was $261 million, or 19% of net sales. Kate Spade also reported that diluted earnings per share from continuing operations was $0.67 for the fourth quarter on a reported basis, and diluted earnings per share from continuing operations was $1.17 on a reported basis for the full year.

34. With respect to these impressive financial results, Individual Defendant Leavitt commented:

> Our solid fourth quarter and fiscal year performance demonstrate the strength of our differentiated business model, as we continued to gain market share and deliver strong growth despite a challenging retail environment. In 2016, we further strengthened our handbag portfolio, introduced new categories to our casual ready-to-wear classifications, and thoughtfully expanded our global store base, opening 52 net new owned and partner-operated stores. At the same time, we remain committed to maximizing value and are exploring strategic alternatives that are in the best interests of our Company and shareholders.

35. The Company's President and Chief Operating Officer, George Carrara ("Carrara"), further commented:

> We are pleased to report top-line growth of 14% for the full-year. In 2016, we delivered Adjusted EBITDA margin expansion of 220 basis points compared to the prior year, reflecting our ongoing focus on expense management, as well as the benefit of lower annual incentive compensation year-over-year. We generated robust cash flow and ended the year in a strong financial position, and with nearly $500 million in cash.

36. Despite these positive financial results, the Company announced in that same press release that the Board was exploring a potential sale of the Company. Specifically, the press release stated:

> Kate Spade & Company's Board of Directors, together with management and in consultation with Perella Weinberg Partners as its financial advisor and Paul, Weiss, Rifkind, Wharton & Garrison as its legal counsel, is conducting a process to explore and evaluate strategic alternatives to further enhance shareholder value.

> The Board plans to proceed in a timely manner, but has not set a definitive timetable for completion of this process. There can be no assurance that this review process will result in a transaction or other strategic alternative of any kind. The Company does not intend to disclose developments or provide updates on the progress or status of this process or discuss with investors the Company's results of operations until it deems further disclosure is appropriate or required. Additionally, no forward-looking guidance will be provided at this time.

The Process Leading to the Proposed Transaction

37. On February 1, 2016, Leavitt, the Company's CEO, and Carrara, the Company's President and Chief Operating Officer, had a meeting with Victor Luis ("Luis"), Parent's CEO, and Todd Kahn ("Kahn"), Parent's President and Chief Administrative Officer, in New York to discuss a potential business combination. The Solicitation Statement, however, fails to disclose who initiated this meeting.

38. Following that meeting, on February 16, 2016, Parent sent Kate Spade an indication of interest, regarding the potential acquisition of the Company for $22.00 per share, or *$3.50 per share more than the ultimate merger consideration*. Despite this significant value, and without consulting with the Board, Carrara informed Kahn the next day that "Parent's non-binding indication of interest was not at a level sufficient to cause the Company to engage at such time."

39. On February 26, 2016, the Board met with senior management and determined to engage Perella Weinberg Partners LP ("Perella Weinberg") as its financial advisor to assist in evaluating proposals for an acquisition of the Company, despite the fact that Perella Weinberg had provided substantial financial advisory services to Parent in the recent past.

40. On November 14, 2016, Caerus Investors ("Caerus"), a stockholder of the Company, released a public letter to the Board recommending a sale of the Company. This recommendation from Caerus gave the Board an excuse to seek a sale of the Company, which would guarantee the Board and the Company's executive officers millions of dollars in cash payments.

41. On November 29, 2016, the Board met and authorized the Company to set up a virtual data room to allow potentially interested parties to perform due diligence of the Company.

42. The Board met again on December 2, 2016 and directed Perella Weinberg to begin an exploratory process to gauge the interest of the likely potential counterparties with regard to a potential acquisition of the Company.

43. On December 5, 2016, Perella Weinberg began contacting prospective counterparties to a potential transaction, and ultimately contacted fifteen prospective counterparties including ten strategic entities and five financial sponsor entities. Of the parties contacted, three responded that they would be interested in further discussions: Parent, "Party A," and "Party B."

44. On January 7, 17, and 26, 2017, respectively, the Company entered into confidentiality agreements with each of Parent, Party A, and Party B, and allowed those parties to enter into the online data room, which contained nonpublic information about the Company. The Solicitation Statement, however, fails to disclose whether the confidentiality agreements with Party A and Party B contain standstill and "don't ask, don't' waive" provisions that are potentially preventing those parties from making a superior acquisition offer for the Company.

45. On February 3, 2017, Party B informed Perella Weinberg that it would not be submitting a bid for the Company.

46. On February 13, 2017, Parent submitted to Perella Weinberg an indication of interest to acquire the Company for a price range of $18.00-$22.00 per share, with the consideration to consist of a combination of cash and Parent stock. That same day, Party A submitted an indication of interest to acquire the Company in an all cash transaction for a price range of $20.00-$22.00 per share.

47. On March 8, 2017, Party A informed Perella Weinberg that it would not be submitting a further bid for the Company.

48. On April 29, 2017, Parent submitted to Perella Weinberg a proposal for the acquisition of the Company for $18.00 per share in an all-cash transaction.

49. On May 2, 2017, Parent submitted a revised proposal to acquire the Company for $18.50 per share in an all-cash transaction. According to the Solicitation Statement, the proposal was sent on a revised mark-up of a draft merger agreement that was previously provided to Parent, which apparently included a condition that certain “key senior management” of the Company execute retention agreements prior to the signing of the Merger Agreement. The Solicitation Statement fails to disclose any information regarding this condition, including who requested it, as well as the identity of the key senior management.

50. On May 3, 2017, the Board met and determined to accept Parent’s $18.50 per share proposal and authorized the Company’s senior management to proceed with negotiating a transaction. The Board also authorized the Company’s senior management team to initiate negotiation on their respective post-closing retention arrangements with Parent.

51. On May 7, 2017, the Board met to consider the final Merger Agreement. Perella Weinberg reviewed with the Board its financial analysis with respect to the Proposed Transaction and rendered its fairness opinion. The Board then approved the Proposed Transaction and the Merger Agreement.

The Deal Protections in the Merger Agreement

52. The Individual Defendants have all but ensured that another entity will not emerge with a competing proposal by agreeing to a "no solicitation" provision in the Merger Agreement that prohibits the Individual Defendants from soliciting alternative proposals and severely constrains their ability to communicate and negotiate with potential buyers who wish to submit or have submitted unsolicited alternative proposals. Sections 6.4(a) of the Merger Agreement states:

> (a) At all times during the period commencing with the execution and delivery of this Agreement and continuing until the earlier to occur of the termination of this Agreement pursuant to Article VIII and the Acceptance Time, and except as permitted by Section 6.4(b), the Company shall not, and shall cause any of its Subsidiaries and its and their respective officers and directors, and shall use its reasonable best efforts to cause their respective Representatives not to, directly or indirectly, (i) solicit, initiate, facilitate or knowingly encourage any inquiries regarding, or the making of any proposal or offer that constitutes, or could reasonably be expected to lead to, a Takeover Proposal, (ii) enter into or participate in any discussions with (including through the providing of access or non-public information relating to the Company) any Person regarding a Takeover Proposal (other than to state that the Company is not permitted to have discussions) or (iii) execute or enter into any Contract relating to, arising from or providing for a Takeover Proposal (other than an Acceptable Confidentiality Agreement entered into in accordance with this Section 6.4). The Company shall, and shall cause any of its Subsidiaries and its and their respective officers and directors, and shall use its reasonable best efforts to cause their respective Representatives to, immediately cease any direct or indirect solicitation, discussions or negotiations with any Persons with respect to any Takeover Proposal, including immediately withdrawing access to any "data room" that was established on or prior to the date of this Agreement in connection with the Transactions, and requesting the return or destruction of all non-public information of the Company or any of its Subsidiaries previously furnished or made available to any Person (other than Parent and its Representatives) in connection with a potential Takeover Proposal....

53. The Merger Agreement also states, without qualification, that: "Neither Parent nor Purchaser, nor any of their respective Affiliates or Representatives shall make, propose or enter into any formal or informal arrangements or understandings (whether or not binding) with any Person, or have any discussions or other communications with any other Person (other than Parent's and Purchaser's respective Affiliates and Representatives), in any such case with respect to any Takeover Proposal involving the Company."

54. Further, the Company must promptly advise Coach of any proposals or inquiries received from other parties. Section 6.4(c) of the Merger Agreement states:

> (c) From and after the date of this Agreement until the Acceptance Time or the termination of this Agreement in accordance with Article VIII, the Company shall promptly (but in any event within 48 hours) (i) advise Parent orally and in writing of the receipt of any Takeover Proposal, or any inquiry or request that could reasonably be expected to lead to a Takeover Proposal specifying the material terms and conditions thereof (including a written copy thereof and all materials related thereto, if any) and the identity of the party making such Takeover Proposal, (ii) keep Parent reasonably informed of all material developments affecting the status and terms of any such Takeover Proposal, inquiry or request and (iii) provide Parent with any written communications or documentation relating to any such Takeover Proposal inquiry or request, including any material revisions thereto or to any proposed agreement. Neither the Company nor any Subsidiary thereof will enter into any agreement with any Person subsequent to the date of this Agreement which prohibits the Company from providing any information to Parent in accordance with this Section 6.4(c).

55. Moreover, the Merger Agreement contains a highly restrictive "fiduciary out" provision permitting the Board to withdraw its approval of the Proposed Transaction under extremely limited circumstances, and grants Coach a "matching right" with respect to any "Superior Proposal" made to the Company. Section 6.4(e) of the Merger Agreement provides:

> (e) Notwithstanding Section 6.4(d), the Company Board may, at any time prior to the Acceptance Time and in response to a Superior Proposal received by the Company Board after the date of this Agreement, make an Adverse Recommendation Change or terminate this Agreement pursuant to Article VIII to enter into an Alternative Acquisition Agreement, but only if:

(i) the Company shall have (A) provided to Parent at least five (5) Business Days' prior written notice, which shall state expressly (1) that the Company Board has determined in good faith after consultation with its financial advisors and outside legal counsel, that it has received a Superior Proposal, (2) the material terms and conditions of the Superior Proposal (including the Person making such proposal), and shall have contemporaneously provided a copy of the Alternative Acquisition Agreement and all other material documents related to the Superior Proposal (it being understood and agreed that any amendment to the financial terms or any other material term or condition of such Superior Proposal shall require a new notice and a new three (3) Business Day period) and (3) that, subject to clause (iii) below, the Company Board has determined to effect an Adverse Recommendation Change or to terminate this Agreement in order to enter into the Alternative Acquisition Agreement, as applicable, (B) prior to making such an Adverse Recommendation Change or terminating this Agreement, to the extent requested by Parent in good faith, engaged in good faith negotiations with Parent during such applicable notice period to amend this Agreement in such a manner that the Alternative Acquisition Agreement ceases to constitute a Superior Proposal; and

(ii) the Company Board shall have determined, in good faith, after consultation with its financial advisors and outside legal counsel, that, in light of such Superior Proposal and taking into account all written or oral information, opinions or analyses submitted by or on behalf of Parent and any revised terms proposed by Parent, such proposal continues to constitute a Superior Proposal.

56. Further locking up control of the Company in favor of Coach, the Merger Agreement provides for a "termination fee" of $83,271,000 payable by the Company to Coach if the Individual Defendants cause the Company to terminate the Merger Agreement.

57. By agreeing to all of the deal protection devices, the Individual Defendants have locked up the Proposed Transaction and have precluded other bidders from making successful competing offers for the Company.

58. The merger consideration to be paid to plaintiff and the Class in the Proposed Transaction is inadequate. Among other things, the intrinsic value of the Company is materially in excess of the amount offered in the Proposed Transaction.

59. Accordingly, the Proposed Transaction will deny Class members their right to share proportionately and equitably in the true value of the Company's valuable and profitable business, and future growth in profits and earnings.

The Solicitation Statement Omits Material Information, Rendering It False and Misleading

60. Defendants filed the Solicitation Statement with the SEC in connection with the Proposed Transaction.

61. The Solicitation Statement omits material information regarding the Proposed Transaction, which renders the Solicitation Statement false and misleading.

62. First, the Solicitation Statement omits material information regarding the Company's financial projections that were relied upon by the Company's financial advisor in performing its valuation analyses of the Company.

63. For example, according to the Solicitation Statement, in arriving at its opinion, Perella Weinberg reviewed, among other things: (i) "the Projections and other financial and operating data relating to the business of the Company, in each case, prepared by management of the Company, including the management forecasts;" (ii) "certain sensitivity cases with respect thereto, which sensitivity cases were developed with the consent of management and the Board of Directors; and (iii) "certain publicly available financial forecasts relating to the Company."

64. Further, the Solicitation Statement indicates that Perella Weinberg performed three separate discounted cash flow analyses of the Company: one using the Company's projections; another using Wall Street consensus estimates; and the third using "various sensitivities with respect to the Projections."

65. The Solicitation Statement, however, only provides stockholders with certain of the Company's financial projections for years 2017 through 2019 as provided by management, but it fails to disclose the Wall Street consensus financial estimates and the sensitivity projections that were relied upon by Perella Weinberg to perform its discounted cash flow analyses.

66. Relatedly, the Solicitation Statement must disclose the circumstances surrounding Perella Weinberg's decision to use the sensitivity cases and Wall Street consensus estimates in is valuation analyses, including who provided these alternative projections, when they were provided, and who suggested that Perella Weinberg use them in its valuation analyses. As discussed *infra*, this information is material because Perella Weinberg's discounted cash flow analysis using the Company's financial projections resulted in implied value ranges of $21.30 to $26.90, which were wholly above the $18.50 per share merger consideration. However, the merger consideration fell within the implied value ranges of the Company (albeit at the low end) derived from the discounted cash flow analyses using the sensitivity cases and Wall Street consensus estimates.

67. The omission of this material information renders the Solicitation Statement false and misleading, including, *inter alia*, the following sections of the Solicitation Statement: (i) "Certain Unaudited Prospective Financial Information;" (ii) "Opinion of Perella Weinberg Partners LP;" and (iii) "Background of Offer and Merger."

68. Second, the Solicitation Statement omits material information regarding the financial analyses performed by the Company's financial advisor in support of its so-called fairness opinion.

69. With respect to Perella Weinberg's discounted cash flow analyses, the Solicitation Statement fails to disclose the Company's projected unlevered free cash flows for each of the three discounted cash flow analyses performed by Perella Weinberg, as well as the line items used to calculate those unlevered free cash flows, including operating income, stock based compensation expense, taxes, depreciation and amortization, capital expenditures, changes in net working capital, and "other cash flows." Notably, although the Solicitation Statement misleadingly discloses certain "free cash flow" projections supplied by Company management, based on their definition, it is apparent that these "free cash flow" projections were not the ones used in Perella Weinberg's discounted cash flow analyses.

70. Further, the Solicitation Statement indicates that, in its discounted cash flow analyses, "Perella Weinberg estimated the range of terminal value multiples to 2019 EBITDA," but the Solicitation Statement fails to disclose the Company's estimates of 2019 EBITDA.

71. Additionally, the Solicitation Statement fails to disclose the inputs underlying the discount rate range of 10.5% to 12.5% selected by Perella Weinberg.

72. When a banker's endorsement of the fairness of a transaction is touted to shareholders, the valuation methods used to arrive at that opinion as well as the key inputs and range of ultimate values generated by those analyses must also be fairly disclosed. As noted, the disclosure of the foregoing information is particularly important in light of the fact that Perella Weinberg's discounted cash flow analysis using the Company's financial projections resulted in implied value ranges of $21.30 to $26.90, which were wholly above the $18.50 per share merger consideration.

73. The omission of this material information renders the Solicitation Statement false and misleading, including, *inter alia*, the following sections of the Solicitation Statement: (i) "Certain Unaudited Prospective Financial Information" and (ii) "Opinion of Perella Weinberg Partners LP."

74. Third, the Solicitation Statement omits material information regarding potential conflicts of interest of the Company's officers and directors.

75. Specifically, the Solicitation Statement fails to disclose the timing and nature of all communications regarding future compensation, employment, and/or directorship of Kate Spade's officers and directors, including who participated in all such communications.

76. As noted, on May 2, 2017, submitted a revised mark-up of a draft merger agreement that was originally provided by Kate Spade, which left unchanged a condition that certain "key senior management" of the Company execute retention agreements prior to the signing of the Merger Agreement. The Solicitation Statement, however, fails to disclose any information regarding this condition, including who requested the retention agreements, when that condition was requested, and the identity of the key senior management of the Company.

77. Further, although the Solicitation Statement generally discusses that there were discussions between Parent and certain key senior management regarding "retention agreements," the Solicitation Statement is completely silent with respect to the nature, timing, and substance of discussions concerning the amendments of Company management's existing Employment Agreements and Executive Severance Agreements, as well as the bonus letter agreements entered into by each of Carrara and Thomas Linko, the Company's Chief Financial Officer. Further, the Solicitation Statement fails to disclose the nature, timing, and substance of the Board's discussions regarding the amendments to the Company's 2017 Annual Incentive Plan, pursuant to which, upon the close of the Proposed Transaction, each executive officer will receive 100% of his or her target bonus under the 2017 Annual Incentive Plan.

78. Communications regarding post-transaction employment during the negotiation of the underlying transaction must be disclosed to stockholders. This information is necessary for stockholders to understand potential conflicts of interest of management and the Board, as that information provides illumination concerning motivations that would prevent fiduciaries from acting solely in the best interests of the Company's stockholders.

79. The omission of this material information renders the Solicitation Statement false and misleading, including, *inter alia*, the following sections of the Solicitation Statement: (i) "Arrangements between the Company and its Executive Officers, Directors and Affiliates;" (ii) "Arrangements with Purchaser and Parent and their Affiliates;" and (iii) "Background of Offer and Merger."

80. Fourth, the Solicitation Statement omits material information regarding the process leading to the Proposed Transaction.

81. The Solicitation Statement fails to disclose whether the confidentiality agreements entered into with Party A and Party B contain standstill and "don't ask, don't' waive" provisions that are potentially preventing those parties from making a superior acquisition offer for the Company. Notably, it is likely that such provisions do exist because Section 6.4(b) of the Merger Agreement provides that, except as provided in the Merger Agreement, "the Company shall seek to enforce any preexisting explicit or implicit confidentiality or standstill provisions or similar agreements with any Person or group of Persons."

82. Without this information, stockholders may have the mistaken belief that, if these potentially interested parties wished to come forward with a superior offer, they are or were permitted to do so, when in fact they are or were contractually prohibited from doing so.

83. The above-referenced omitted information, if disclosed, would significantly alter the total mix of information available to Kate Spade's stockholders.

COUNT I

(Claim for Violation of Section 14(e) of the 1934 Act Against Defendants)

84. Plaintiff repeats and realleges the preceding allegations as if fully set forth herein.

85. Section 14(e) of the 1934 Act states, in relevant part, that:

> It shall be unlawful for any person to make any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading . . . in connection with any tender offer or request or invitation for tenders[.]

86. Defendants disseminated the misleading Solicitation Statement, which contained statements that, in violation of Section 14(e) of the 1934 Act, in light of the circumstances under which they were made, omitted to state material facts necessary to make the statements therein not misleading.

87. The Solicitation Statement was prepared, reviewed, and/or disseminated by defendants.

88. The Solicitation Statement misrepresented and/or omitted material facts in connection with the Proposed Transaction as set forth above.

89. By virtue of their positions within the Company and/or roles in the process and the preparation of the Solicitation Statement, defendants were aware of this information and their duty to disclose this information in the Solicitation Statement.

90. The omissions in the Solicitation Statement are material in that a reasonable shareholder will consider them important in deciding whether to tender their shares in connection with the Proposed Transaction. In addition, a reasonable investor will view a full and accurate disclosure as significantly altering the total mix of information made available.

91. Defendants knowingly or with deliberate recklessness omitted the material information identified above in the Solicitation Statement, causing statements therein to be materially incomplete and misleading.

92. By reason of the foregoing, defendants violated Section 14(e) of the 1934 Act.

93. Because of the false and misleading statements in the Solicitation Statement, plaintiff and the Class are threatened with irreparable harm.

94. Plaintiff and the Class have no adequate remedy at law.

COUNT II

(Claim for Violation of 14(d) of the 1934 Act Against Defendants)

95. Plaintiff repeats and realleges the preceding allegations as if fully set forth herein.

96. Section 14(d)(4) of the 1934 Act states:

> Any solicitation or recommendation to the holders of such a security to accept or reject a tender offer or request or invitation for tenders shall be made in accordance with such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors.

97. Rule 14d-9(d) states, in relevant part:

> Any solicitation or recommendation to holders of a class of securities referred to in section 14(d)(1) of the Act with respect to a tender offer for such securities shall include the name of the person making such solicitation or recommendation and the information required by Items 1 through 8 of Schedule 14D-9 (§ 240.14d- 101) or a fair and adequate summary thereof[.]

Item 8 requires that directors must "furnish such additional information, if any, as may be necessary to make the required statements, in light of the circumstances under which they are made, not materially misleading."

98. The Solicitation Statement violates Section 14(d)(4) and Rule 14d-9 because it omits the material facts set forth above, which renders the Solicitation Statement false and/or misleading.

99. Defendants knowingly or with deliberate recklessness omitted the material information set forth above, causing statements therein to be materially incomplete and misleading.

100. The omissions in the Solicitation Statement are material to plaintiff and the Class, and they will be deprived of their entitlement to make a fully informed decision with respect to the Proposed Transaction if such misrepresentations and omissions are not corrected prior to the expiration of the tender offer.

101. Plaintiff and the Class have no adequate remedy at law.

COUNT III

**(Claim for Violation of Section 20(a) of the 1934 Act
Against the Individual Defendants and Coach)**

102. Plaintiff repeats and realleges the preceding allegations as if fully set forth herein.

103. The Individual Defendants and Coach acted as controlling persons of Kate Spade within the meaning of Section 20(a) of the 1934 Act as alleged herein. By virtue of their positions as officers and/or directors of Kate Spade and participation in and/or awareness of the Company's operations and/or intimate knowledge of the false statements contained in the Solicitation Statement filed with the SEC, they had the power to influence and control and did influence and control, directly or indirectly, the decision making of the Company, including the content and dissemination of the various statements that plaintiff contends are false and misleading.

104. Each of the Individual Defendants and Coach was provided with or had unlimited access to copies of the Solicitation Statement alleged by plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause them to be corrected.

105. In particular, each of the Individual Defendants had direct and supervisory involvement in the day-to-day operations of the Company, and, therefore, is presumed to have had the power to control and influence the particular transactions giving rise to the violations as alleged herein, and exercised the same. The Solicitation Statement contains the unanimous recommendation of the Individual Defendants to approve the Proposed Transaction. They were thus directly connected with and involved in the making of the Solicitation Statement.

106. Coach also had direct supervisory control over the composition of the Solicitation Statement and the information disclosed therein, as well as the information that was omitted and/or misrepresented in the Solicitation Statement.

107. By virtue of the foregoing, the Individual Defendants and Coach violated Section 20(a) of the 1934 Act.

108. As set forth above, the Individual Defendants and Coach had the ability to exercise control over and did control a person or persons who have each violated Section 14(e) of the 1934 Act and Rule 14a-9, by their acts and omissions as alleged herein. By virtue of their positions as controlling persons, these defendants are liable pursuant to Section 20(a) of the 1934 Act.

109. As a direct and proximate result of defendants' conduct, plaintiff and the Class are threatened with irreparable harm.

110. Plaintiff and the Class have no adequate remedy at law.

PRAYER FOR RELIEF

WHEREFORE, plaintiff prays for judgment and relief as follows:

A. Enjoining defendants and all persons acting in concert with them from proceeding with, consummating, or closing the Proposed Transaction;

B. In the event defendants consummate the Proposed Transaction, rescinding it and setting it aside or awarding rescissory damages;

C. Directing the Individual Defendants to file a Solicitation Statement that does not contain any untrue statements of material fact and that states all material facts required in it or necessary to make the statements contained therein not misleading;

D. Declaring that defendants violated Sections 14(e), 14(d), and 20(a) of the 1934 Act, as well as Rule 14a-9 promulgated thereunder;

E. Awarding plaintiff the costs of this action, including reasonable allowance for plaintiff's attorneys' and experts' fees; and

F. Granting such other and further relief as this Court may deem just and proper.

JURY DEMAND

Plaintiff hereby demands a trial by jury.

Dated: June 2, 2017

RIGRODSKY & LONG, P.A.

By: */s/ Timothy J. MacFall*
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Attorneys for Plaintiff

CERTIFICATION OF PLAINTIFF

I, Chaile Steinberg ("Plaintiff"), hereby declare as to the claims asserted under the federal securities laws that:

1. Plaintiff has reviewed the complaint and authorizes its filing.

2. Plaintiff did not purchase the security that is the subject of this action at the direction of Plaintiff's counsel or in order to participate in any private action.

3. Plaintiff is willing to serve as a representative party on behalf of the class, either individually or as part of a group, and I will testify at deposition or trial, if necessary. I understand that this is not a claim form and that I do not need to execute this Certification to share in any recovery as a member of the class.

4. Plaintiff has been, at all relevant times stated in the complaint, the holder of 5,100 shares of the Kate Spade & Company (NYSE: KATE) security that is the subject of this action.

5. Plaintiff has complete authority to bring a suit to recover for investment losses on behalf of purchasers of the subject securities described herein (including Plaintiff, any co-owners, any corporations or other entities, and/or any beneficial owners).

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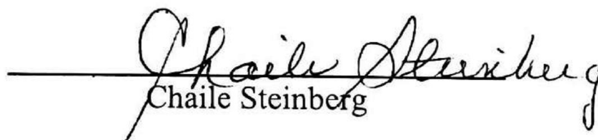
6. During the three years prior to the date of this Certification, Plaintiff has not moved to serve as a representative party for a class in an action filed under the federal securities laws.

7. Plaintiff will not accept any payment for serving as a representative party on behalf of the class beyond Plaintiffs *pro rata* share of any recovery, except such reasonable costs and expenses (including lost wages) directly relating to the representation of the class as ordered or approved by the Court.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 2nd day of June, 2017.



Chaile Steinberg

UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

HEATHER GARCIA, Individually and on Behalf of All Others Similarly Situated, Plaintiff, v. KATE SPADE & COMPANY, CRAIG A. LEAVITT, DEBORAH J. LLOYD, NANCY J. KARCH, LAWRENCE S. BENJAMIN, RAUL J. FERNANDEZ, CARSTEN FISCHER, KENNETH B. GILMAN, KENNETH P. KOPELMAN, DOUGLAS MACK, JAN SINGER, AND DOREEN A. TOBEN, Defendants.	Case No. CLASS ACTION **COMPLAINT FOR VIOLATION OF THE SECURITIES EXCHANGE ACT OF 1934** **DEMAND FOR JURY TRIAL**

Plaintiff Heather Garcia ("Plaintiff"), by and through her undersigned counsel, for her complaint against defendants, alleges upon personal knowledge with respect to herself, and upon information and belief based upon, *inter alia*, the investigation of counsel as to all other allegations herein, as follows:

NATURE OF THE ACTION

1. This action is brought as a class action by Plaintiff on behalf of himself and the other public holders of the common stock of Kate Spade & Company ("Kate Spade" or the "Company") against Kate Spade and the members of the Company's board of directors (collectively, the "Board" or "Individual Defendants," and, together with Kate Spade, the "Defendants") for their violations of Sections 14(e), 14(d)(4), and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act"), 15 U.S.C. §§ 78n(a), 78t(a), SEC Rule 14d-9, 17 C.F.R. 240.14d-9, and Regulation G, 17 C.F.R. § 244.100, in connection with the tender offer ("Tender Offer") by Coach, Inc.("Coach") a wholly owned subsidiary of Chelsea Merger Sub Inc. ("Merger Sub") to purchase all of the issued and outstanding shares of Kate Spade common stock for $18.50 per share (the "Offer Price").

2. On May 26, 2017, in order to convince Kate Spade shareholders to tender their shares, the Board authorized the filing of a materially incomplete and misleading Schedule 14D-9 Solicitation/Recommendation Statement (the “Recommendation Statement”) with the Securities and Exchange Commission (“SEC”), in violation of Sections 14(e), 14(d)(4), and 20(a) of the Exchange Act, and Regulation G, 17 C.F.R. § 244.100. In particular, the Recommendation Statement contains materially incomplete and misleading information concerning Kate Spade’s financial projections and the valuation analyses performed by the Company’s financial advisors, Perella Weinberg Partners LP (“Perella”).

3. The Tender Offer is scheduled to expire 11:59 p.m., New York City time, on June 23, 2017 (the “Expiration Date”). It is imperative that the material information that has been omitted from the Recommendation Statement is disclosed to the Company’s shareholders prior to the forthcoming Expiration Date so they can properly determine whether to tender their shares.

4. For these reasons, and as set forth in detail herein, Plaintiff seeks to enjoin Defendants from closing the Tender Offer or taking any steps to consummate the proposed merger unless and until the material information discussed below is disclosed to Kate Spade shareholders or, in the event the proposed merger is consummated, to recover damages resulting from the Defendants’ violations of the Exchange Act.

JURISDICTION AND VENUE

5. This Court has jurisdiction over the claims asserted herein for violations of Sections 14(d)(4), 14(e) and 20(a) of the Exchange Act and SEC Rule 14d-9 promulgated thereunder pursuant to Section 27 of the Exchange Act, 15 U.S.C. § 78aa, and 28 U.S.C. § 1331 (federal question jurisdiction).

6. This Court has jurisdiction over the defendants because each defendant is either a corporation that conducts business in and maintains operations within this District, or is an individual with sufficient minimum contacts with this District so as to make the exercise of jurisdiction by this Court permissible under traditional notions of fair play and substantial justice.

7. Venue is proper in this District pursuant to 28 U.S.C. § 1391 because Plaintiff's claims arose in this District, where a substantial portion of the actionable conduct took place, where most of the documents are electronically stored, and where the evidence exists. Kate Spade is incorporated in Delaware and is headquartered in this District. Moreover, each of the Individual Defendants, as Company officers or directors, either resides in this District or has extensive contacts within this District.

PARTIES

8. Plaintiff is, and has been at all times relevant hereto, a continuous stockholder of Kate Spade.

9. Defendant Kate Spade is a Delaware corporation with its principal executive offices located at 2 Park Avenue, New York, New York 10016. The Company operates principally under two global, multichannel lifestyle brands: Kate Spade New York and Jack Spade. Kate Spade's common stock is traded on the New York Stock Exchange under the ticker symbol "KATE."

10. Defendant Craig A. Leavitt ("Leavitt") has been Chief Executive Officer ("CEO") and a director of the Company since February 2014. Defendant Leavitt previously served as Co- President and Chief Operating officer of Kate Spade, LLC from April 2008 through October 2010, when he was named CEO of Kate Spade, LLC.

11. Defendant Deborah J. Lloyd ("Lloyd") is Chief Creative Officer of the Company and has been a director of the Company since February 2014. Defendant Lloyd joined Kate Spade, LLC as Co-President and Chief Creative Officer in November 2007.

12. Defendant Nancy J. Karch ("Karch") has been non-executive Chairman of the Board since May 2013 and a director of the Company since 2000.

13. Defendant Lawrence S. Benjamin ("Benjamin") has been a director of the Company since January 2011.

14. Defendant Raul J. Fernandez ("Fernandez") has been a director of the Company since 2000.

15. Defendant Carsten Fischer ("Fischer") has been a director of the Company since July 2016.

16. Defendant Kenneth B. Gilman ("Gilman") has been a director of the Company since February 2008.

17. Defendant Kenneth P. Kopelman ("Kopelman") has been a director of the Company since 1996.

18. Defendant Douglas Mack ("Mack") has been a director of the Company since June 2014.

19. Defendant Jan Singer ("Singer") has been a director of the Company since May 2015.

20. Defendant Doreen A. Toben ("Toben") has been a director of the Company since 2009.

21. Defendants Leavitt, Lloyd, Karch, Benjamin, Fernandez, Fischer, Gilman, Kopelman, Mack, Singer and Toben are collectively referred to herein as the "Board" or the "Individual Defendants."

OTHER RELEVANT ENTITIES

22. Coach is a Maryland corporation with its principal executive offices located at 10 Hudson Yard, New York, New York 10001. Coach is a leading New York design house of modern luxury accessories and lifestyle brands.

23. Merger Sub is a Delaware corporation and wholly-owned subsidiary of Coach.

CLASS ACTION ALLEGATIONS

24. Plaintiff brings this action as a class action pursuant to Rule 23 of the Federal Rules of Civil Procedure on behalf of all persons and entities that own Kate Spade common stock (the "Class"). Excluded from the Class are defendants and their affiliates, immediate families, legal representatives, heirs, successors or assigns and any entity in which defendants have or had a controlling interest.

25. Plaintiff's claims are properly maintainable as a class action under Rule 23 of the Federal Rules of Civil Procedure.

26. The Class is so numerous that joinder of all members is impracticable. While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through discovery, Plaintiff believes that there are thousands of members in the Class. As of May 22, 2017, there were 128,623,421 shares of Company common stock issued and outstanding. All members of the Class may be identified from records maintained by Kate Spade or its transfer agent and may be notified of the pendency of this action by mail, using forms of notice similar to those customarily used in securities class actions.

27. Questions of law and fact are common to the Class and predominate over questions affecting any individual Class member, including, *inter alia*:

(a) Whether defendants have violated Section 14(d)(4) of the Exchange Act and Rule 14d-9 promulgated thereunder;

(b) Whether the Individual Defendants have violated Section 14(e) of the Exchange Act;

(c) Whether the Individual Defendants have violated Section 20(a) of the Exchange Act; and

(d) Whether Plaintiff and the other members of the Class would suffer irreparable injury were the Proposed Transaction consummated.

28. Plaintiff will fairly and adequately protect the interests of the Class, and has no interests contrary to or in conflict with those of the Class that Plaintiff seeks to represent. Plaintiff has retained competent counsel experienced in litigation of this nature.

29. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy. Plaintiff knows of no difficulty to be encountered in the management of this action that would preclude its maintenance as a class action.

30. Defendants have acted on grounds generally applicable to the Class with respect to the matters complained of herein, thereby making appropriate the relief sought herein with respect to the Class as a whole.

SUBSTANTIVE ALLEGATIONS

Company Background and Strong Financial Outlook

31. Kate Spade operates principally under two global, multichannel lifestyle brands: Kate Spade New York and Jack Spade. The Company's four category pillars — women's, men's, children's and home — span demographics, genders and geographies. In addition, Kate Spade owns the Adelington Design Group, a private brand jewelry design and development group. The Company operates Kate Spade New York and Jack Spade through one operating segment in North America and three operating segments in each of Japan, Asia (excluding Japan), and Europe.

32. The Company's Kate Spade New York brand offers fashion products for women and children and home products. The Kate Spade New York brand product line includes handbags, small leather goods, jewelry and apparel, along with a variety of licensed products including footwear, fragrances, swimwear and watches, among other items. The Company's Jack Spade brand offers fashion products for men, including briefcases, travel bags, small leather goods, fashion accessories and apparel.

33. On February 16, 2017, Kate Spade announced its fourth quarter and full year 2016 financial results. For the quarter, the Company reported net sales of $471 million, a 9.8% increase from the fourth quarter of 2015. Income from continuing operations for the quarter was $87 million, or $0.67 per diluted share, compared to $62 million, or $0.48 per diluted share, in the fourth quarter of 2015. For the full year 2016, the Company reported income from continuing operations of $152 million, or $1.17 per diluted share, compared to $22 million, or $0.17 per diluted share, for the full year 2015. Defendant Leavitt commented on the favorable financial results, stating:

> Our solid fourth quarter and fiscal year performance demonstrate the strength of our differentiated business model, as we continued to gain market share and deliver strong growth despite a challenging retail environment. In 2016, we further strengthened our handbag portfolio, introduced new categories to our casual ready-to-wear classifications, and thoughtfully expanded our global store base, opening 52 net new owned and partner-operated stores.

George Carrara ("Carrara"), Kate Spade's President and Chief Operating Officer, also commented:

> We are pleased to report top-line growth of 14% for the full-year. In 2016, we delivered Adjusted EBITDA margin expansion of 220 basis points compared to the prior year, reflecting our ongoing focus on expense management, as well as the benefit of lower annual incentive compensation year-over-year. We generated robust cash flow and ended the year in a strong financial position, and with nearly $500 million in cash.

34. On April 18, 2017, Kate Spade reported its first quarter 2017 financial results. Though the Company's net sales slightly declined to $271 million, compared to $274 million in the first quarter of 2016, defendant Leavitt and Carrara remained positive and pleased with the quarter's results. Defendant Leavitt noted:

> Despite a challenging retail environment and the later Easter holiday, we achieved yet another quarter of double-digit eCommerce comparable sales growth, which helped offset softness in bricks and mortar stores. Against this backdrop, we delivered strong gross margin expansion while working to drive profitable growth across our categories and channels.

Carrara added:

> We delivered over 140 basis points of gross margin expansion in the first quarter driven by operational efficiencies and our continued focus on quality of sale amidst a highly promotional environment. In addition, we continued to generate robust cash flow over the past twelve months and ended the quarter with $422 million in cash. We delivered these solid results despite the factors that negatively impacted our first quarter performance.

<u>The Process Leading Up to the Proposed Transaction</u>

35. On February 1, 2016, defendant Leavitt and Carrara met with Coach's CEO and President to discuss a potential business combination.

36. On February 16, 2016, Coach delivered a preliminary indication of interest to acquire the Company for $22.00 per share, including a request for exclusivity. Following discussion, the Board deemed the indication of interest insufficient.

37. On March 22, 2016, the Board formally engaged Perella as the Company's financial advisor in connection with an acquisition of Kate Spade.

38. On November 14, 2016, Caerus Investors, a Company stockholder, released a public letter to the Board recommending a sale of Kate Spade.

39. On June 6, 2016, Carrara met with Coach's President to discuss the retail industry generally.

40. On November 14 and December 1, 2016, defendant Leavitt met with Coach's CEO regarding a potential transaction.

41. On December 5, 2016, at the Board's direction, Perella contacted fifteen prospective counterparties, including ten strategic entities and five financial sponsor entities. Three responded that they were interested in further discussions, including Coach, a strategic entity referred to in the Recommendation Statement as "Party A" and a financial sponsor referred to in the Recommendation Statement as "Party B.

42. On January 7, 2017, Kate Spade entered into a confidentiality agreement with Coach.

43. On January 17 and January 26, 2017, the Company executed confidentiality agreements with Party A and Party B, respectively. The Recommendation Statement fails to disclose whether these confidentiality agreements contain standstill provisions that operate to preclude either party from submitting a topping bid for the Company.

44. Party B subsequently informed Perella it would not be submitting a bid for the Company.

45. On February 13, 2017, Coach submitted a preliminary indication of interest to acquire Kate Spade in the range of $18.00 - $22.00 per share, consisting of a combination of cash and Coach stock.

46. That same day, Party A submitted a preliminary indication of interest to acquire Kate Spade in an all cash transaction in the range of $20.00 - $22.00 per share.

47. Between February 16 and March 21, 2017, Company management participated in meetings with the management of each of Coach and Party A.

48. On February 27, 2017, Perella provided Coach and Party A with a bid instruction letter, indicating that the submission deadline for final round bids was March 27, 2017.

49. On March 8, 2017, Party A informed Perella it would not be submitting a bid for the Company.

50. On March 21, 2017, Coach informed Perella it would not be submitting a bid by the March 27, 2017 deadline and the Board agreed to extend the bid deadline date.

51. On April 29, 2017, Coach submitted a proposal to acquire the Company for $18.00 per share in cash. Coach included a mark-up of the draft merger agreement, which included a condition that certain key senior Kate Spade management execute retention agreements prior to signing the Merger Agreement.

52. At a May 1, 2017 Board meeting, the Board reviewed and discussed Coach's offer, the Company's preliminary projections for 2017 through 2019 (the "Projections"), Kate Spade's first quarter results and the underlying trend in the Company's business performance reflected in the first quarter results, including sensitivity analysis related thereto. Following discussion, the Board determined to reject Coach's offer.

53. On May 2, 2017, Coach submitted a revised proposal to acquire the Company for $18.50 per share in cash, which again included the condition that certain key senior Kate Spade management execute retention agreements prior to signing the Merger Agreement.

54. At a May 3, 2017 meeting, the Board again discussed the Projections, including the sensitivity analysis related to the Company's first quarter results. The Board then authorized management and its advisors to proceed with negotiating a transaction. The Board also authorized certain members of the Company's senior management team to initiate negotiation on their respective post-closing retention arrangements with Coach in accordance with the terms previously discussed with the Board, which they negotiated until the parties signed the Merger Agreement on May 7, 2017. The Recommendation Statement completely omits any of the employment related discussions and negotiations that occurred between Coach and the members of Kate Spade's senior management team.

55. On May 7, 2017, Perella rendered its fairness opinion and the Company's legal advisors reviewed the terms of the arrangements with certain of Kate Spade's senior management team. The Board then approved and executed the Merger Agreement.

The Proposed Transaction

56. On May 8, 2017, Kate Spade issued a press release announcing the Proposed Transaction. The press release stated, in relevant part:

> NEW YORK--May 8, 2017-- Coach, Inc. (NYSE: COH) (SEHK:6388), a leading New York design house of modern luxury accessories and lifestyle brands, today announced it has signed a definitive agreement to acquire Kate Spade & Company (NYSE: KATE). Under the terms of the transaction Kate Spade shareholders will receive $18.50 per share in cash for a total transaction value of $2.4 billion. The transaction represents a 27.5% percent premium to the unaffected closing price of Kate Spade's shares as of December 27, 2016, the last trading day prior to media speculation of a transaction. The transaction has been unanimously approved by the Boards of Directors of Kate Spade & Company and Coach, Inc.

Victor Luis, Chief Executive Officer of Coach, Inc. said, “Kate Spade has a truly unique and differentiated brand positioning with a broad lifestyle assortment and strong awareness among consumers, especially millennials. Through this acquisition, we will create the first New York-based house of modern luxury lifestyle brands, defined by authentic, distinctive products and fashion innovation. In addition, we believe Coach's extensive experience in opening and operating specialty retail stores globally, and brand building in international markets, can unlock Kate Spade's largely untapped global growth potential. We are confident that this combination will strengthen our overall platform and provide an additional vehicle for driving long-term, sustainable growth.”

* * *

Kevin Wills, Coach’s Chief Financial Officer added, “Due to the complementary nature of our respective businesses, we believe that we can realize a run rate of approximately $50 million in synergies within three years of the deal closing. These cost synergies will be realized through operational efficiencies, improved scale and inventory management, and the optimization of Kate Spade’s supply chain network. At the same time, to ensure the long-term viability and health of the Kate Spade brand, and similar to the steps Coach has itself taken over the last three years, we plan to reduce sales in Kate Spade’s wholesale disposition and online flash sales channels. Therefore, the reduction in profitability from the pullback in these channels will be offset by the realization of these substantial synergies. As a result, we expect that the acquisition will be accretive in fiscal 2018 on a non-GAAP basis, and will reach double-digit accretion by fiscal 2019, also on a non-GAAP basis.”

Mr. Luis concluded, “The acquisition of Kate Spade is an important step in Coach's evolution as a customer-focused, multi-brand organization. The combination enhances our position in the attractive global premium handbag and accessories, footwear and outerwear categories, bringing product, brand positioning and customer diversification to the portfolio, and establishing scale in key functions with the resources to invest in talent and innovation. In addition, we believe the Kate Spade brand will benefit from our best-in-class supply chain and strong corporate infrastructure.”

Strategic Rationale

The combination of Coach, Inc. and Kate Spade & Company will create a leading luxury lifestyle company with a more diverse multi- brand portfolio supported by significant expertise in handbag design, merchandising, supply chain and retail operations as well as solid financial acumen. Coach’s history and heritage, multi-channel, international distribution model, and seasoned leadership team uniquely position it to drive long-term sustainable growth for Kate Spade. Coach is focused on preserving Kate Spade’s brand independence as well as retaining key talent, ensuring a smooth transition to Coach, Inc.’s ownership.

Transaction Details

> The transaction is not subject to a financing condition. Coach has secured committed bridge financing from BofA Merrill Lynch. The $2.4 billion purchase price is expected to be funded by a combination of senior notes, bank term loans and approximately $1.2 billion of excess Coach cash, a portion of which will be used to repay an expected $800 million 6-month term loan. The transaction is expected to close in the third quarter of calendar 2017, subject to customary closing conditions, including the tender of a majority of the outstanding Kate Spade & Company shares pursuant to the offer and receipt of required regulatory approvals.

Insiders' Interests in the Proposed Transaction

57. Coach and Kate Spade insiders are the primary beneficiaries of the Proposed Transaction, not the Company's public stockholders. The Board and the Company's executive officers are conflicted because they will have secured unique benefits for themselves from the Proposed Transaction not available to Plaintiff and the public stockholders of Kate Spade.

58. Company insiders stand to reap a substantial financial windfall for securing the deal with Coach. Notably, Kate Spade entered into letter agreements (the "Deal Completion Bonus Letters") with each of Carrara and Thomas Linko ("Linko"), the Company's Senior Vice President and Chief Financial Officer ("CFO"), pursuant to which each executive will receive a special one-time cash deal completion bonus following each executive's termination of employment with the Company in the amount of $750,000 and $500,000, respectively.

59. Additionally, the Company's directors and executive officers will receive substantial cash consideration in connection with tendering their shares of Company common stock in the Tender Offer.

60. Moreover, pursuant to the Merger Agreement, each outstanding Company option, restricted stock unit award, performance share unit award and market share unit award will be converted into the right to receive cash payments.

61. Further, if they are terminated in connection with the Proposed Transaction, Kate Spade's named executive officers are set to receive substantial cash payments in the form of golden parachute compensation. Defendants Leavitt and Lloyd ***each*** stand to receive ***over $24 million*** in severance payments.

The Recommendation Statement Contains Material Misstatements or Omissions

62. The defendants filed a materially incomplete and misleading Recommendation Statement with the SEC and disseminated it to Kate Spade's stockholders. The Recommendation Statement misrepresents or omits material information that is necessary for the Company's stockholders to make an informed decision whether to tender their shares in connection with the Tender Offer.

63. Specifically, as set forth below, the Recommendation Statement fails to provide Company stockholders with material information or provides them with materially misleading information concerning: (i) Kate Spade's financial projections, relied upon by Kate Spade's financial advisor Perella; (ii) the data and inputs underlying the financial valuation analyses that support the fairness opinion provided by Perella; (iii) Kate Spade insiders' potential conflicts of interest; and (iv) the background process leading to the Proposed Transaction. Accordingly, Kate Spade stockholders are being asked to make a decision whether to tender their shares in connection with the Tender Offer without all material information at their disposal.

Material Omissions Concerning Kate Spade's Financial Projections

64. First, the Recommendation Statement fails to provide material information concerning the Company's financial projections. Specifically, the Recommendation Statement provides projections for non-GAAP (generally accepted accounting principles) metrics, including, among others, Adjusted EBITDA, but fails to provide line item projections for the metrics used to calculate these non-GAAP measures or otherwise reconcile the non-GAAP projections to the most comparable GAAP measures.

65. When a company discloses non-GAAP financial measures in a Recommendation Statement, the Company must also disclose all projections and information necessary to make the non-GAAP measures not misleading, and must provide a reconciliation (by schedule or other clearly understandable method), of the differences between the non-GAAP financial measure disclosed or released with the most comparable financial measure or measures calculated and presented in accordance with GAAP. 17 C.F.R. § 244.100.

66. Indeed, the SEC has recently increased its scrutiny of the use of non-GAAP financial measures in communications with shareholders. The former SEC Chairwoman, Mary Jo White, recently stated that the frequent use by publicly traded companies of unique company-specific non-GAAP financial measures (as Kate Spade has included in the Recommendation Statement here), implicates the centerpiece of the SEC's disclosures regime:

> In too many cases, the non-GAAP information, which is meant to supplement the GAAP information, has become the key message to investors, crowding out and effectively supplanting the GAAP presentation. Jim Schnurr, our Chief Accountant, Mark Kronforst, our Chief Accountant in the Division of Corporation Finance and I, along with other members of the staff, have spoken out frequently about our concerns to raise the awareness of boards, management and investors. And last month, the staff issued guidance addressing a number of troublesome practices *which can make non-GAAP disclosures misleading*: the lack of equal or greater prominence for GAAP measures; exclusion of normal, recurring cash operating expenses; individually tailored non-GAAP revenues; lack of consistency; cherry-picking; and the use of cash per share data. I strongly urge companies to carefully consider this guidance and revisit their approach to non-GAAP disclosures. I also urge again, as I did last December, that appropriate controls be considered and that audit committees carefully oversee their company's use of non-GAAP measures and disclosures.[1]

67. In recent months, the SEC has repeatedly emphasized that disclosure of non-GAAP projections can be inherently misleading, and has therefore heightened its scrutiny of the use of such projections.[2] Indeed, on May 17, 2016, the SEC's Division of Corporation Finance released new and updated Compliance and Disclosure Interpretations ("C&DIs") on the use of non-GAAP financial measures that demonstrate the SEC's tightening policy.[3] One of the new C&DIs regarding forward-looking information, such as financial projections, explicitly requires companies to provide any reconciling metrics that are available without unreasonable efforts.

68. In order to make the projections included on page 33 of the Recommendation Statement materially complete and not misleading, Defendants must provide a reconciliation table of the non-GAAP measures (EBITDA) to the most comparable GAAP measures. Indeed, the Company routinely provides such a reconciliation table in its quarterly financial results releases, and it can therefore undoubtedly provide such a reconciliation table for the projections included in the Recommendation Statement without unreasonable efforts.

69. At the very least, the Company must disclose the line item projections for the financial metrics that were used to calculated the non-GAAP measures. Such projections are necessary to make the non-GAAP projections included in the Recommendation Statement not misleading. Indeed, the Defendants acknowledge that disclosing non-GAAP projections may mislead shareholders in the Recommendation Statement: "Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with GAAP, and non-GAAP financial measures as used by Kate Spade may not be comparable to similarly titled amounts used by other companies." Recommendation Statement 34-35.

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[1] Mary Jo White, *Keynote Address, International Corporate Governance Network Annual Conference: Focusing the Lens of Disclosure to Set the Path Forward on Board Diversity, Non- GAAP, and Sustainability* (June 27, 2016), https://www.sec.gov/news/speech/chair-white-icgn- speech.html.

[2] *See, e.g.*, Nicolas Grabar and Sandra Flow, *Non-GAAP Financial Measures: The SEC's Evolving Views*, Harvard Law School Forum on Corporate Governance and Financial Regulation (June 24, 2016), https://corpgov.law.harvard.edu/2016/06/24/non-gaap-financial-measures-the-secs- evolving-views/; Gretchen Morgenson, *Fantasy Math Is Helping Companies Spin Losses Into Profits*, N.Y. Times, Apr. 22, 2016, http://www.nytimes.com/ 2016/04/24/business/fantasy-math-is-helping-companies-spin-losses-into-profits.html?_r=0.

[3] *Non-GAAP Financial Measures, Compliance & Disclosure Interpretations*, U.S. SECURITIES AND EXCHANGE COMMISSION (May 17, 2017), https://www.sec.gov/divisions/corpfin/guidance/nongaapinterp.htm.

70. The Recommendation Statement also fails to disclose material information relating to the Company's financial projections relied upon by Perella for its analyses.

71. The Recommendation Statement also sets forth:

> ***Discounted Cash Flow Analysis:***
> Perella Weinberg conducted a discounted cash flow analysis for the Company based on the Wall Street consensus estimates using FactSet **("Wall Street Consensus DCF")** and the Projections **("Company Forecast DCF")**, including certain sensitivity cases with respect to the Projections, by:
>
> - calculating, in each case, the present value as of April 1, 2017 of the estimated standalone unlevered free cash flows (calculated as operating income, including stock based compensation expense, after taxes, plus depreciation and amortization, minus capital expenditures, and adjusting for changes in net working capital and other cash flows) that the Company could generate for the remainder of fiscal year 2017 through fiscal year 2019 using discount rates ranging from 10.5% to 12.5% based on estimates of the weighted average cost of capital of the Company derived using CAPM, and
>
> - adding, in each case, terminal values calculated using terminal value multiples ranging from 8.0x to 10.0x and discounted using rates ranging from 10.5% to 12.5%.
>
> Perella Weinberg estimated the range of terminal value multiples to 2019 EBITDA utilizing its professional judgment and experience, taking into account current multiples and expectations regarding long-term real growth and inflation.
>
> Perella Weinberg used a range of discount rates from 10.5% to 12.5% derived by application of the CAPM, which takes into account certain company-specific metrics, including the Company's target capital structure, the cost of long-term debt, marginal tax rate and Bloomberg three-year adjusted-beta, as well as certain financial metrics for the United States financial markets generally.

From the range of implied enterprise values, Perella Weinberg derived ranges of implied equity values for the Company (discounted at 10.5% to 12.5% and using terminal value multiples ranging from 8.0x to 10.0x). In calculating implied enterprise values, Perella Weinberg included a present value for net operating loss benefits ranging between $197 million and $186 million, depending on the various estimates and sensitivities. To calculate the implied equity value from the implied enterprise value, Perella Weinberg subtracted debt and added cash, cash equivalents, including restricted cash, and the book value of investments in unconsolidated subsidiaries in each case as of April 1, 2017. Perella Weinberg calculated implied value per share by dividing the implied equity value by the fully diluted shares (using the treasury method).

In addition, Perella Weinberg reviewed with the management of the Company and Board of Directors various sensitivities with respect to the Projections. These sensitivities were developed with the consent of, and in consultation with, management and the Board of Directors of the Company. The sensitivities (referred to below as "*2017 Trend Sensitivities DCF*") (i) assumed that the Company's 2017 first quarter performance would continue throughout FY 2017 and incorporate the Projections growth rate for FY 2018 and 2019 EBITDA and assumed that the Company's 2017 first quarter performance would continue throughout 2017 and incorporate the Wall Street consensus growth rate projected for FY 2018 and 2019 EBITDA.

72. The Recommendation Statement, however, fails to disclose (i) the sensitivity cases used by Perella in the “2017 Trend Sensitivities DCF”; (ii) publicly available financial forecasts relating to Kate Spade used by Perella in its “Wall Street Consensus DCF”; (iii) the Company’s standalone unlevered free cash flows that the Company could generate for the remainder of fiscal year 2017 through fiscal year 2019 for each projection case; (iv) the Company’s estimated EBITDA over the projection period for each of the projection cases; (v) the Company’s projected net operating loss benefits; and (vi) the definition of cash flow from operations and the projection line items used to derive cash flow from operations.

73. In addition, the Recommendation Statement fails to disclose any information concerning when the sensitivity cases were developed and why they were developed. Notably, the range of implied value per share of $21.30 - $26.90, resulting from the discounted cash flow ("DCF") analysis Perella performed utilizing the Projections, is completely above the Offer Price of $18.50. Not surprisingly, the Offer Price of $18.50 fits into the range of implied value per share of $15.10 - $23.40, resulting from the 2017 Trend Sensitivities DCF analysis Perella performed utilizing the sensitivity cases to the Company's Projections. The timing of and basis for creating the sensitivities to the Company Projections that were utilized by Perella is critical to allow stockholders to observe whether the sensitivities were created solely to be able to fit the Offer Price of $18.50 into a range of "fairness".

74. The omission of this information renders the statements in the *Certain Unaudited Prospective Financial Information* section of the Recommendation Statement false and/or materially misleading in contravention of the Exchange Act.

Material Omissions Concerning Perella's Financial Analyses

75. The Recommendation Statement describes Perella's fairness opinion and the various valuation analyses it performed in support of its opinion. However, the description of Perella's fairness opinion and analyses fails to include key inputs and assumptions underlying these analyses. Without this information, as described below, Perella's public stockholders are unable to fully understand these analyses and, thus, are unable to determine what weight, if any, to place on Perella's fairness opinion in determining whether to tender their shares in favor of the Proposed Transaction. This omitted information, if disclosed, would significantly alter the total mix of information available to Kate Spade's stockholders.

76. For example, with respect to Perella's *Selected Publicly Traded Companies Analysis*, the Recommendation Statement fails to disclose the benchmarking analyses for Kate Spade in relation to the target companies and the financial operating characteristics and other factors observed by Perella.

77. With respect to Perella's *Discounted Cash Flow Analysis*, the Recommendation Statement fails to disclose: (i) the Company's standalone unlevered free cash flows that the Company could generate for the remainder of fiscal year 2017 through fiscal year 2019 for each projection case; (ii) the Company's estimated 2019 EBITDA used to derive the terminal value; (ii) the inputs used to derive the range of discount rates of 10.5% to 12.5%; and (iv) the net operating loss benefits estimates and sensitivities.

78. The omission of this information renders the following statements on pages 39- 40 of the Recommendation Statement false and/or materially misleading in contravention of the Exchange Act:

> ***Selected Publicly Traded Companies Analysis***
>
> Perella Weinberg reviewed and compared certain financial information of the Company to corresponding financial information, market trading data and valuation multiples of certain selected publicly-traded companies. For each of the selected publicly-traded companies, Perella Weinberg calculated and compared financial information and various financial market multiples and ratios based on company filings for historical information and consensus third party research estimates for forecasted information. For the Company, Perella Weinberg made calculations based on company filings for historical information and both consensus third party research estimates and the Projections for forecasted information.
>
> Using publicly available information, Perella Weinberg calculated and compared, for each selected company, (i) the ratio (the **"EV/2017E EBITDA Multiple"**) of its enterprise value (based on such company's closing share price as of May 5, 2017) to its calendar year 2017 estimated earnings before interest, taxes, depreciation and amortization (**"EBITDA"**) and (ii) the ratio of its share price (based on such company's closing share price as of May 5, 2017) to its calendar year 2017 estimated earnings per share (**"EPS"**). The following table summarizes the results of this review:

Selected Publicly-Traded Companies EV/2017E EBITDA
Multiple Share Price/2017E EPS

Core Peers		
Coach, Inc.	10.0x	18.8x
Michael Kors Holdings	5.7x	9.4x
Other Accessible Luxury Companies		
Moncler	14.5x	24.1x
Lululemon Athletica Inc.	11.6x	22.5x
Burberry Group, Inc.	10.8x	20.3x
Hugo Boss AG	9.9x	19.8x
Ralph Lauren Corporation	6.9x	15.6x

Based on the multiples calculated as described above, Perella Weinberg's analyses of the various selected publicly traded companies and on professional judgments made by Perella Weinberg, Perella Weinberg applied a range of multiples of 7.0x to 8.5x to fiscal year 2017 EBITDA of the Company using Wall Street consensus estimates and the Company management's estimated EBITDA, to derive a range of estimated implied values of approximately $13.60 to $16.40 and $13.50 to $16.30 per Share, respectively. Further, Perella Weinberg applied a range of multiples of 17.0x to 20.0x to fiscal year 2017 EPS of the Company using Wall Street consensus estimates and the Company management's estimated EPS, to derive a range of estimated implied values of approximately $13.60 to $16.00 and $12.80 to $15.10 per Share, respectively. Perella Weinberg compared these ranges to the Offer Price of $18.50 to be received by the holders of Shares (other than Excluded Shares) pursuant to the Merger Agreement.

Although the selected companies were used for comparison purposes, no business of any selected company was either identical or directly comparable to the Company's business. Accordingly, Perella Weinberg's comparison of selected companies to the Company and analysis of the results of such comparisons were not purely mathematical, but instead necessarily involved complex considerations and judgments concerning differences in financial and operating characteristics and other factors that could affect the relative values of the selected companies and the Company.

Discounted Cash Flow Analysis

Perella Weinberg conducted a discounted cash flow analysis for the Company based on the Wall Street consensus estimates using FactSet (**"Wall Street Consensus DCF"**) and the Projections (**"Company Forecast DCF"**),including certain sensitivity cases with respect to the Projections, by:

- calculating, in each case, the present value as of April 1, 2017 of the estimated standalone unlevered free cash flows (calculated as operating income, including stock based compensation expense, after taxes, plus depreciation and amortization, minus capital expenditures, and adjusting for changes in net working capital and other cash flows) that the Company could generate for the remainder of fiscal year 2017 through fiscal year 2019 using discount rates ranging from 10.5% to 12.5% based on estimates of the weighted average cost of capital of the Company derived using CAPM, and

- adding, in each case, terminal values calculated using terminal value multiples ranging from 8.0x to 10.0x and discounted using rates ranging from 10.5% to 12.5%.

Perella Weinberg estimated the range of terminal value multiples to 2019 EBITDA utilizing its professional judgment and experience, taking into account current multiples and expectations regarding long-term real growth and inflation.

Perella Weinberg used a range of discount rates from 10.5% to 12.5% derived by application of the CAPM, which takes into account certain company-specific metrics, including the Company's target capital structure, the cost of long-term debt, marginal tax rate and Bloomberg three-year adjusted-beta, as well as certain financial metrics for the United States financial markets generally.

From the range of implied enterprise values, Perella Weinberg derived ranges of implied equity values for the Company (discounted at 10.5% to 12.5% and using terminal value multiples ranging from 8.0x to 10.0x). In calculating implied enterprise values, Perella Weinberg included a present value for net operating loss benefits ranging between $197 million and $186 million, depending on the various estimates and sensitivities. To calculate the implied equity value from the implied enterprise value, Perella Weinberg subtracted debt and added cash, cash equivalents, including restricted cash, and the book value of investments in unconsolidated subsidiaries in each case as of April 1, 2017. Perella Weinberg calculated implied value per share by dividing the implied equity value by the fully diluted shares (using the treasury method).

In addition, Perella Weinberg reviewed with the management of the Company and Board of Directors various sensitivities with respect to the Projections. These sensitivities were developed with the consent of, and in consultation with, management and the Board of Directors of the Company. The sensitivities (referred to below as ***"2017 Trend Sensitivities DCF"***) (i) assumed that the Company's 2017 first quarter performance would continue throughout FY 2017 and incorporate the Projections growth rate for FY 2018 and 2019 EBITDA and (ii) assumed that the Company's 2017 first quarter performance would continue throughout 2017 and incorporate the Wall Street consensus growth rate projected for FY 2018 and 2019 EBITDA.

These analyses resulted in the following approximate implied per share equity reference range for the Shares:

Range Value	**of Implied Per Share**
Company Forecast DCF	$21.30- $26.90
Wall Street Consensus DCF	$17.50- $22.00
2017 Trend Sensitivities DCF	$15.10- $23.40

Perella Weinberg compared these ranges to the Offer Price of $18.50 to be received by the holders of Shares (other than Excluded Shares) pursuant to the Merger Agreement.

Material Omissions Concerning Insiders' Potential Conflicts of Interest

79. The Recommendation Statement also materially misleads stockholders as to the potential conflicts of interest faced by Kate Spade management and the Board.

80. The Recommendation Statement sets forth that "[a]lthough such arrangements have not, to our knowledge, been discussed as of the date of this Schedule 14D-9, it is possible that additional members of our current management team will enter into new employment or consulting arrangements with Parent or the Surviving Corporation. Such arrangements may include the right to purchase or participate in the equity of Parent or its affiliates." Recommendation Statement at 17. Yet, at its May 3, 2017 meeting, the Board "authorized certain members of the Company's senior management team to initiate negotiation on their respective post-closing retention arrangements with Parent in accordance with the terms previously discussed with the Board of Directors." The Recommendation Statement completely fails to set forth any of the employment related discussions and negotiations that occurred between Coach and "certain members of the Company's senior management team" following the May 3, 2017 Board meeting.

81. Further, the Recommendation Statement discloses that Coach's April 29 and May 2 proposals each included a "condition that certain key senior management of the Company execute retention agreements prior to the signing of the Merger Agreement." Although the Recommendation Statement discloses waiver letter agreements (the "Waiver Letters") the Company entered into with various members of Kate Spade senior management, as the Recommendation Statement fails to disclose the negotiations thereof, it is unclear if these Waiver Letters were entered into in connection with Coach's condition that certain Company executives execute retention agreements.

82. The Recommendation Statement also fails to disclose any information with respect to the negotiation of the Deal Completion Bonus Letters the Company entered into with defendant Carrara and Linko, the Company's CFO, providing for one-time cash deal completion bonuses of $750,000 and $500,000, respectively.

83. Communications regarding post-transaction employment and merger-related benefits during the negotiation of the underlying transaction must be disclosed to stockholders. This information is necessary for stockholders to understand potential conflicts of interest of management and the Board, as that information provides illumination concerning motivations that would prevent fiduciaries from acting solely in the best interests of the Company's stockholders.

84. The omission of this information renders the statements in the "Arrangements between the Company and its Executive Officers, Directors and Affiliates" and "Background of Offer and Merger" sections of the Recommendation Statement false and/or materially misleading in contravention of the Exchange Act.

Material Omissions Concerning the Sale Process

85. The Recommendation Statement also fails to disclose or misstate material information relating to the sale process leading up to the Proposed Transaction.

86. The Recommendation Statement fails to expressly indicate whether the confidentiality agreements the Company entered into with Party A and Party B contained standstill provisions that are still in effect and/or "don't-ask-don't-waive" standstill provisions that are presently precluding these parties from making a topping bid for the Company. Such information is material to Kate Spade stockholders as a reasonable Kate Spade stockholder would find it material and important to their voting decision whether or not parties that had previously been interested in a potential acquisition of the Company are now foreclosed from submitting superior proposals.

87. Defendants' failure to provide Kate Spade stockholders with the foregoing material information renders the statements in the "Background of Offer and Merger" section of the Proxy false and/or materially misleading and constitutes a violation of Sections 14(d)(4), 14(e) and 20(a) of the Exchange Act, and SEC Rule 14d-9 promulgated thereunder. The Individual Defendants were aware of their duty to disclose this information and acted negligently (if not deliberately) in failing to include this information in the Recommendation Statement. Absent disclosure of the foregoing material information prior to the expiration of the Tender Offer, Plaintiff and the other members of the Class will be unable to make a fully-informed decision whether to tender their shares in favor of the Proposed Transaction and are thus threatened with irreparable harm warranting the injunctive relief sought herein.

COUNT I

(Against All Defendants for Violation of Section 14(e) of the Exchange Act and 17 C.F.R. § 244.100 Promulgated Thereunder)

83. Plaintiff incorporates each and every allegation set forth above as if fully set forth herein.

84. Section 14(e) of the Exchange Act provides that it is unlawful "for any person to make any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading…" 15 U.S.C. §78n(e).

85. SEC Regulation G has two requirements: (1) a general disclosure requirement; and (2) a reconciliation requirement. The general disclosure requirement prohibits "mak[ing] public a non-GAAP financial measure that, taken together with the information accompanying that measure, contains an untrue statement of a material fact or *omits to state a material fact necessary in order to make the presentation of the non-GAAP financial measure…not misleading*." 17 C.F.R. § 244.100(b). The reconciliation requirement requires an issuer that chooses to disclose a non- GAAP measure to provide a presentation of the "most directly comparable" GAAP measure, and a reconciliation "by schedule or other clearly understandable method" of the non-GAAP measure to the "most directly comparable" GAAP measure. 17 C.F.R. § 244.100(a). As set forth above, the Recommendation Statement omits information required by SEC Regulation G, 17 C.F.R. § 244.100

86. Defendants have issued the Recommendation Statement with the intention of soliciting Kate Spade shareholders to tender their shares. Each of the Defendants reviewed and authorized the dissemination of the Recommendation Statement, which fails to provide material information regarding Kate Spade's financial projections and the valuation analyses performed by Credit Suisse.

87. In so doing, Defendants made untrue statements of fact and/or omitted material facts necessary to make the statements made not misleading. Each of the Individual Defendants, by virtue of their roles as officers and/or directors, were aware of the omitted information but failed to disclose such information, in violation of Section 14(e). The Individual Defendants were therefore reckless, as they had reasonable grounds to believe material facts existed that were misstated or omitted from the Recommendation Statement, but nonetheless failed to obtain and disclose such information to shareholders although they could have done so without extraordinary effort.

88. The Individual Defendants were privy to and had knowledge of the projections for the Company and the details concerning Credit Suisse's valuation analyses. The Individual Defendants were reckless in choosing to omit material information from the Recommendation Statement, despite the fact that such information could have been disclosed without unreasonable efforts.

89. The misrepresentations and omissions in the Recommendation Statement are material to Plaintiff and the Class, who will be deprived of their right to make an informed decision regarding whether to tender their shares if such misrepresentations and omissions are not corrected prior to the Expiration Date. Plaintiff and the Class have no adequate remedy at law. Only through the exercise of this Court's equitable powers can Plaintiff and the Class be fully protected from the immediate and irreparable injury that Defendants' actions threaten to inflict.

COUNT II

(Against all Defendants for Violations of Section 14(d)(4) of the Exchange Act and SEC Rule 14d-9,17 C.F.R. § 240.14d-9)

90. Plaintiff incorporates each and every allegation set forth above as if fully set forth herein.

91. Section 14(d)(4) of the Exchange Act and SEC Rule 14d-9 promulgated thereunder require full and complete disclosure in connection with tender offers. Specifically, Section 14(d)(4) provides that:

> Any solicitation or recommendation to the holders of such a security to accept or reject a tender offer or request or invitation for tenders shall be made in accordance with such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors.

92. SEC Rule 14d-9(d), which was adopted to implement Section 14(d)(4) of the Exchange Act, provides that:

> Information required in solicitation or recommendation. Any solicitation or recommendation to holders of a class of securities referred to in Section 14(d)(1) of the Act with respect to a tender offer for such securities shall include the name of the person making such solicitation or recommendation and the information required by Items 1 through 8 of Schedule 14D-9 (§ 240.14d-101) or a fair and adequate summary thereof.

93. In accordance with Rule 14d-9, Item 8 of a Schedule 14D-9 requires a Company's directors to:

> Furnish such additional information, if any, as may be necessary to make the required statements, in light of the circumstances under which they are made, not materially misleading.

94. The Recommendation Statement violates Section 14(d)(4) and Rule 14d-9 because it omits material facts, including those set forth above, which omissions render the Recommendation Statement false and/or misleading.

95. Defendants knowingly or with deliberate recklessness omitted the material information identified above from the Recommendation Statement, causing certain statements therein to be materially incomplete and therefore misleading. Indeed, Defendants undoubtedly reviewed the omitted material information in connection with approving the proposed merger.

96. The misrepresentations and omissions in the Recommendation Statement are material to Plaintiff and the Class, who will be deprived of their right to make an informed decision regarding whether to tender their shares if such misrepresentations and omissions are not corrected prior to the Expiration Date. Plaintiff and the Class have no adequate remedy at law. Only through the exercise of this Court's equitable powers can Plaintiff and the Class be fully protected from the immediate and irreparable injury that Defendants' actions threaten to inflict.

COUNT III

(Against the Individual Defendants for Violations of Section 20(a) of the Exchange Act)

97. Plaintiff incorporates each and every allegation set forth above as if fully set forth herein.

98. The Individual Defendants acted as controlling persons of Kate Spade within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their positions as officers and/or directors of Kate Spade, and participation in and/or awareness of the Company's operations and/or intimate knowledge of the incomplete and misleading statements contained in the Recommendation Statement, they had the power to influence and control and did influence and control, directly or indirectly, the decision making of the Company, including the content and dissemination of the various statements that Plaintiff contends are materially incomplete and misleading.

99. Each of the Individual Defendants was provided with or had unlimited access to copies of the Recommendation Statement by Plaintiff to be misleading prior to the date the Recommendation Statement was issued, and had the ability to prevent the issuance of the false and misleading statements or cause the statements to be corrected.

100. In particular, each of the Individual Defendants had direct and supervisory involvement in the day-to-day operations of the Company, and, therefore, is presumed to have had the power to control or influence the particular transactions giving rise to the Exchange Act violations alleged herein, and exercised the same. The Recommendation Statement at issue contains the unanimous recommendation of each of the Individual Defendants that shareholders tender their shares in the Tender Offer. They were thus directly involved in preparing this document.

101. In addition, as the Recommendation Statement sets forth, and as described herein, the Individual Defendants were involved in negotiating, reviewing, and approving the merger agreement. The Recommendation Statement purports to describe the various issues and information that the Individual Defendants reviewed and considered. The Individual Defendants participated in drafting and/or gave their input on the content of those descriptions.

102. By virtue of the foregoing, the Individual Defendants have violated Section 20(a) of the Exchange Act.

103. As set forth above, the Individual Defendants had the ability to exercise control over and did control a person or persons who have each violated Section 14(e), 14(d)(4) and Rule 14d-9 by their acts and omissions as alleged herein. By virtue of their positions as controlling persons, these Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of Individual Defendants' conduct, Plaintiff and the Class will be irreparably harmed.

104. Plaintiff and the Class have no adequate remedy at law. Only through the exercise of this Court's equitable powers can Plaintiff and the Class be fully protected from the immediate and irreparable injury that Defendants' actions threaten to inflict.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for judgment and relief as follows:

A. Declaring that this action is properly maintainable as a Class Action and certifying Plaintiff as Class Representative and his counsel as Class Counsel;

B. Enjoining Defendants and all persons acting in concert with them from closing the Tender Offer or consummating the proposed merger, unless and until the Company discloses the material information discussed above which has been omitted from the Recommendation Statement;

C. Directing the Defendants to account to Plaintiff and the Class for all damages sustained as a result of their wrongdoing;

D. Awarding Plaintiff the costs and disbursements of this action, including reasonable attorneys' and expert fees and expenses;

E. Granting such other and further relief as this Court may deem just and proper.

JURY DEMAND

Plaintiff demands a trial by jury on all issues so triable.

Dated: June 5, 2017

Respectfully submitted,

MONTEVERDE & ASSOCIATES PC

By: /s/ *Juan Monteverde*

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Attorneys for Plaintiff

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

ALFREDO JAUREGUI, On Behalf of Himself and All Others Similarly Situated,	)	Case No.__________________
Plaintiff,	)	<u>CLASS ACTION</u>
v.	)	CLASS ACTION COMPLAINT FOR:
KATE SPADE & COMPANY, NANCY J. KARCH, LAWRENCE S. BENJAMIN, RAUL J. FERNANDEZ, CARSTEN FISCHER, KENNETH B. GILMAN, KENNETH P. KOPELMAN, CRAIG A. LEAVITT, DEBORAH LLOYD, DOUGLAS MACK, JAN SINGER, DOREEN A. TOBEN, COACH, INC. and CHELSEA MERGER SUB INC.	)	(1) Violation of § 14(e) of the Securities Exchange Act of 1934 (2) Violation of § 20(a) of the Securities Exchange Act of 1934 (3) Breach of Fiduciary Duties
Defendants.	)	DEMAND FOR JURY TRIAL

Plaintiff Alfredo Jauregui ("Plaintiff'), by his attorneys, on behalf of himself and those similarly situated, files this action against the defendants, and alleges upon information and belief, except for those allegations that pertain to him, which are alleged upon personal knowledge, as follows:

<u>SUMMARY OF THE ACTION</u>

1. Plaintiff brings this stockholder class action on behalf of himself and all other public stockholders of Kate Spade & Company ("Kate Spade" or the "Company"), against Kate Spade, and the Company's Board of Directors (the "Board" or the "Individual Defendants) for violations of Sections 14(e) and 20(a) of the Securities and Exchange Act of 1934 (the "Exchange Act"), and for breaches of fiduciary duty as a result of Defendants' efforts to sell the Company as a result of an unfair process for an unfair price. Also named as defendants are Coach, Inc. ("Parent") and Chelsea Merger Sub Inc. ("Merger Sub", and collectively with Parent, "Coach"), This action seeks to enjoin a tender offer currently scheduled to expire on at 11:59 p.m., New York City time, on June 23, 2017, upon the successful completion of which Coach shall acquire each outstanding share of Kate Spade common stock for $18.50 per share in cash, with a total valuation of approximately $2.4 billion (the "Proposed Acquisition").

2. The terms of the Proposed Acquisition were memorialized in a May 8, 2017 filing with the Securities and Exchange Commission ("SEC") on Form 8-K attaching the definitive Agreement and Plan of Merger (the "Merger Agreement").

3. On May 26, 2017, Kate Spade filed a Solicitation/Recommendation Statement on Schedule 14D-9 (the "14D-9") with the Securities and Exchange Commission (the "SEC") in support of the Proposed Acquisition.

4. Defendants breached their fiduciary duties to the Company's stockholders by agreeing to the Proposed Acquisition which undervalues Kate Spade and is the result of a flawed sales process. Post-closure, Kate Spade stockholders will be frozen out of seeing the return on their investment of any and all future profitability of Kate Spade.

5. Notably, as evidenced by the 14D-9, the sales process leading up to the Proposed Acquisition was rife with inadequacies, including various inferences of conflicts of interest between several of the Director Defendants.

6. Further, pursuant to the terms of the Merger Agreement, upon the consummation of the Proposed Acquisition, Company Board Members and executive officers will be able to exchange large, illiquid blocks of Company stock for massive payouts, in addition to receiving cash in exchange for certain outstanding and unvested options and/or other types of restricted stock units. Moreover, certain Directors and other insiders will also be the recipients of lucrative change-in-control agreements, triggered upon the termination of their employment as a consequence of the consummation of the Proposed Acquisition. All stated, Company insiders stand to reap millions of dollars in profits as a result of the Proposed Acquisition, with Defendants Leavitt and Lloyd each receiving pay days in excess of $25 million. Such large paydays upon the consummation of the Proposed Acquisition, have clearly tainted the motivations of the Board in approving it.

7. Finally, in violation of sections 14(e) and 20(a) of the Securities and Exchange Act of 1934 (the "Exchange Act") and their fiduciary duties, Defendants caused to be filed the materially deficient 14D-9 on May 26, 2107 with the SEC in an effort to solicit stockholders to tender their Kate Spade shares in favor of the Proposed Acquisition. The 14D-9 is materially deficient and deprives Kate Spade stockholders of the information they need to make an intelligent, informed and rational decision of whether to tender their shares in favor of the Proposed Acquisition. As detailed below, the 14D-9 omits and/or misrepresents material information concerning, among other things: (a) the Company's financial projections; (b) the sales process of the Company; and (b) the data and inputs underlying the financial valuation analyses that purport to support the fairness opinions provided by the Company's financial advisor Perella Weinberg Partners LP ("Perella Weinberg"); and (c) the financial analyses performed by Perella Weinberg in support of the Proposed Acquisition.

8. Absent judicial intervention, the merger will be consummated, resulting in irreparable injury to Plaintiff and the Class. This action seeks to enjoin the Proposed Acquisition or, in the event the Proposed Acquisition is consummated, to recover damages resulting from violation of the federal securities laws by Defendants.

PARTIES

9. Plaintiff is an individual citizen of the State of California. He is, and at all times relevant hereto, has been a Kate Spade stockholder.

10. Defendant Kate Spade is a Delaware corporation and maintains its principal executive offices at 2 Park Avenue, New York, New York 10016. Kate Spade's common stock is traded on the New York Stock Exchange (the "NYSE") under the ticker symbol "KATE".

11. Defendant Nancy J. Karch ("Karch") is a director of Kate Spade. In addition, Karch serves as the Chairman of the Company Board, and as a member on the Company Board's Audit and Nominating and Governance Committees.

12. Defendant Lawrence S. Benjamin ("Benjamin") is a director of Kate Spade. In addition, Benjamin serves as the Chair of the Board's Nominating and Governance Committee and as a member on the Board's Compensation Committee.

13. Defendant Raul J. Fernandez ("Fernandez") is a director of Kate Spade. In addition, Fernandez serves as a member of the Board's Audit and Compensation Committees.

14. Defendant Carsten Fischer ("Fischer") is a director of Kate Spade.

15. Defendant Kenneth B. Gilman ("Gilman") is a director of Kate Spade. In addition, Gilman serves as the Chair of the Board's Compensation Committee and serves as a member on the Board's Audit Committee.

16. Defendant Kenneth P. Kopelman ("Kopelman") is a director of Kate Spade. In addition, Kopelman serves as a member on the Board's Nominating and Governance Committee.

17. Defendant Craig A. Leavitt ("Leavitt") is a director of Kate Spade. In addition, Leavitt serves as the Company's Chief Executive Officer ("CEO").

18. Defendant Deborah Lloyd ("Lloyd") is a director of Kate Spade. In addition, Lloyd serves as the Company's Chief Creative Officer ("CCO").

19. Defendant Douglas Mack ("Mack") is a director of Kate Spade. In addition, Mack serves as a member on the Board's Nominating and Governance Committee.

20. Defendant Jan Singer ("Singer") is a director of Kate Spade. In addition, Singer serves as a member on the Board's Compensation Committee.

21. Defendant Doreen A. Toben ("Toben") is a director of Kate Spade. In addition, Toben serves as a member on the Board's Compensation Committee.

22. The defendants identified in paragraphs 11 through 21 are collectively referred to herein as the "Director Defendants" or the "Individual Defendants."

23. Defendant Parent is a Maryland corporation and maintains its principal executive offices at 10 Hudson Yards, New York, New York 10001. Parent's common stock is traded on the NYSE under the ticker symbol "COII."

24. Defendant Merger Sub is a Delaware corporation and a party to the Merger Agreement. Merger Sub is a wholly-owned subsidiary of Parent. Merger Sub can be served care of its agent for service of process, The Corporation Trust Company, Corporation Trust Center, 1209 Orange St., Wilmington, DE 19801.

JURISDICTION AND VENUE

25. This Court has subject matter jurisdiction pursuant to Section 27 of the Exchange Act (15 U.S.C. § 78aa) and 28 U.S.C. § 1331 (federal question jurisdiction) as Plaintiff alleges violations of Sections 14(e) and Section 20(a) of the Exchange Act. This action is not a collusive one to confer jurisdiction on a court of the United States, which it would not otherwise have. The Court has supplemental jurisdiction over any claims arising under state law pursuant to 28 U.S.C. § 1367.

26. Personal jurisdiction exists over each defendant either because the defendant conducts business in or maintains operations in this District, or is an individual who is either present in this District for jurisdictional purposes or has sufficient minimum contacts with this District as to render the exercise of jurisdiction over defendant by this Court permissible under traditional notions of fair play and substantial justice.

27. Venue is proper in this District pursuant to 28 U.S.C. § 1391, because Kate Spade maintains its principal place of business in the Southern District of New York, and each of the Individual Defendants, as Company officers or directors, has extensive contacts within this District.

CLASS ACTION ALLEGATIONS

28. Plaintiff brings this action pursuant to Federal Rule of Civil Procedure 23, individually and on behalf of the stockholders of Kate Spade's common stock who are being and will be harmed by Defendants' actions described herein (the "Class"). The Class specifically excludes Defendants herein, and any person, firm, trust, corporation or other entity related to, or affiliated with, any of the Defendants.

29. This action is properly maintainable as a class action because:

a. The Class is so numerous that joinder of all members is impracticable. According to the Company's most recent 10-Q, as of April 21, 2017, there were more than 128 million common shares of Kate Spade stock outstanding. The actual number of public stockholders of Kate Spade will be ascertained through discovery;

b. There are questions of law and fact which are common to the Class, including *inter alia*, the following:

i. Whether Defendants have violated the federal securities laws;

ii. Whether Defendants made material misrepresentations and/or omitted material facts in the 14D-9;

iii. Whether Defendants have breached their fiduciary duties; and

iv. Whether Plaintiff and the other members of the Class have and will continue to suffer irreparable injury if the Proposed Acquisition is consummated.

c. Plaintiff is an adequate representative of the Class, has retained competent counsel experienced in litigation of this nature and will fairly and adequately protect the interests of the Class;

d. Plaintiffs claims are typical of the claims of the other members of the Class and Plaintiff does not have any interests adverse to the Class;

e. The prosecution of separate actions by individual members of the Class would create a risk of inconsistent or varying adjudications with respect to individual members of the Class which would establish incompatible standards of conduct for the party opposing the Class;

f. Plaintiff anticipates that there will be no difficulty in the management of this litigation and, thus, a class action is superior to other available methods for the fair and efficient adjudication of this controversy; and

g. Defendants have acted on grounds generally applicable to the Class with respect to the matters complained of herein, thereby making appropriate the relief sought herein with respect to the Class as a whole.

THE INDIVIDUAL DEFENDANTS' FIDUCAIRY DUTIES

30. By reason of the Individual Defendants' positions with the Company as officers and/or directors, said individuals are in a fiduciary relationship with Kate Spade and owe the Company the duties of due care, loyalty, and good faith.

31. By virtue of their positions as directors and/or officers of Kate Spade, the Individual Defendants, at all relevant times, had the power to control and influence, and did control and influence and cause Kate Spade to engage in the practices complained of herein.

32. Each of the Individual Defendants are required to act with due care, loyalty, good faith, and in the best interests of the Company. To diligently comply with these duties, directors of a corporation must:

a. act with the requisite diligence and due care that is reasonable under the circumstances;

b. act in the best interest of the company;

c. use reasonable means to obtain material information relating to a given action or decision;

d. refrain from acts involving conflicts of interest between the fulfillment of their roles in the company and the fulfillment of any other roles or their personal affairs;

e. avoid competing against the company or exploiting any business opportunities of the company for their own benefit, or the benefit of others; and

f. disclose to the Company all information and documents relating to the company's affairs that they received by virtue of their positions in the company.

33. In accordance with their duties of loyalty and good faith, the Individual Defendants, as directors and/or officers of Kate Spade, are obligated to refrain from:

a. participating in any transaction where the directors' or officers' loyalties are divided;

b. participating in any transaction where the directors or officers are entitled to receive personal financial benefit not equally shared by the Company or its public stockholders; and/or

c. unjustly enriching themselves at the expense or to the detriment of the Company or its stockholders.

34. Plaintiff alleges herein that the Individual Defendants, separately and together, in connection with the Proposed Acquisition, violated, and are violating, the fiduciary duties they owe to Kate Spade, Plaintiff and the other public stockholders of Kate Spade, including their duties of loyalty, good faith, and due care.

35. As a result of the Individual Defendants' divided loyalties, Plaintiff and Class members will not receive adequate, fair or maximum value for their Kate Spade common stock in the Proposed Acquisition.

SUBSTANTIVE ALLEGATIONS

Company Background

36. Kate Spade, together with its subsidiaries, designs and markets apparel and accessories. The company operates in three segments: Kate Spade North America, Kate Spade International, and Adelington Design Group. It offers briefcases, hand bags, small leather goods, fashion accessories, jewelry, and apparel for men, women, and children; and licensed products, including footwear, fragrances, swimwear, watches, children's wear, tech accessories, optics, tabletop products, legwear, fashion accessories, furniture, bedding, housewares, table linens, loungewear, pillows, lighting products, active wear, and stationery.

37. The company markets and sells its products under the Axcess, Kate Spade Saturday, Jack Spade, Marvella, Kate Spade, Monet, Kate Spade New York, and Trifari brand names. It also designs, develops, and supplies jewelry for the Liz Clairborne and Monet brands; and licenses Lizwear brands. The company sells its products through specialty retail and outlet stores, specialty retail and upscale department stores, and concession stores and upscale wholesale accounts; and a network of distributors, as well as e-commerce platform.

38. As of December 31, 2016, Kate Spade had 104 specialty retail stores and 64 outlet stores in the United States; and 22 specialty retail stores, 52 concessions, and 13 outlet stores internationally. The company was formerly known as Fifth & Pacific Companies, Inc. and changed its name to Kate Spade & Company in February 2014. Kate Spade & Company was founded in 1976 and is based in New York, New York.

39. Kate Spade has shown sustained solid financial performance. For example, in an April 18, 2017, press release announcing the Company's Q1 2017 financial results, the Company reported that such positive results as a 1.4% increase in gross profit year-on-year.

40. Speaking on these positive results, and highlighting the growth of Kate Spade's online presence, CEO of the Company Defendant Leavitt noted that the Company, "...achieved yet another quarter of double-digit eCommerce comparable sales growth." Leavitt continued, noting that the Company "...delivered strong gross margin expansion while working to drive profitable growth across our categories and channels."

41. These very positive financial results are not a recent anomaly, but rather, are indicative of a trend of continued financial success by Kate Spade. Looking further back, one can see evidence for this typical success. For example, in a February 16, 2017 press release announcing the Company's Q4 and full-year 2016 financial results, Kate Spade reported an impressive year-on-year net income increase of 9.8% for Q4 2016. Additionally, the Company noted that on a segment basis, Kate Spade North America and Kate Spade International proved to be very effective, noting a 9.5% and 12.4% increase in net sales year-on-year, respectively, for Q4 2016.

42. Leavitt touched on the Company's astounding financial results for the period by stating that, "Our solid fourth quarter and fiscal year performance demonstrate the strength of our differentiated business model, as we continued to gain market share and deliver strong growth despite a challenging retail environment."

43. Additionally, Company President and Chief Operating Officer ("COO"), George Carrara, stated regarding these results, "We are pleased to report top-line growth of 14% for the full- year. In 2016, we delivered Adjusted EBITDA margin expansion of 220 basis points compared to the prior year, reflecting our ongoing focus on expense management, as well as the benefit of lower annual incentive compensation year-over-year. We generated robust cash flow and ended the year in a strong financial position, and with nearly $500 million in cash."

44. Leavitt also touched on the Company's future outlook and possibility for growth by stating, "In 2016, we further strengthened our handbag portfolio, introduced new categories to our casual ready-to-wear classifications, and thoughtfully expanded our global store base, opening 52 net new owned and partner-operated stores."

45. Despite this upward trajectory and glowing pronouncements by management, success, the Individual Defendants have caused Kate Spade to enter into the Proposed Acquisition, thereby depriving Plaintiff and other public stockholders of the Company the opportunity to reap the benefits of Kate Spade's present and future success.

The Flawed Sales Process

46. The process deployed by the Individual Defendants was flawed and inadequate, and conducted out of the self-interest of the Individual Defendants

47. As part of this process of ordinary periodic review of strategic alternatives, the Company engaged Paul, Weiss, Rifkind, Wharton & Garrison LLP ("Paul Weiss") as legal counsel lo assist the Company in evaluating certain potential strategic alternatives available to the Company.

48. On February 1, 2016, Defendant Leavitt and Mr. Carrara had a meeting with Victor Luis, Parent's CEO, and Todd Kahn, Parent's President and Chief Administrative Officer, in New York to discuss a potential business combination.

49. On February 16, 2016, Parent delivered an unsolicited, non-binding and preliminary indication of interest, regarding the potential acquisition of the Company. The letter indicated a potential value of $22.00 per Share, subject to a number of conditions and confirmation through due diligence.

50. On February 17, 2016, the Company's President called Mr. Kahn to indicate that Parent's non-binding indication of interest was not at a level sufficient to cause the Company to engage at such time.

51. On February 26, 2016, at a special meeting of the Board of Directors, the Board of Directors, together with senior management and Paul Weiss, discussed the potential engagement of Perella Weinberg, which was under engagement at that time to provide general financial advice to the Company, as financial advisor to assist in evaluating potential proposals for an acquisition of the Company. After further discussion, the Company was authorized to proceed with discussions with Perella Weinberg with the goal of finalizing a formal engagement on the basis discussed.

52. On March 1, 2016, the Company issued its earnings release for the fourth quarter of fiscal year 2015. Following the release of the Company's fiscal 2015 fourth quarter earnings, the closing price of the Shares on March 1, 2016 was $21.99 per Share.

53. On March 22, 2016, the Company formally engaged Perella Weinberg as its financial advisor in connection with the review of strategic alternatives.

54. On May 4, 2016, the Company issued its earnings release for the first quarter of fiscal year 2016. Following the release of the Company's fiscal 2016 first quarter earnings, the closing price of the Shares on May 4, 2016 was $24.57 per Share.

55. On July 6,2016, Mr. Kahn had a discussion with Mr. Carrara regarding his views on the retail industry generally. The parties did not discuss the specific terms of any potential transaction regarding Parent and the Company.

56. On November 14, 2016, Caerus Investors ("Caerus"), a stockholder of the Company, released a public letter to the Board of Directors recommending a sale of the Company.

57. On December 2, 2016, at a regular telephonic meeting of the Board of Directors and in connection with the ongoing review of the Company's strategy, the Board of Directors, with the assistance of the Company's management, Perella Weinberg and Paul Weiss, discussed amongst other things potential strategic transactions with third parties. Perella Weinberg discussed recent stockholder communications, including discussions with Caerus, regarding a potential sale of the Company and provided the Company with its view of potential counterparties to a strategic transaction. At the end of such discussions, the Board of Directors directed Perella Weinberg to begin an exploratory process to gauge the interest of the likely potential counterparties with regard to a potential acquisition of the Company.

58. On December 5, 2016, at the direction of the Board of Directors, Perella Weinberg began contacting prospective counterparties to a potential transaction, and ultimately contacted fifteen prospective counterparties including ten strategic entities and five financial sponsor entities. Of the parties contacted, three responded that they would be interested in further discussions: Parent, another strategic entity ("Party A") and a financial sponsor ("Party B").

59. On January 7, 2017, a confidentiality agreement (an "NDA") was entered into by Parent and the Company, following which the Company made an online data room, which contained nonpublic information about the Company, available to representatives of Parent and representatives of Parent financial advisor Evercore Partners ("Evercore").

60. On January 17, 2017, the Company and Party A executed an NDA with respect to the process, following which the Company made an online data room available to Party A.

61. On January 26, 2017, the Company and Party B executed a confidentiality agreement with respect to the process, following which the Company made an online data room available to Party B. However, shortly thereafter on February 3, 2017, Party B informed Perella Weinberg that it would not be submitting a bid for the Company.

62. On February 13,2017, Parent submitted to Perella Weinberg a preliminary, non-binding indication of interest to acquire the Company within an initial indicative price range of $18.00-$22.00 per Share, with the consideration to consist of a combination of cash and Parent stock.

63. Also on February 13, 2017, Party A submitted a preliminary, non-binding indication of interest to acquire the Company in an all cash transaction within an initial indicative price range of $20.00-$22.00 per Share, subject to completion of due diligence and obtaining required internal approvals.

64. On February 15, 2017, the Board of Directors held a meeting to review and consider, together with the Company's management and representatives from Perella Weinberg and Paul Weiss, among other things, the initial indications of interest received from Parent and Party A. The Board of Directors directed Perella Weinberg to inform Parent and Party A that they would be invited to move forward in the process.

65. Between February 16, 2017 and March 21, 2017, the Company and its senior management participated in in-person and telephonic meetings with the management and/or representatives of each of Parent and Party A to respond to due diligence inquiries.

66. On February 27, 2017, Perella Weinberg provided Parent and Party A with a bid instruction letter for final round bids, indicating that the submission deadline for bids was March 27, 2017.

67. On March 3, 2017, a draft form of the merger agreement, which had been prepared by Paul Weiss in consultation with the Company, was provided to Parent and Party A via posting to the electronic data room.

68. On March 8, 2017, Party A informed Perella Weinberg that it would not be submitting a bid for the Company, citing concerns about trends in the Company's full price business and reliance on flash sales to generate revenue.

69. On March 21, 2017, representatives of Parent informed representatives of the Company that Parent would not be submitting a formal definitive proposal to acquire the Company by the March 27, 2017 bid date based on concerns about trends in the Company's first quarter performance and other factors. Representatives of Parent expressed an interest in continuing the dialogue with the Company and reviewing the Company's first quarter results and requested that it be able to delay its final submission until such review. The Company did not receive any bids on the March 27, 2017 bid deadline date.

70. On March 29, 2017, at a regularly scheduled meeting of the Board of Directors, Perella Weinberg, together with the CEO, updated the Board of Directors on the status of the process, including that Parent had requested that it be permitted to delay its final submission. Perella Weinberg, taking into account the evident and expressed continued interest of Parent and the relevance and imminent availability of the first quarter results, recommended extending the bid date. After discussion, the Board of Directors agreed with the recommendation.

71. On April 25,2017, Parent's senior management and the Company's senior management, along with representatives of Perella Weinberg and Evercore, met to discuss the Company's first quarter earnings, year-to-date performance and outstanding business diligence items.

72. On April 29, 2017, Parent submitted to Perella Weinberg an indicative non-binding proposal for the acquisition of the Company (the "April 29 Proposal") for $18.00 per Share in an all- cash transaction, subject to a number of conditions, including completion of confirmatory due diligence to Parent's satisfaction. The April 29 Proposal indicated that Parent would finance the transaction with third-party debt, and to the extent such third-party debt was not available at the proposed time of the transaction closing, Parent would not be required to close the transaction and the Company's sole and exclusive remedy would be to terminate the agreement and receive a termination fee from Parent equal to 4% of the equity value of the Company.

73. On May 1,2017, the Board of Directors held a meeting to discuss the April 29 Proposal. Paul Weiss made a presentation on the Board of Directors' fiduciary duties in connection with a potential sale of the Company. Apparently, there was discussion regarding a sensitivity analysis relating to the Company's Projections but no detail is provided. The Board of Directors then determined to reject the offer made in the April 29th Proposal and instructed Perella Weinberg to contact Evercore to indicate that the Board of Directors would not move forward with the transaction unless Parent increased its offer price and eliminated the Parent Termination Fee Structure. Following the meeting on the same day, representatives of Perella Weinberg had a telephonic conversation with representatives of Evercore to present the Company's position on price and the Parent Termination Fee Structure.

74. On May 2, 2017, Parent submitted a revised indicative non-binding proposal to acquire the Company for $18.50 per Share in an all-cash transaction, with such proposal no longer containing the Parent Termination Fee Structure (the "May 2 Proposal"). The May 2 Proposal also included a further revised mark-up of a draft merger agreement, reflecting the increased offer price and the removal of the Parent Termination Fee Structure, but otherwise remaining unchanged, including with respect to the condition that certain key senior management of the Company execute retention agreements prior to the signing of the Merger Agreement.

75. On May 3,2017, the Board of Directors held a meeting, which was attended by members of the Company's senior management team and representatives from Perella Weinberg and Paul Weiss, to review and discuss the terms of May 2 Proposal. The Board of Directors then reviewed and discussed the May 2 Proposal, the Projections, and, again, apparently discussed the sensitivity analysis but without any detail provided. Following the discussions, the Board of Directors authorized the Company's senior management, as well as Perella Weinberg and Paul Weiss, to proceed with negotiating a transaction and directing the Company and its advisors to obtain a transaction that provided a high degree of certainty of closing to the Company's stockholders.

76. Thereafter, Paul Weiss sent Fried Frank a revised draft of the Merger Agreement and during the period from May 3, 2017 until the Merger Agreement was executed by the Company and Parent on May 7, 2017, Paul Weiss and Fried Frank exchanged drafts of the Merger Agreement and other transaction documents and telephonically engaged regarding the same. Additionally, from that time until May 7, 2017, the Company's senior management negotiated the terms of their employment retention and compensation arrangements.

77. During the evening of May 7, 2017, the Board of Directors held a meeting, which was attended by members of the Company's senior management team and representatives from Perella Weinberg and Paul Weiss, to provide an update on the negotiations and to discuss the terms of the final Merger Agreement. Perella Weinberg reviewed with the Board of Directors its financial analysis with respect to the proposed transaction, then rendered an oral opinion, which was subsequently confirmed by delivery of a written opinion, dated as of May 7, 2017, that, as of such date and subject to the assumptions made, procedures followed, matters considered and qualifications and limitations set forth therein, the Offer Price of $18.50 to be paid to the holders of Shares (other than as specified in such opinion) in the Offer and the Merger pursuant to the Merger Agreement was fair from a financial point of view to such holders.

78. Thereafter, the Board of Directors unanimously: (i) declared that the Merger Agreement, the Merger and the other Transactions are fair to and in the best interests of the Company and its stockholders, (ii) in accordance with the DGCL, approved the terms and conditions of the Merger Agreement and the Transactions, declared it advisable that the Company enter into the Merger Agreement and consummate the Transactions, and authorized the execution, delivery and performance of the Merger Agreement, (iii) resolved that the Merger Agreement and the Merger shall be governed by and effected under Section 251(h) of the DGCL and (iv) resolved to recommend that the Company's stockholders accept the Offer and tender their Shares in the Offer.

79. Following the May 7, 2017, Board of Directors meeting, the Company and Parent executed the Merger Agreement.

80. On May 8, 2017, the Proposed Acquisition was announced via joint press release.

The Proposed Acquisition

81. On May 8, 2017, the Company and Coach issued a joint press release announcing that Kate Spade had agreed to be acquired by Coach in the Proposed Acquisition. The press release states in relevant part:

> **New York — May 8,2017** — Coach, Inc. (NYSE: COH, SEHK: 6388), a leading New York design house of modern luxury accessories and lifestyle brands, today announced it has signed a definitive agreement to acquire Kate Spade & Company (NYSE: KATE). Under the terms of the transaction Kate Spade shareholders will receive $ 18.50 per share in cash for a total transaction value of $2.4 billion. The transaction represents a 27.5% percent premium to the unaffected closing price of Kate Spade's shares as of December 27,2016, the last trading day prior to media speculation of a transaction. The transaction has been unanimously approved by the Boards of Directors of Kate Spade & Company and Coach, Inc.
>
> Victor Luis, Chief Executive Officer of Coach, Inc. said, "Kate Spade has a truly unique and differentiated brand positioning with a broad lifestyle assortment and strong awareness among consumers, especially millennials. Through this acquisition, we will create the first New York-based house of modern luxury lifestyle brands, defined by authentic, distinctive products and fashion innovation. In addition, we believe Coach's extensive experience in opening and operating specialty retail stores globally, and brand building in international markets, can unlock Kate Spade's largely untapped global growth potential. We are confident that this combination will strengthen our overall platform and provide an additional vehicle for driving long-term, sustainable growth."
>
> Craig A. Leavitt, Chief Executive Officer of Kate Spade & Company, said, "Following a thorough review of strategic alternatives, reaching an agreement to join Coach's portfolio of global brands will maximize value for our shareholders and positions Kate Spade for long-term success as we continue our evolution into a powerful, global, multi-channel lifestyle brand. We look forward to working with Coach's leadership team to leverage their expertise across the business as we continue to innovate and build long- term loyalty with consumers and expand across our product category and geographic axes of growth."

Kevin Wills, Coach's Chief Financial Officer added, "Due to the complementary nature of our respective businesses, we believe that we can realize a run rate of approximately $50 million in synergies within three years of the deal closing. These cost synergies will be realized through operational efficiencies, improved scalc and inventory management, and the optimization of Kate Spade's supply chain network. At the same time, to ensure the long-term viability and health of the Kate Spade brand, and similar to the steps Coach has itself taken over the last three years, we plan to reduce sales in Kate Spade's wholesale disposition and online flash sales channels. Therefore, the reduction in profitability from the pullback in these channels will be offset by the realization of these substantial synergies. As a result, we expect that the acquisition will be accretive in fiscal 2018 on a non-GAAP basis, and will reach double-digit accretion by fiscal 2019, also on a non-GAAP basis."

Mr. Luis concluded, "The acquisition of Kate Spade is an important step in Coach's evolution as a customer-focused, multi-brand organization. The combination enhances our position in the attractive global premium handbag and accessories, footwear and outerwear categories, bringing product, brand positioning and customer diversification to the portfolio, and establishing scale in key functions with the resources to invest in talent and innovation. In addition, we believe the Kate Spade brand will benefit from our best-in-class supply chain and strong corporate infrastructure."

Strategic Rationale

The combination of Coach, Inc. and Kate Spade & Company will create a leading luxury lifestyle company with a more diverse multi-brand portfolio supported by significant expertise in handbag design, merchandising, supply chain and retail operations as well as solid financial acumen. Coach's history and heritage, multi-channel, international distribution model, and seasoned leadership team uniquely position it to drive long-term sustainable growth for Kate Spade. Coach is focused on preserving Kate Spade's brand independence as well as retaining key talent, ensuring a smooth transition to Coach, Inc.'s ownership.

Transaction Details

The transaction is not subject to a financing condition. Coach has secured committed bridge financing from BofA Merrill Lynch. The $2.4 billion purchase price is expected to be funded by a combination of senior notes, bank term loans and approximately $1.2 billion of excess Coach cash, a portion of which will be used to repay an expected $800 million 6-month term loan. The transaction is expected to close in the third quarter of calendar 2017, subject to customary closing conditions, including the tender of a majority of the outstanding Kate Spade & Company shares pursuant to the offer and receipt of required regulatory approvals.

Advisors

Coach's financial advisor is Evercore Group L.L.C. and its legal advisor is Fried, Frank, Harris, Shriver & Jacobson LLP. Kate Spade & Company's financial advisor is Perella Weinberg Partners LP and its legal advisor is Paul, Weiss, Rifkind, Wharton & Garrison LLP.

The Inadequate Merger Consideration

82. Significantly, analyst expectations, the Company's strong market position, extraordinary growth, synergistic benefit to Coach, and positive future outlook establish the inadequacy of the merger consideration.

83. First, the compensation afforded under the Proposed Acquisition to Company stockholders significantly undervalues the Company. The proposed valuation does not adequately reflect the intrinsic value of the Company. Moreover, the valuation does not adequately take into consideration how the Company is performing, considering increases in revenues reported by the Company recent quarters of the past financial year. Notably the Company has traded as high as $24.24 per share within a month before the announcement of the Proposed Acquisition, **a valuation more than 31% higher than that contained in the Proposed Acquisition.**

84. Next, analyst coverage indicates a high target above the deal price, with analysts at Cowen and Company, valuing the Company as high as $27.00 per share as recently as April of 2017, less than one month before the Proposed Acquisition was announced, **a value that is nearly 46% greater than the valuation offered to Plaintiff and other public stockholders in the Proposed Acquisition.**

85. Finally, the synergistic benefits to Coach are immense, who will add one of its biggest rivals to its own portfolio. Notably, in a "Market Foolery" discussion segment published on May 15, 2017 by online financial journal, *The Motley Fool*, analysts Chris Hill and Jason Moser discuss that Coach and Kate Spade are "two complementary businesses that will pair well together."

86. Obviously, the opportunity to invest in such Company on the precipice of success in expanding its business sectors is a great coup for Coach, however it undercuts the foresight and investment of Plaintiff and all other public stockholders who have done the same.

87. Moreover, post-closure, Kate Spade stockholders will be completely cashed out from any and all ownership interest in the Company, forever foreclosing them from receiving any future benefit in their investment as Kate Spade continues on its upward financial trajectory.

88. It is clear from these statements and the facts set forth herein that this deal is designed to maximize benefits for Coach at the expense of Kate Spade and Kate Spade's stockholders, which clearly indicates that Kate Spade stockholders were not an overriding concern in the formation of the Proposed Acquisition.

Preclusive Deal Mechanisms

89. The Merger Agreement contains certain provisions that unduly benefit Coach by making an alternative transaction either prohibitively expensive or otherwise impossible. Significantly, the Merger Agreement contains a termination fee provision that requires Kate Spade to pay up to $83,271,000 to Coach if the Merger Agreement is terminated under certain circumstances. Moreover, under one circumstance, Kate Spade must pay this termination fee even if it consummates any Acquisition Proposal (as defined in the Merger Agreement) *within 12 months following the termination* of the Merger Agreement. The termination fee will make the Company that much more expensive to acquire for potential purchasers. The termination fee in combination with other preclusive deal protection devices will all but ensure that no competing offer will be forthcoming. Notably there is no corresponding fee Coach would be required to pay should it back out of the Proposed Acquisition.

90. The Merger Agreement also contains a "No Solicitation" provision that restricts Kate Spade from considering alternative acquisition proposals by, *inter alia,* constraining Kate Spade's ability to solicit or communicate with potential acquirers or consider their proposals. Specifically, the provision prohibits the Company from directly or indirectly soliciting, initiating, proposing or inducing any alternative proposal, but permits the Board to consider an unsolicited "*bona fide written Takeover Proposal*" if it constitutes or is reasonably calculated to lead to a "*Superior Proposal*" as defined in the Merger Agreement.

91. Moreover, the Agreement further reduces the possibility of a topping offer from an unsolicited purchaser. Here, the Individual Defendants agreed to provide Coach information in order to match any other offer, thus providing Coach access to the unsolicited bidder's financial information and giving Coach the ability to top the superior offer. Thus, a rival bidder is not likely to emerge with the cards stacked so much in favor of Coach.

92. Accordingly, the Company's true value is compromised by the consideration offered in the Proposed Acquisition.

Potential Conflicts of Interest

93. The Proposed Acquisition is tainted by the self-interest of the Individual Defendants. Certain insiders stand to receive massive financial benefits as a result of the Proposed Acquisition, as the large, illiquid chunks of shares currently held by certain Defendants and Company insiders will be exchanged for cash. For example, upon the consummation of the Proposed Acquisition, the Individual Defendants and other Company Executives, stand to make collectively over **$18 million** from an exchange of their currently owned Company, as follows:

Name of Executive Officer or Director	**Number of Shares (#)**		**Cash Consideration for Shares (S)(2)**
Lawrence S. Benjamin(l)	57,047	$	1,055,369.50
Raul J. Fernandez(l)	81,715	$	1,511,727.50
Carsten Fischer(l)	7,893	$	146,020.50
Kenneth B. Gilman(l)	128,567	$	2,378,489.50
Nancy J. Karch(l)	174,017	$	3,219,314.50
Kenneth P. Kopelman(l)	128,876	$	2,384,206.00
Douglas Mack(l)	16,386	$	303,141.00
Jan Singer(l)	17,261	$	319,328.50
Doreen A Toben(l)	89,384	$	1,653,604.00
Craig A. Leavitt	125,509	$	2,321,916.50
George Carrara	44,061	$	815,128.50
Deborah J. Lloyd	79,682	$	1,474,117.00
Thomas J. Linko	13,833	$	255,910.50
Linda S. Yanussi	10,895	$	201,557.50
Marissa Andrada	—	$	—
Timothy Michno	—	$	—
All of our current directors and executive officers as a group	**975,126**	**$**	**18,039,831.00**

94. In addition, under the terms of the Merger Agreement, upon the consummation of the Proposed Acquisition, each outstanding Company Option (whether vested or unvested) will vest and be cancelled in exchange for an amount in cash equal to the product of the excess, if any, of the Merger Consideration over the per share exercise price of the applicable Company stock option multiplied by the aggregate number of Shares subject to such Company stock immediately before the Effective Time, which Option Payment Amount will be paid, as soon as practicable following the Effective Time.

95. Significantly, members of the Company's Board of Directors, Executive Team, and other Company insiders collectively own thousands of such options for which they will receive immediate liquidity as follows:

Name of Executive Officer	**Number of Shares Subject to Vested In-the-Money Company Stock Options (#)**	**Weighted-Average Exercise Price Per Share ($)**	**Cash Consideration for Vested ln-the-Money Company Stock Options ($)**
Craig A. Leavitt	112,500	$ 4.81	$ 1,540,125
George Carrara	60,000	$ 13.62	$ 292,800
Deborah J. Lloyd	112,500	$ 4.81	$ 1,540,125

96. Furthermore, under the terms of the Merger Agreement, upon the consummation of the Proposed Acquisition, a prorated portion of each outstanding Company Restricted Stock Unit ("RSU") Company Performance Share Unit Award ("PSU"), or Company Market Share Unit Award ("MSU") held by employees of the Company will be converted into a new Coach RSUs on the same terms and conditions (including applicable vesting requirements) under the Company equity plans and award agreements evidencing such Company restricted stock unit awards as applied to each such Company restricted stock unit award immediately prior to the Effective Time, with respect to the number of shares of Parent common stock that is equal to the number of shares of the Company's common stock subject to the Company restricted stock unit award immediately prior to the Effective Time multiplied by the the quotient of (i) Merger Consideration and (ii) the dollar volume-weighted average sale price for Parent Shares as reported on the New York Stock Exchange during the period beginning at 9:30 a.m., New York City Time (or such other time as such market publicly announces is the official open of trading), and ending at 4:00 p.m., New York City Time (or such other time as such market publicly announces is the official close of trading), as reported by Bloomberg through its "Volume at Price" functions (or, if not reported thereby, any other authoritative source) for the ten (10) consecutive trading days ending with (but not including) the closing date, rounded to the nearest one ten thousandth.

97. Significantly, members of the Company's Board of Directors, Executive Team, and other Company insiders collectively own thousands of such stock awards for which they will receive immediate liquidity as follows:

Name of Executive Officer	Number of Shares Subject to Company Restricted Stock Unit Awards (#)	Cash Consideration for Restricted Stock Unit Awards ($)	Number Shares Subject to Company Performance Share Unit Awards (#)	Cash Consideration for Performance Share Unit Awards ($)	Number Shares Subject to Company Market Share Unit Awards (#)	Cash Consideration for Market Share Unit Awards ($)
Craig A. Leavitt	242,122	$ 4,479,257	395,454	$ 7,315,899	156,510	$ 2,895,435
George Carrara	72,638	$ 1,343,803	118,637	$ 2,194,785	53,804	$ 995,374
Deborah J. Lloyd	158,591	$ 2,933,934	259,024	$ 4,791,944	150,972	$ 2,792,982
Thomas J. Linko	16,950	$ 313,575	27,684	$ 512,154	14,923	$ 276,076
Linda S. Yanussi	16,950	$ 313,575	27,684	$ 512,154	16,392	$ 303,252
Marissa Andrada(l)	28,577	$ 528,675	7,685	$ 142,173	—	—
Timothy Michno	22,028	$ 407,518	17,950	$ 332,075	—	—

98. Finally, certain employment agreements with several Kate Spade officers or directors are entitled to severance packages should their employment be terminated under certain circumstances. These 'golden parachute' packages are significant, and will grant each director or officer entitled to them at the very least, hundreds of thousands of dollars, compensation not shared by Kate Spade's common stockholders. Of particular note, Defendants Leavitt and Lloyd stand to make approximately $25 million each from golden parachute payments, and Defendant Carrara stands to make approximately $9 million from such a payment:

Name(l)	Cash ($)(2)	Equity ($)(3)	Perquisites/ Benefits ($)(4)	Other ($)	Total ($)
Named Executive Officers					
Craig A. Leavitt	$ 10,500,000	$ 14,690,591	$ 87,406	(5)	$ 25,277,997
George Carrara	$ 3,750,000	$ 4,533,962	$ 9,733	$ 750,000(6)	$ 9,043,695
Deborah .J.Lloyd	$ 13,775,000	$ 10,518,860	$ 85,493	(5)	$ 24,379,353
Thomas J. Linko	$ 1,196,250	$ 1,101,805	$ 18,800	$ 500,000(6)	$ 2,816,855
Linda S. Yanussi	$ 1,223,750	$ 1,128,981	$ 10,620	—	$ 2,363,351

99. Thus, while the Proposed Acquisition is not in the best interests of Kate Spade's public stockholders, it will produce lucrative benefits for the Company's officers and directors.

The Materially Misleading and/or Incomplete Preliminary 14D-9

100. On May 26, 2017, Kate Spade filed with the SEC a materially misleading and incomplete 14D-9 that failed to provide the Company's stockholders with material information and/or provides them with materially misleading information critical to the total mix of information available to the Company's stockholders concerning the financial and procedural fairness of the Proposed Acquisition.

Omissions and/or Material Misrepresentations Concerning Kate Spade's Financial Projections

101. The 14D-9 fails to provide material information concerning financial projections provided by Kate Spade's management, reviewed with Kate Spade's and relied upon by Perella Weinberg in its analyses. Courts have uniformly stated that "projections ... are probably among the most highly-prized disclosures by investors. Investors can come up with their own estimates of discount rates or [] market multiples. What they cannot hope to do is replicate management's inside view of the company's prospects." *In re Netsmart Techs., Inc. S'holders Litig.*, 924 A.2d 171, 201-203 (Del. Ch. 2007).

102. For example, the 14D-9 fails to disclose:

a. The definition of cash flow from operations and the projection line items used to derive cash flow from operations;

b. the range of terminal value multiples to 2019 EBITDA;

c. The sensitivity cases used by Perella Weinberg; and

d. The financial forecasts used in Perella Weinberg's "Wall Street Consensus DCF";

103. Without accurate projection data presented in the 14D-9, Plaintiff and other stockholders of Kate Spade are unable to properly evaluate the Company's true worth, the accuracy of Perella Weinberg's financial analyses, or make an informed decision whether to tender their Company stock in the Proposed Acquisition.

Omissions and/or Material Misrepresentations Concerning the Sales Process leading up to the Proposed Acquisition

104. Specifically, the 14D-9 fails to provide material information concerning the process conducted by the Company and the events leading up to the Proposed Acquisition. In particular, the 14D-9 fails to disclose:

a. The specific nature of the NDA agreements between the Company on the one hand and Party A, or Party B on the other, and whether those NDAs contained standstill provisions or so-called "don't ask-don't waive" provisions that may have constrained that parties' ability to present a superior offer.

Omissions and/or Material Misrepresentations Concerning the Director Defendant's Potential Conflicts of Interest

105. Specifically, the 14D-9 fails to provide material information concerning the Director Defendants' potential conflicts of interest that infect the Proposed Acquisition. In particular, the 14D- 9 fails to disclose:

a. Given that management negotiated their own employment agreements, it is material to disclose the timing and nature of communications regarding future employment and/or directorship of Kate Spade's officers and directors, including who participated in all such communications;

b. The specific nature and timing of the negotiations that led to the "deal completion bonus letters" that provided Defendant Carrara and Company Chief Financial Officer Linko deal completion bonuses of $750,000 and $500,000 in cash.

Omissions and/or Material Misrepresentations Concerning the Financial Analyses Performed by Perella Weinberg

106. In the 14D-9, Perella Weinberg describes its fairness opinions and the various valuation analyses performed to render its opinion. However, the descriptions fail to include necessary underlying data, support for conclusions, or the existence of, or basis for, underlying assumptions. Without this information, one cannot replicate the analyses, confirm the valuations or evaluate the fairness opinions. Of particular note is the fact that Perella Weinberg's DCF shows a range of implied values per share all of which are above the deal price - $21.20-$26.90 vs $18.50. Only by use of the Trend Sensitivity DCF is Perella Weinberg able to drop the implied range below the deal price. As such, shareholders must be advised when the decision was made to sensitize the projections and the full reasoning behind the decision.

107. The 14D-9 does not disclose material details concerning the analyses performed by Perella Weinberg in connection with the Proposed Acquisition, including (among other things):

a. <u>Discounted Cash Flow Analyses:</u>

With respect to Perella Weinberg's Discounted Cash Flow analysis, the 14D-9 fails to disclose:

i. The inputs used to derive the range of discount rates of 10.5% to 12.5%;

ii. The Company's standalone unlevered free cash flows for fiscal year 2017 through fiscal year 2019 for the projection cases; and

iii. The Company's estimated 2019 EBTIDA used to derive the terminal value.

b. <u>Selected Publicly Traded Companies Analysis</u>

With respect to Perella Weinberg's Selected Publicly Traded Companies Analysis, the 14D-9 fails to disclose:

i. Whether Perella Weinberg conducted a benchmarking analyses for the Company in relation to the target companies and the financial operating characteristics and other factors observed by Perella Weinberg.

108. Without the omitted information identified above, Kate Spade's public stockholders are missing critical information necessary to evaluate whether the proposed consideration truly maximizes stockholder value and serves their interests. Moreover, without the key financial information and related disclosures, Kate Spade's public stockholders cannot gauge the reliability of the fairness opinion and the Board's determination that the Proposed Acquisition is in their best interests.

FIRST COUNT

Claim for Breach of Fiduciary Duties

(Against the Individual Defendants)

109. Plaintiff repeats all previous allegations as if set forth in full herein.

110. The Individual Defendants have violated their fiduciary duties of care, loyalty and good faith owed to Plaintiffs and the Company's public stockholders.

111. By the acts, transactions and courses of conduct alleged herein, Defendants, individually and acting as a part of a common plan, are attempting to unfairly deprive Plaintiff and other members of the Class of the true value of their investment in Kate Spade.

112. As demonstrated by the allegations above, the Individual Defendants failed to exercise the care required, and breached their duties of loyalty and good faith owed to the stockholders of Kate Spade by entering into the Proposed Acquisition through a flawed and unfair process and failing to take steps to maximize the value of Kate Spade to its public stockholders.

113. Indeed, Defendants have accepted an offer to sell Kate Spade at a price that fails to reflect the true value of the Company, thus depriving stockholders of the reasonable, fair and adequate value of their shares.

114. Moreover, the Individual Defendants breached their duty of due care and candor by failing to disclose to Plaintiff and the Class all material information necessary for them to make an informed decision on whether to tender their shares in support of the Proposed Acquisition.

115. The Individual Defendants dominate and control the business and corporate affairs of Kate Spade, and are in possession of private corporate information concerning Kate Spade's assets, business and future prospects. Thus, there exists an imbalance and disparity of knowledge and economic power between them and the public stockholders of Kate Spade which makes it inherently unfair for them to benefit their own interests to the exclusion of maximizing stockholder value.

116. By reason of the foregoing acts, practices and course of conduct, the Individual Defendants have failed to exercise due care and diligence in the exercise of their fiduciary obligations toward Plaintiff and the other members of the Class.

117. As a result of the actions of the Individual Defendants, Plaintiff and the Class will suffer irreparable injury in that they have not and will not receive their fair portion of the value of Kate Spade's assets and have been and will be prevented from obtaining a fair price for their common stock.

118. Unless the Individual Defendants are enjoined by the Court, they will continue to breach their fiduciary duties owed to Plaintiff and the members of the Class, all to the irreparable harm of the Class.

119. Plaintiff and the members of the Class have no adequate remedy at law. Only through the exercise of this Court's equitable powers can Plaintiff and the Class be fully protected from the immediate and irreparable injury which Defendants' actions threaten to inflict.

SECOND COUNT

Violations of Section 14(e) of the Exchange Act

(Against AH Defendants)

120. Plaintiff repeats all previous allegations as if set forth in full herein.

121. Defendants have disseminated the 14D-9 with the intention of soliciting stockholders to tender their shares in favor of the Proposed Acquisition.

122. Section 14(e) of the Exchange Act provides that in the solicitation of shares in a tender offer, "[i]t shall be unlawful for any person to make any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading[.]"

123. The 14D-9 was prepared in violation of Section 14(e) because it is materially misleading in numerous respects and omits material facts, including those set forth above. Moreover, in the exercise of reasonable care, Defendants knew or should have known that the 14D-9 is materially misleading and omits material facts that are necessary to render them non-misleading.

124. The Individual Defendants had actual knowledge or should have known of the misrepresentations and omissions of material facts set forth herein.

125. The Individual Defendants were at least negligent in filing a 14D-9 that was materially misleading and/or omitted material facts necessary to make the 14D-9 not misleading

126. The misrepresentations and omissions in the 14D-9 are material to Plaintiff and the Class, and Plaintiff and the Class will be deprived of his entitlement to decide whether to tender his shares on the basis of complete information if such misrepresentations and omissions are not corrected prior to the expiration of the tender offer period regarding the Proposed Acquisition.

THIRD COUNT

Violations of Section 20(a) of the Exchange Act

(Against till Individual Defendants and Coach)

127. Plaintiff repeats all previous allegations as if set forth in full herein.

128. The Individual Defendants and Coach were privy to non-public information concerning the Company and its business and operations via access to internal corporate documents, conversations and connections with other corporate officers and employees, attendance at management and Board meetings and committees thereof and via reports and other information provided to them in connection therewith. Because of their possession of such information, the Individual Defendants and Coach knew or should have known that the 14D-9 was materially misleading to Company stockholders.

129. The Individual Defendants and Coach were involved in drafting, producing, reviewing and/or disseminating the materially false and misleading statements complained of herein. The Individual Defendants and Coach were aware or should have been aware that materially false and misleading statements were being issued by the Company in the 14D-9 and nevertheless approved, ratified and/or failed to correct those statements, in violation of federal securities laws. The Individual Defendants and Coach were able to, and did, control the contents of the 14D-9. The Individual Defendants and Coach were provided with copies of, reviewed and approved, and/or signed the 14D-9 before its issuance and had the ability or opportunity to prevent its issuance or to cause it to be corrected.

130. The Individual Defendants and Coach also were able to, and did, directly or indirectly, control the conduct of Kate Spade' business, the information contained in its filings with the SEC, and its public statements. Because of their positions and access to material non-public information available to them but not the public, the Individual Defendants and Coach knew or should have known that the misrepresentations specified herein had not been properly disclosed to and were being concealed from the Company's stockholders and that the 14D-9 was misleading. As a result, the Individual Defendants and Coach are responsible for the accuracy of the 14D-9 and are therefore responsible and liable for the misrepresentations contained herein.

131. The Individual Defendants acted as controlling persons of Kate Spade within the meaning of Section 20(a) of the Exchange Act. By reason of their position with the Company, the Individual Defendants had the power and authority to cause Kate Spade to engage in the wrongful conduct complained of herein. The Individual Defendants controlled Kate Spade and all of its employees. Additionally, Coach also had direct supervisory control over the composition of the 14D- 9 and the information disclosed therein, as well as the information that was omitted and/or misrepresented in the 14D-9. As alleged above, Kate Spade is a primary violator of Section 14 of the Exchange Act and SEC Rule 14d-9. By reason of their conduct, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act.

WHEREFORE, Plaintiff demands injunctive relief, in his favor and in favor of the Class, and against the Defendants, as follows:

A. Ordering that this action may be maintained as a class action and certifying Plaintiff as the Class representatives and Plaintiff's counsel as Class counsel;

B. Enjoining the Proposed Acquisition;

C. In the event defendants consummate the Proposed Acquisition, rescinding it and setting it aside or awarding rescissory damages to Plaintiff and the Class;

D. Declaring and decreeing that the Merger Agreement was agreed to in breach of the fiduciary duties of the Individual Defendants and is therefore unlawful and unenforceable;

E. Directing the Individual Defendants to exercise their fiduciary duties to commence a sale process that is reasonably designed to secure the best possible consideration for Kate Spade and obtain a transaction which is in the best interests of Kate Spade and its stockholders;

F. Directing defendants to account to Plaintiff and the Class for damages sustained because of the wrongs complained of herein;

G. Awarding Plaintiff the costs of this action, including reasonable allowance for Plaintiff's attorneys' and experts' fees; and

H. Granting such other and further relief as this Court may deem just and proper.

DEMAND FOR JURY TRIAL

Plaintiff hereby demands a jury on all issues which can be heard by a jury.

Dated: June 5, 2017

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