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

FORM 10-K

(Mark One)

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

For the Fiscal Year Ended June 28, 2008

OR

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

Commission File Number: 1-16153

Coach, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Maryland	**52-2242751**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

516 West 34th Street, New York, NY 10001

(Address of Principal Executive Offices) (Zip Code)

(212) 594-1850

(Registrant's Telephone Number, Including Area Code)

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

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

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x No o

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

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

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

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

Large Accelerated Filer x Accelerated Filer o Non-Accelerated Filer o Smaller Reporting Company o

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

The aggregate market value of Coach, Inc. common stock held by non-affiliates as of December 28, 2007 (the last business day of the most recently completed second fiscal quarter) was approximately $10.6 billion. For purposes of determining this amount only, the registrant has excluded shares of common stock held by directors and officers. Exclusion of shares held by any person should not be construed to indicate that such person possesses the power, direct or indirect, to direct or cause the direction of the management or policies of the registrant, or that such person is controlled by or under common control with the registrant.

On August 8, 2008, the Registrant had 336,887,747 shares of common stock outstanding, which is the Registrant's only class of capital stock.

DOCUMENTS INCORPORATED BY REFERENCE

Documents	**Form 10-K Reference**

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COACH, INC.

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SPECIAL NOTE ON FORWARD-LOOKING INFORMATION

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

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

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In this Form 10-K, references to "Coach," "we," "our," "us" and the "Company" refer to Coach, Inc., including consolidated subsidiaries. The fiscal years ended June 28, 2008 ("fiscal 2008"), June 30, 2007 ("fiscal 2007") and July 1, 2006 ("fiscal 2006") were each 52-week periods. The fiscal year ending June 27, 2009 ("fiscal 2009") will also be a 52-week period.

PART I

Item 1. Business

General Development of Business

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

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

In May 2008, the Company announced that it had reached agreements to a phased acquisition of the Coach domestic retail businesses in Hong Kong, Macau and Mainland China ("Greater China") from its current distributor, the ImagineX group. These acquisitions will provide the Company with greater control over the brand in Greater China, enabling Coach to raise brand awareness and aggressively grow market share with the Chinese consumer. Coach expects these acquisitions will be completed in fiscal 2009.

Financial Information about Segments

Segment information is presented in Note 12 to the Consolidated Financial Statements.

Narrative Description of Business

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

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

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

A Market Leadership Position With Growing Share — Coach is America's leading premium handbag and accessories brand and each year, as our market share increases, our leadership position strengthens.

Coach's Loyal And Involved Consumer — Coach consumers have a specific emotional connection with the brand. Part of the Company's everyday mission is to cultivate consumer relationships by strengthening this emotional connection.

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Multi-Channel International Distribution — This allows Coach to maintain a critical balance as results do not depend solely on the performance of a single channel or geographic area. The Direct-to-Consumer channel provides us with immediate, controlled access to consumers through Coach-owned stores in North America and Japan, the Internet and the Coach catalog. The Indirect channel provides us with access to consumers via North America and international wholesale department store and specialty store locations.

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

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

Products

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

	Fiscal Year Ended		
	June 28, 2008	June 30, 2007	July 1, 2006
Handbags	62%	64%	65%
Accessories	29	28	28
All other products	9	8	7
Total	100%	100%	100%

Handbags — Handbag collections feature classically inspired designs as well as fashion designs. Typically, there are three to four collections per quarter and four to seven styles per collection. These collections are designed to meet the fashion and functional requirements of our broad and diverse consumer base. During fiscal 2008, we introduced three major lifestyle collections: Bleecker, Heritage Stripe and Soho. In fiscal 2009, we plan to introduce additional lifestyle collections, including the Zoe handbag group and Madison. We will also launch a new design, Coach Op Art, which will provide us with an entirely new logo platform.

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

Footwear — Jimlar Corporation ("Jimlar") has been Coach's footwear licensee since 1999. Footwear is distributed through over 900 locations in the U.S., including leading Coach retail stores and U.S. department stores. Footwear sales are comprised primarily of women's styles, which coordinate with Coach's handbag collections.

Jewelry — In November 2006, Coach launched a jewelry line, consisting primarily of bangle bracelets. During fiscal 2008, this category was expanded to include sterling silver jewelry and gold plated fashion jewelry.

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

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

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

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

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

Fragrance — In March 2007, Coach launched its first fragrance in partnership with Beauty Bank, a division of Estée Lauder, Inc. This collection includes a perfume spray, a purse spray and a perfume solid and is sold exclusively in Coach stores and coach.com. During fiscal 2008, this category was expanded to include body lotion and lip gloss. Coach's second fragrance will be launched in fiscal 2009.

Design and Merchandising

Coach's New York-based design team, led by its Executive Creative Director, is responsible for conceptualizing and directing the design of all Coach products. Designers have access to Coach's extensive archives of product designs created over the past 65 years, which are a valuable resource for new product concepts. Coach designers are also supported by a strong merchandising team that analyzes sales, market trends and consumer preferences to identify business opportunities that help guide each season's design process. Merchandisers also analyze products to edit, add and delete to achieve profitable sales across all channels. The product category teams, each comprised of design, merchandising/product development and sourcing specialists, help Coach execute design concepts that are consistent with the brand's strategic direction.

During fiscal 2008, the Company announced a new business initiative, internally referred to as Collection, to drive brand creativity. This initiative will be supported by a new team of designers and merchandisers and will encompass all women's categories, with a focus on handbags, women's accessories, footwear and jewelry. We expect to introduce Collection product in fiscal year 2010.

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

Segments

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

Direct-to-Consumer Segment

The Direct-to-Consumer segment consists of channels that provide us with immediate, controlled access to consumers: retail stores and factory stores in North America and Japan, the Internet and the Coach catalog. This segment represented approximately 80% of Coach's total net sales in fiscal 2008, with North American stores, Coach Japan and the Internet contributing approximately 59%, 19% and 2% of total net sales, respectively.

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

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

our products. Store associates are trained to maintain high standards of visual presentation, merchandising and customer service. The result is a complete statement of the Coach modern American style at the retail level.

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

	Fiscal Year Ended		
	June 28, 2008	June 30, 2007	July 1, 2006
Retail stores	297	259	218
Net increase vs. prior year	38	41	25
Percentage increase vs. prior year	14.7%	18.8%	13.0%
Retail square footage	795,226	672,737	562,553
Net increase vs. prior year	122,489	110,184	71,628
Percentage increase vs. prior year	18.2%	19.6%	14.6%
Average square footage	2,678	2,597	2,581

North American Factory Stores — Coach's factory stores serve as an efficient means to sell manufactured-for-factory-store product, including factory exclusives, as well as discontinued and irregular inventory outside the retail channel. These stores operate under the Coach Factory name and are geographically positioned primarily in established outlet centers that are generally more than 50 miles from major markets.

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

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

	Fiscal Year Ended		
	June 28, 2008	June 30, 2007	July 1, 2006
Factory stores	102	93	86
Net increase vs. prior year	9	7	4
Percentage increase vs. prior year	9.7%	8.1%	4.9%
Factory square footage	413,389	321,372	281,787
Net increase vs. prior year	92,017	39,585	29,508
Percentage increase vs. prior year	28.6%	14.0%	11.7%
Average square footage	4,053	3,456	3,277

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

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

	Fiscal Year Ended		
	June 28, 2008	June 30, 2007	July 1, 2006
Coach Japan locations	149	137	118
Net increase vs. prior year	12	19	15
Percentage increase vs. prior year	8.8%	16.1%	14.6%
Coach Japan square footage	259,993	229,862	194,375
Net increase vs. prior year	30,131	35,487	32,743
Percentage increase vs. prior year	13.1%	18.3%	20.3%
Average square footage	1,745	1,678	1,647

Internet — Coach views its website as a key communications vehicle for the brand to promote traffic in Coach retail stores and department store locations and build brand awareness. During fiscal 2008, we completed a creative refresh of the coach.com website and launched coach.com in Canada. We also introduced store pickup, allowing a customer to purchase online and pick up her order in the store. With approximately 55 million unique visits to the website in fiscal 2008, our online store provides a showcase environment where consumers can browse through a selected offering of the latest styles and colors. During fiscal 2008, the Company sent approximately 67 million emails to strategically selected customers as we continue to evolve our internet outreach to maximize productivity while streamlining distribution. Revenue from Internet sales is recognized upon shipment of the product.

Coach Catalog — While direct mail sales comprise a small portion of Coach's net sales, Coach views its catalog as a key communications vehicle for the brand to promote store traffic, facilitate the shopping experience in Coach retail stores and build brand awareness. In fiscal 2008, the Company distributed approximately 7 million catalogs in Coach stores in North America and Japan and mailed approximately 3 million catalogs to strategically selected North American households from its database of customers.

Indirect Segment

Coach began as a U.S. wholesaler to department stores and this segment remains important to our overall consumer reach. Today, we work closely with our partners, both domestic and international, to ensure a clear and consistent product presentation. The Indirect segment represented approximately 20% of total net sales in fiscal 2008, with U.S. Wholesale and International Wholesale representing approximately 12% and 6% of total net sales, respectively.

U.S. Wholesale — This channel offers access to Coach products to consumers who prefer shopping at department stores. Coach products are also available on macys.com, dillards.com and nordstrom.com. While overall U.S. department store sales have not increased over the last few years, the handbag and accessories category has grown, in part due to the strength of the Coach brand. Net sales (shipments) to U.S. wholesale customers grew 16% in fiscal 2008 from fiscal 2007.

Coach recognizes the continued importance of U.S. department stores as a distribution channel for premier accessories. Department stores also continue to devote increased square footage to Coach, providing an additional driver to this channel's growth. We continue to fine-tune our strategy to increase productivity and drive volume by enhancing presentation, primarily through the creation of more shop-in-shops, and the introduction of caseline enhancements with proprietary Coach fixtures. Coach has also improved wholesale product planning and allocation processes by custom tailoring assortments to better match the attributes of our department store consumers in each local market.

Coach's products are sold in approximately 900 wholesale locations in the U.S. and Canada. Our most significant U.S. wholesale customers are Macy's, (including Bloomingdale's), Dillard's, Nordstrom, Lord and Taylor, Carson's and Saks.

International Wholesale — This channel represents sales to international wholesale distributors and authorized retailers. Tourists represent the largest portion of our customers' sales in this channel. However, we continue to drive growth by expanding our distribution to reach local consumers in emerging markets. Coach has developed relationships with a select group of distributors who sell Coach products through department stores and freestanding retail locations in over 20 countries. Coach's current network of international distributors serves the following markets: Korea, United States (primarily Hawaii and Guam), Hong Kong, Taiwan, Japan, Singapore, Saudi Arabia, Mexico, China, Malaysia, Thailand, Australia, Indonesia, the United Arab Emirates, the Caribbean, Saipan, Turkey, Bahrain, New Zealand, France, United Kingdom, Greece and Russia. For locations not in freestanding stores, Coach has created shop-in-shops and other image enhancing environments to increase brand appeal and stimulate growth. Coach continues to improve productivity in this channel by opening larger image-enhancing locations, expanding existing stores and closing smaller, less productive stores. Coach's most significant international wholesale customers are the DFS Group, Lotte Group, Shilla Group, Tasa Meng Corp., Shinsegae International, and ImagineX. Following completion of the acquisition of the retail businesses in Greater China from ImagineX in fiscal 2009, sales in Coach-operated stores in this region will be reported in the Direct segment.

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

	Fiscal Year Ended		
	June 28, 2008	June 30, 2007	July 1, 2006
International freestanding stores	53	37	21
International department store locations	83	74	63
Other international locations	31	29	24
Total international wholesale locations	167[(1)]	140	108

(1) Includes 24 stores that will become Coach-operated upon completion of the acquisition of the retail businesses in Greater China from ImagineX.

Licensing — In our licensing relationships, Coach takes an active role in the design process and controls the marketing and distribution of products under the Coach brand. The current licensing relationships as of June 28, 2008 are as follows:

Category	Licensing Partner	Introduction Date	Territory	License Expiration Date
Watches	Movado	Spring '98	U.S. and Japan	2015
Footwear	Jimlar	Spring '99	U.S.	2014
Eyewear	Marchon	Fall '03	Worldwide	2011

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

Marketing

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

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

Coach engages in several consumer communication initiatives, including direct marketing activities and national, regional and local advertising. In fiscal 2008, consumer contacts increased 26% to over 144 million. However, the Company continues to leverage marketing expenses by refining our marketing programs to increase productivity and optimize distribution. Total expenses related to consumer communications in fiscal 2008 were $57 million, representing less than 2% of net sales.

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

As part of Coach's direct marketing strategy, it uses its database consisting of approximately 13 million active North American households and 3 million active Japanese households. Catalogs and email contacts are Coach's principal means of communication and are sent to selected households to stimulate consumer purchases and build brand awareness. The growing number of visitors to the coach.com websites in the U.S., Canada and Japan provide an opportunity to increase the size of these databases.

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

Manufacturing

All of our products are manufactured by independent manufacturers. However, we maintain control of the supply chain from design through manufacture. We are able to do this by qualifying all raw material suppliers and by maintaining sourcing offices in Hong Kong, China and South Korea that work closely with our independent manufacturers. Coach also operates a European sourcing and product development organization based in Florence, Italy that works closely with the New York design team. This broad-based, global manufacturing strategy is designed to optimize the mix of cost, lead times and construction capabilities. We have increased the presence of our senior management at the manufacturers' facilities to enhance control over decision making and ensure the speed with which we bring new product to market is maximized.

These independent manufacturers support a broad mix of product types, materials and a seasonal influx of new, fashion oriented styles, which allows us to meet shifts in marketplace demand and changes in consumer preferences. During fiscal 2008, approximately 68% of Coach's total net sales were generated from products introduced within the fiscal year. As the collections are seasonal and planned to be sold in stores for short durations, our production quantities are limited which lowers our exposure to excess and obsolete inventory.

All product sources, including independent manufacturers and licensing partners, must achieve and maintain Coach's high quality standards, which are an integral part of the Coach identity. One of Coach's keys to success lies in the rigorous selection of raw materials. Coach has longstanding relationships with purveyors of fine leathers and hardware. As Coach has moved its production to external sources, it has maintained control of the raw materials that are used in all of its products, wherever they are made. Compliance with quality control standards is monitored through on-site quality inspections at all independent manufacturing facilities.

Coach carefully balances its commitments to a limited number of "better brand" partners with demonstrated integrity, quality and reliable delivery. Our manufacturers are located in many countries, including China, India, United States, Philippines, Mauritius, Italy, Spain, Turkey, Korea, Malaysia, Vietnam, Taiwan and Thailand. Coach continues to evaluate new manufacturing sources and geographies to deliver the finest quality products at the lowest cost and help limit the impact of manufacturing in inflationary markets. No one vendor currently provides more than 15% of Coach's total units. Before partnering with a vendor, Coach evaluates each facility by conducting a quality and business practice standards audit. Periodic evaluations of existing, previously approved facilities are conducted on a random basis. We believe that all of our manufacturing partners are in material compliance with Coach's integrity standards.

Distribution

Coach operates a distribution and consumer service facility in Jacksonville, Florida. During fiscal 2008, the distribution center was expanded to increase the facility's shipping and storage capacities. The expansion, completed in August 2008, added 290,000 square feet, bringing the total square footage of the facility to 850,000. This automated facility uses a bar code scanning warehouse management system. Coach's distribution center employees use handheld radio frequency scanners to read product bar codes, which allow them to more accurately process and pack orders, track shipments, manage inventory and generally provide excellent service to our customers. Coach's products are primarily shipped to Coach retail stores and wholesale customers via express delivery providers and common carriers, and direct to consumers via express delivery providers. We expect that the facility's increased capacity will support the projected sales growth of the Company over the next several years.

Management Information Systems

The foundation of Coach's information systems is its Enterprise Resource Planning ("ERP") system. This fully integrated system supports all aspects of finance and accounting, procurement, inventory control, sales and store replenishment. The system

functions as a central repository for all of Coach's transactional information, resulting in increased efficiencies, improved inventory control and a better understanding of consumer demand. This system was upgraded in fiscal 2008 and continues to be fully scalable to accommodate growth.

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

Trademarks and Patents

Coach owns all of the material trademark rights used in connection with the production, marketing and distribution of all of its products, both in the U.S. and in other countries in which the products are principally sold. Coach also owns and maintains worldwide registrations for trademarks in all relevant classes of products in each of the countries in which Coach products are sold. Major trademarks include *Coach, Coach and lozenge design, Coach and tag design, Signature C design and The Heritage Logo (Coach Leatherware Est. 1941)*. Coach is not dependent on any one particular trademark or design patent although Coach believes that the Coach name is important for its business. In addition, several of Coach's products are covered by design patents or patent applications. Coach aggressively polices its trademarks and trade dress, and pursues infringers both domestically and internationally. It also pursues counterfeiters domestically and internationally through leads generated internally, as well as through its network of investigators, the Coach hotline and business partners around the world.

Coach expects that its material trademarks will remain in existence for as long as Coach continues to use and renew them. Coach has no material patents.

Seasonality

Because Coach products are frequently given as gifts, Coach has historically realized, and expects to continue to realize, higher sales and operating income in the second quarter of its fiscal year, which includes the holiday months of November and December. In addition, fluctuations in sales and operating income in any fiscal quarter are affected by the timing of seasonal wholesale shipments and other events affecting retail sales. However, over the past several years, we have achieved higher levels of growth in the non-holiday quarters, which has reduced these seasonal fluctuations. We expect that these trends will continue.

Government Regulation

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

Competition

The premium handbag and accessories industry is highly competitive. The Company mainly competes with European luxury brands as well as private label retailers, including some of Coach's wholesale customers. Over the last several years the category has grown rapidly, encouraging the entry of new competitors as

well as increasing the competition from existing competitors. However, the Company believes that as a market leader we benefit from this increased competition as it drives consumer interest in this brand loyal category.

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

Employees

As of June 28, 2008, Coach employed approximately 12,000 people, including both full and part time employees. Of these employees, approximately 3,700 and 6,400 were full time and part time employees, respectively, in the retail field in North America and Japan. Approximately 50 of Coach's employees are covered by collective bargaining agreements. Coach believes that its relations with its employees are good, and it has never encountered a strike or work stoppage.

Financial Information About Geographic Areas

Geographic information is presented in Note 12 to the Consolidated Financial Statements.

Available Information

Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and all amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, are available free of charge on our website, located at *www.coach.com*, as soon as reasonably practicable after they are filed with or furnished to the Securities and Exchange Commission. These reports are also available on the Securities and Exchange Commission's website at

www.sec.gov. No information contained on any of our websites is intended to be included as part of, or incorporated by reference into, this Annual Report on Form 10-K.

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

Item 1A. Risk Factors

You should consider carefully all of the information set forth or incorporated by reference in this document and, in particular, the following risk factors associated with the Business of Coach and forward-looking information in this document. Please also see "Special Note on Forward-Looking Information" at the beginning of this report. The risks described below are not the only ones we face. Additional risks not presently known to us or that we currently deem immaterial may also have an adverse effect on us. If any of the risks below actually occur, our business, results of operations, cash flows or financial condition could suffer.

The growth of our business depends on the successful execution of our growth strategies.

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

Significant competition in our industry could adversely affect our business.

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

We face risks associated with operating in international markets.

We operate on a global basis, with approximately 25% of our net sales coming from operations outside the U.S. However, sales to our international wholesale customers are denominated in U.S. dollars. While geographic diversity helps to reduce the Company's exposure to risks in any one country, we are subject to risks associated with international operations, including, but not limited to:

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

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

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

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

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

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

- availability of raw materials,
- compliance with labor laws and other foreign governmental regulations,
- disruptions or delays in shipments,
- loss or impairment of key manufacturing sites,
- product quality issues,
- political unrest, and
- natural disasters, acts of war or terrorism and other external factors over which we have no control.

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

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

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

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

Because Coach products are frequently given as gifts, Coach has historically realized, and expects to continue to realize, higher sales and operating income in the second quarter of its fiscal year, which includes the holiday months of November and December. In addition, fluctuations in sales and operating income in any fiscal quarter are affected by the timing of seasonal wholesale shipments and other events affecting retail sales. However, over the past several years, we have achieved higher levels of growth in the non-holiday quarters, which has reduced these seasonal fluctuations. We expect that these trends will continue.

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

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

On May 3, 2001 Coach declared a "poison pill" dividend distribution of rights to buy additional common stock to the holder of each outstanding share of Coach's common stock. Subject to limited exceptions, these rights may be exercised if a person or group intentionally acquires 10% or more of Coach's common stock or announces a tender offer for 10% or more of the common stock on terms not approved by the Coach Board of Directors. In this event, each right would entitle the holder of each share of Coach's common stock to buy one additional common share of Coach stock at an exercise price far below the then-current market price. Subject to certain exceptions, Coach's Board of Directors will be entitled to redeem the rights at $0.0001 per right at any time before the close of business on the tenth day following either the public announcement that, or the date on which a majority of Coach's Board of Directors becomes aware that, a person has acquired 10% or more of the outstanding common stock. As of the end of fiscal 2008, there were no shareholders whose common stock holdings exceeded the 10% threshold established by the rights plan.

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

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

The following table sets forth the location, use and size of Coach's distribution, corporate and product development facilities as of June 28, 2008, substantially all of which are leased. The leases expire at various times through 2028, subject to renewal options.

Location	Use	Approximate Square Footage
Jacksonville, Florida	Distribution and consumer service	850,000
New York, New York	Corporate, sourcing and product development	385,000

Carlstadt, New Jersey	Corporate and product development	65,000
Tokyo, Japan	Coach Japan regional management	20,000
Shenzhen, China	Sourcing, quality control and product development	18,000
Florence, Italy	Sourcing and product development	16,000
Hong Kong	Sourcing, quality control and Coach Hong Kong regional management	9,000
Dongguan, China	Sourcing, quality control and product development	8,000
Seoul, South Korea	Sourcing	3,000
Shanghai, China	Coach China regional management	500

As of June 28, 2008, Coach also occupied 297 retail and 102 factory leased stores located in North America and 149 Coach-operated department store shop-in-shops, retail stores and factory stores in Japan. These leases expire at various times through 2023. Coach considers these properties to be in generally good condition and believes that its facilities are adequate for its operations and provide sufficient capacity to meet its anticipated requirements.

In July 2008, Coach announced it had entered into an agreement with Bauman 34th Street, LLC and Goldberg 34th Street, LLC (the "Sellers") to purchase the Company's principal corporate headquarters building in New York City from the Sellers. Pursuant to this agreement, Coach will pay $128 million for the land and building located at 516 West 34th Street, New York, New York.

Item 3. Legal Proceedings

Coach is involved in various routine legal proceedings as both plaintiff and defendant incident to the ordinary course of its business, including proceedings to protect Coach's intellectual property rights, litigation instituted by persons alleged to have been injured upon premises within Coach's control and litigation with present or former employees.

As part of Coach's policing program for its intellectual property rights, from time to time, Coach files lawsuits in the U.S. and abroad alleging acts of trademark counterfeiting, trademark infringement, patent infringement, trade dress infringement, trademark dilution and/or state or foreign law claims. At any given point in time, Coach may have one or more of such actions pending. These actions often result in seizure of counterfeit merchandise and/or out of court settlements with defendants. From time to time, defendants will raise, either as affirmative defenses or as counterclaims, the invalidity or unenforceability of certain of Coach's intellectual properties.

Although Coach's litigation with present or former employees is routine and incidental to the conduct of Coach's business, as well as for any business employing significant numbers of U.S.-based employees, such litigation can result in large monetary awards when a civil jury is allowed to determine compensatory and/or punitive damages for actions claiming discrimination on the basis of age, gender, race, religion, disability or other legally protected characteristic or for termination of employment that is wrongful or in violation of implied contracts.

Coach believes that the outcome of all pending legal proceedings in the aggregate will not have a material adverse effect on Coach's business or consolidated financial statements.

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

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

None.

Executive Officers and Directors

The following table sets forth information regarding each of Coach's executive officers and directors:

Name	Age	Position(s)(1)
Lew Frankfort	62	Chairman, Chief Executive Officer and Director
Jerry Stritzke	48	President, Chief Operating Officer
Reed Krakoff	44	President, Executive Creative Director
Michael Tucci	47	President, North American Retail
Mike Devine	50	Executive Vice President, Chief Financial Officer and Chief Accounting Officer
Sarah Dunn	48	Senior Vice President, Human Resources
Todd Kahn	44	Senior Vice President, General Counsel and Secretary
Susan Kropf(2)(3)(4)	59	Director
Gary Loveman(2)(3)(4)	48	Director
Ivan Menezes(2)(3)(4)	49	Director
Irene Miller(2)(3)(4)	56	Director
Keith Monda	62	Director
Michael Murphy(2)(3)(4)	71	Director
Jide Zeitlin(2)(3)(4)	44	Director

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

(2) Member of the Audit Committee.

(3) Member of the Human Resources Committee.

(4) Member of the Governance and Nominations Committee.

Lew Frankfort has been involved with the Coach business for almost 30 years. He has served as Chairman and Chief Executive Officer of Coach since November 1995. He has served as a member of Coach's Board of Directors since June 1, 2000, the date of incorporation. Mr. Frankfort served as Senior Vice President of Sara Lee Corporation from January 1994 to October 2000. Mr. Frankfort was appointed President and Chief Executive Officer of the Sara Lee Champion, Intimates & Accessories group in January 1994, and held this position through November 1995. From September 1991 through January 1994, Mr. Frankfort held the positions of Executive Vice President, Sara Lee Personal Products and Chief Executive Officer of Sara Lee Accessories. Mr. Frankfort was appointed President of Coach in July 1985, after Sara Lee acquired Coach, and held this position through September 1991. Mr. Frankfort joined Coach in 1979 as Vice President of New Business Development. Prior to joining Coach, Mr. Frankfort held various New York City government management positions and served as Commissioner, New York City Agency for Child Development. He also serves on the Board of Directors of Teach for America, a public-private partnership aimed at eliminating educational inequity in America, and Advanced Assessment Systems LLC (LinkIt!), a provider of online testing, data management, and intervention solutions serving the K – 12 educational market, and he is a member of the Board of Overseers at Columbia Business School. Mr. Frankfort holds a Bachelor of Arts degree from Hunter College and an M.B.A. degree in Marketing from Columbia University.

Jerry Stritzke joined Coach as an Executive Officer in March 2008 and was named President and Chief Operating Officer in July 2008. From 1999 through August 2007, Mr. Stritzke held several senior executive positions within the Limited Brands, Inc. organization. During that time, he held the positions of Chief Operating Officer and Co-Leader of Victoria's Secret which included Victoria Secret Stores, Victoria's Secret Direct, Victoria's Secret Beauty and Pink. He also served as Chief Executive Officer of MAST Industries. He joined Limited Brands in 1999 as Senior Vice President, Operations. From 1993 until 1999, Mr. Stritzke was a consultant with the retail consulting firm of Webb and Shirley. In 1992, he practiced law at Stritzke Law Office, and until then, he was a partner at Best, Sharp, Sheridan & Stritzke after joining them as an associate in 1985. Mr. Stritzke received a Bachelor of Science degree from Oklahoma State University and a Juris Doctor from the University of Oklahoma.

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

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

Mike Devine was appointed Senior Vice President and Chief Financial Officer of Coach in December 2001 and Executive Vice President in August 2007. Prior to Joining Coach, Mr. Devine served as Chief Financial Officer and Vice President-Finance of Mothers Work, Inc. from February 2000 until November 2001. From 1997 to 2000, Mr. Devine was Chief Financial Officer of Strategic Distribution, Inc., a Nasdaq-listed industrial store operator. Previously, Mr. Devine was Chief Financial Officer at Industrial System Associates, Inc. from 1995 to 1997, and for the prior six years he was the Director of Finance and Distribution for McMaster-Carr Supply Co. He also serves as a member of the Board of Directors of NutriSystem, Inc. Mr. Devine holds a Bachelor of Science degree in Finance and Marketing from Boston College and an M.B.A. degree in Finance from the Wharton School of the University of Pennsylvania.

Sarah Dunn joined Coach as Senior Vice President, Human Resources in July 2008. Prior to joining Coach, Ms. Dunn held several executive positions at Thomson Financial. When joining in 2003, Ms. Dunn was Chief Content Officer, until she was appointed Executive Vice President, Human Resources and Organizational Development, in April 2005. In her Human Resources capacity, Ms. Dunn was responsible for attracting, retaining and developing talent worldwide and managing the organizational needs of Thomson Financial's leadership and over 9,000 employees. She was a member of the TF Executive Committee and also served on the Human Resources Council of the Thomson Corporation. Ms. Dunn is also a Consulting Advisory Board member of Youth, I.N.C. Ms. Dunn holds a Bachelor of Science degree in Human Sciences from University College, London, U.K., and a Masters degree in Information Science from City University, London.

Todd Kahn joined Coach as Senior Vice President, General Counsel and Secretary in January 2008. Prior to joining Coach, from July to September 2007, Mr. Kahn served as President and Chief Operating Officer of Calypso Christian Celle. From January 2004 until July 2007, Mr. Kahn served as Executive Vice President and Chief Operating Officer of Sean John, a private lifestyle apparel company. From August 2001 until December 2003, he was President and Chief Operating Officer of Accessory Network, a private accessory

company. Before joining Accessory Network, Mr. Kahn served as President and Chief Operating Officer of InternetCash Corporation, an Internet payment technology company. He served as Executive Vice President and Chief Operating Officer of Salant Corporation, a public apparel company, after joining the company as Vice President and General Counsel in 1993. From 1988 until 1993, Mr. Kahn was a corporate attorney at Fried, Frank, Harris, Shriver and Jacobson in New York. Mr. Kahn received a Bachelor of Science degree, magna cum laude, from Touro College and a Juris Doctor, cum laude, from Boston University Law School.

Susan Kropf was elected to Coach's Board of Directors in June 2006. From 2001 to January 2007, Ms. Kropf served as President and Chief Operating Officer of Avon Products, where she had day-to-day oversight of Avon's worldwide operations. Before that, she was Executive Vice President and Chief Operating Officer, Avon North America and Global Business Operations, with responsibility for the company's North American operating business unit as well as global marketing, R&D, supply chain operations and information technology. Ms. Kropf also serves on the Boards of MeadWestvaco Corp., Sherwin Williams Co., Kroger Co. and the Wallace Foundation. Ms. Kropf holds a Bachelor of Arts degree from St. John's University and an M.B.A. degree in Finance from New York University.

Gary Loveman was elected to Coach's Board of Directors in January 2002. Mr. Loveman has served as Chairman of Harrah's Entertainment, Inc. since January 2005 and as its Chief Executive Officer and President since January 2003; he had served as President of Harrah's since April 2001 and as Chief Operating Officer of Harrah's since May 1998. He was a member of the three-executive Office of the President of Harrah's from May 1999 to April 2001 and was Executive Vice President from May 1998 to May 1999. From 1989 to 1998, Mr. Loveman was Associate Professor of Business Administration, Harvard University Graduate School of Business Administration, where his responsibilities included teaching M.B.A. and executive education students, research and publishing in the field of service management, and consulting and advising large service companies. Mr. Loveman also serves as a Director of Harrah's and Fedex Corporation, on the Board of Trustees at Joslin Diabetes Center in Boston and on the Trust Board at Children's Hospital Boston. He holds a Bachelor of Arts degree in Economics from Wesleyan University and a Ph.D. in Economics from the Massachusetts Institute of Technology.

Ivan Menezes was elected to Coach's Board of Directors in February 2005. Mr. Menezes has served as President and Chief Executive Officer of Diageo North America, the world's leading premium drinks company, since January 2004, after having served as its President and Chief Operating Officer from July 2002, and as President of Diageo, Venture Markets since July 2000. Since joining Diageo in 1997 he has held various progressively senior management positions. Before joining Diageo, he held senior marketing positions with Whirlpool Europe in Milan and was a principal with Booz Allen Hamilton, Inc., both in Chicago and in London. Mr. Menezes holds a Bachelor of Arts degree in economics from St. Stephen's College, Delhi, a post graduate diploma from the Indian Institute of Management, Ahmedabad and an M.B.A. degree from Northwestern University's Kellogg School of Management.

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

Keith Monda was appointed Executive Vice President and Chief Operating Officer of Coach from June 1998 and as President of Coach from February 2002 until his retirement in July 2008. He has served as a member of Coach's Board of Directors since June 1, 2000, the date of incorporation. Prior to joining Coach, Mr. Monda served as Senior Vice President, Finance & Administration and Chief Financial Officer of Timberland Company from December 1993 until May 1996, and was promoted to, and held the position of, Senior Vice President, Operations from May 1996 until January 1998. From May 1990 to December 1993, Mr. Monda served as Executive Vice President, Finance and Administration of J. Crew, Inc. Mr. Monda holds Bachelor of Science and Master of Arts degrees from Ohio State University.

Michael Murphy was elected to Coach's Board of Directors in September 2000. From 1994 to 1997, Mr. Murphy served as Vice Chairman and Chief Administrative Officer of Sara Lee Corporation. Mr. Murphy also served as a Director of Sara Lee from 1979 through October 1997. Mr. Murphy joined Sara Lee in 1979 as Executive Vice President and Chief Financial and Administrative Officer and, from 1993 until 1994, also served as Vice Chairman. Mr. Murphy is also a Director of Civic Federation, Big Shoulders Fund, Metropolitan Pier and Exposition Authority, Chicago Cultural Center Foundation, GATX Corporation and The Joffrey Ballet. He is also a member of the Board of Trustees of Northern Funds (a family of mutual funds). Mr. Murphy holds a Bachelor of Science degree in Business Administration from Boston College and an M.B.A. degree in Finance from the Harvard Business School.

Jide Zeitlin was elected to Coach's Board of Directors in June 2006. Since December 2005, Mr. Zeitlin has served as founder of Independent Mobile Infrastructure (Pvt.) Limited, a privately held company that is focused on Indian telecommunications infrastructure. From 1996 until December 2005, Mr. Zeitlin was a partner at The Goldman Sachs Group, Inc.; he most recently held the post of Global Chief Operating Officer of the company's investment banking businesses, after joining the firm in 1983. Mr. Zeitlin is Chairman of the Board of Trustees of Amherst College, serves as a Director of Affiliated Managers Group, Inc. and is a member of several not-for-profit boards, including: Common Ground Community, Milton Academy, Montefiore Medical Center, Playwrights Horizons and Teach for America, as well as the Harvard Business School Dean's Advisory Committee. Mr. Zeitlin holds an A.B. degree in Economics and English from Amherst College and an M.B.A. degree from Harvard University.

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PART II

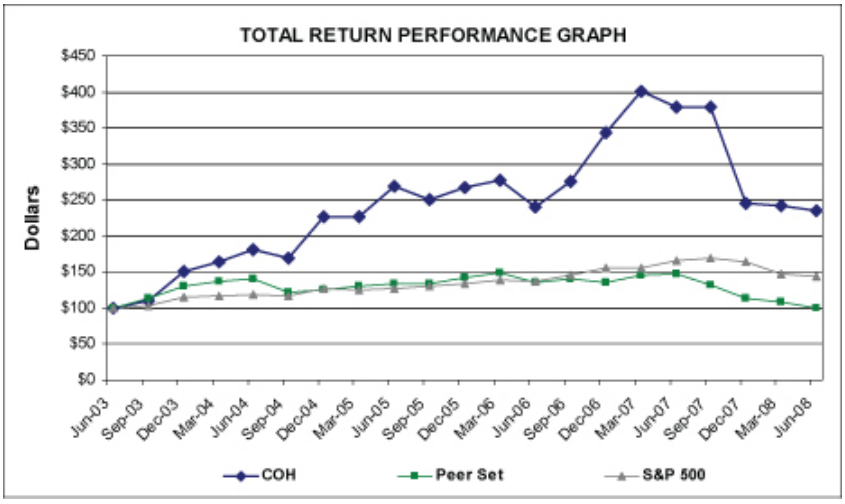
Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Refer to the information regarding the market for Coach's common stock, the quarterly market price information and the number of common shareholders of record appearing under the caption "Market and Dividend Information" included herein.

Performance Graph

The following graph compares the cumulative total stockholder return (assuming investment of dividends) of Coach's common stock with the cumulative total return of the S&P 500 Stock Index and the "peer group" companies listed below over the five-fiscal-year period from June 27, 2003 through June 27, 2008, the last trading day of Coach's most recent fiscal year. Coach's "peer group," as determined by management, consists of:

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



The graph assumes that $100 was invested on June 27, 2003 at the per share closing price in each of Coach's common stock, the S&P 500 Stock Index and a "Peer Composite" index compiled by us tracking the peer group companies listed above, and that all dividends were reinvested. The stock performance shown in the graph is included in response to the SEC's requirements and is not intended to forecast or be indicative of future performance.

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Stock Repurchase Program

The Company's share repurchases during the fourth quarter of fiscal 2008 were as follows:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs[1]	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs[1]
		(in thousands, except per share data)		
Period 10 (3/30/08 – 5/3/08)	—	$ —	—	$ 333,409
Period 11 (5/4/08 – 5/31/08)	—	—	—	333,409
Period 12 (6/1/08 – 6/28/08)	4,832	35.18	4,832	163,410
Total	4,832	$ 35.18	4,832	

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

Date Share Repurchase	Total Dollar Amount Approved	Expiration Date of Plan

Programs were Publicly Announced		
September 17, 2001	$80 million	September 2004
January 30, 2003	$100 million	January 2006
August 12, 2004	$200 million	August 2006
May 11, 2005	$250 million	May 2007
May 9, 2006	$500 million	June 2007
October 20, 2006	$500 million	June 2008
November 9, 2007	$1 billion	June 2009

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Item 6. Selected Financial Data (dollars and shares in thousands, except per share data)

The selected historical financial data presented below as of and for each of the fiscal years in the five-year period ended June 28, 2008 have been derived from Coach's audited Consolidated Financial Statements. The financial data should be read in conjunction with Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," the Consolidated Financial Statements and Notes thereto and other financial data included elsewhere herein.

	Fiscal Year Ended[1]				
	June 28, 2008[3]	June 30, 2007[2]	July 1, 2006	July 2, 2005	July 3, 2004
Consolidated Statements of Income:					
Net sales	$3,180,757	$2,612,456	$2,035,085	$1,651,704	$1,272,300
Gross profit	2,407,103	2,022,986	1,581,567	1,267,551	955,019
Selling, general and administrative expenses	1,259,974	1,029,589	866,860	731,891	578,820
Operating income	1,147,129	993,397	714,707	535,660	376,199
Interest income, net	47,820	41,273	32,623	15,760	3,192
Income from continuing operations	783,039	636,529	463,840	336,647	220,239
Income from continuing operations:					
Per basic share	$ 2.20	$ 1.72	$ 1.22	$ 0.89	$ 0.59
Per diluted share	2.17	1.69	1.19	0.86	0.57
Weighted-average basic shares outstanding	355,731	369,661	379,635	378,670	372,120
Weighted-average diluted shares outstanding	360,332	377,356	388,495	390,191	385,558
Consolidated Percentage of Net Sales Data:					
Gross margin	75.7%	77.4%	77.7%	76.7%	75.1%
Selling, general and administrative expenses	39.6%	39.4%	42.6%	44.3%	45.5%
Operating margin	36.1%	38.0%	35.1%	32.4%	29.6%
Income from continuing operations	24.6%	24.4%	22.8%	20.4%	17.3%
Consolidated Balance Sheet Data:					
Working capital	$ 934,768	$1,332,200	$ 632,658	$ 443,699	$ 533,280
Total assets	2,273,844	2,449,512	1,626,520	1,370,157	1,060,279
Cash, cash equivalents and investments	706,905	1,185,816	537,565	505,116	564,443
Inventory	345,493	291,192	233,494	184,419	161,913
Revolving credit facility	—	—	—	12,292	1,699
Long-term debt	2,580	2,865	3,100	3,270	3,420
Stockholders' equity	1,515,820	1,910,354	1,188,734	1,055,920	796,036
Coach Operated Store Data:					
North American retail stores	297	259	218	193	174
North American factory stores	102	93	86	82	76
Coach Japan locations	149	137	118	103	100
Total stores open at fiscal year-end	548	489	422	378	350
North American retail stores	795,226	672,737	562,553	490,925	431,617
North American factory stores	413,389	321,372	281,787	252,279	231,355
Coach Japan locations	259,993	229,862	194,375	161,632	119,291
Total store square footage at fiscal year-end	1,468,608	1,223,971	1,038,715	904,836	782,263
Average store square footage at fiscal year-end:					
North American retail stores	2,678	2,597	2,581	2,544	2,481
North American factory stores	4,053	3,456	3,277	3,077	3,044
Coach Japan locations	1,745	1,678	1,647	1,569	1,193

(1) Coach's fiscal year ends on the Saturday closest to June 30. Fiscal years 2008, 2007, 2006, and 2005 were 52-week years, while fiscal year 2004 was a 53-week year.

(2) During fiscal 2007, the Company exited its corporate accounts business. See Note 15 to the Consolidated Financial Statements for further information.

(3) During fiscal 2008, the Company recorded certain one-time items. The following table reconciles the as reported results to such results excluding these one-time items. See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," for further information about these items.

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

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

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

Executive Overview

Coach is a leading American marketer of fine accessories and gifts for women and men. Our product offerings include handbags, women's and men's accessories, footwear, jewelry, wearables, business cases, sunwear, watches, travel bags and fragrance. Coach operates in two segments: Direct-to-Consumer and Indirect. The Direct-to-Consumer segment includes sales to consumers through Company-operated stores in North America and Japan, the Internet and Coach catalog. The Indirect segment includes sales to wholesale customers in the U.S. and international locations as well as licensing revenue. As Coach's business model is based on multi-channel international distribution, our success does not depend solely on the performance of a single channel or geographic area.

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

- Build market share in the growing North American women's accessories market. As part of our culture of innovation and continuous improvement, we are implementing a number of initiatives to accelerate the level of newness, elevate our product offering and enhance the in-store experience. These initiatives will enable us to continue to leverage our leadership position in the market.
- Grow our North American retail store base by adding stores within existing markets and opening in new markets. We plan to add about 40 retail stores in North America in each of the next several years and believe that North America can support about 500 retail stores in total, including up to 20 in Canada. In addition, we will continue to expand select, highly productive retail and factory locations.
- Expand market share with the Japanese consumer, driving growth in Japan primarily by opening new retail locations and expanding existing ones. We plan to add about 10 net new locations in fiscal 2009 and believe that Japan can support about 180 locations in total. We will also continue to expand key locations.
- Raise brand awareness in emerging markets to build the foundation for substantial sales in the future. Specifically, Greater China, Korea and other emerging geographies are increasing in importance as the handbag and accessories category grows in these areas. In fiscal 2009, through distributors, we intend to open at least 20 net new wholesale locations in emerging markets and five locations in Greater China.

The growth strategies outlined above will allow us to continue to deliver long-term superior returns on our investments and drive increased cash flows from operating activities.

Fiscal 2008 Highlights

During fiscal 2008, an increase in net sales continued to drive net income and earnings per share growth. The highlights of fiscal 2008 were:

- Earnings per diluted share from continuing operations increased 28.8% to $2.17 per diluted share. Excluding one-time items of $0.11 per diluted share, earnings per diluted share increased 21.9% to $2.06 per diluted share.
- Net income from continuing operations increased 23.0% to $783.0 million. Excluding one-time items of $41.0 million recorded in the fourth quarter, net income increased 16.6% to $742.0 million.
- Net sales increased 21.8% to $3.18 billion.
- Direct-to-consumer sales rose 21.0% to $2.54 billion.
- Comparable sales in Coach's North American stores rose 9.8%.

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- Coach Japan sales, when translated into U.S. dollars, rose 23.4% driven primarily by expanded distribution. These increases in sales reflect a 9.0% increase due to currency translation.
- In North America, Coach opened 38 net new retail stores and nine new factory stores, bringing the total number of retail and factory stores to 297 and 102, respectively, at the end of fiscal 2008. We also expanded 18 retail stores and 19 factory stores in North America.
- Coach Japan opened 12 net new locations, bringing the total number of locations at the end of fiscal 2008 to 149. In addition, we expanded 11 locations.

During the fourth quarter of fiscal 2008, the Company recorded certain one-time items that resulted in a net gain of $41.0 million. These one-time items consisted of an initial $20.0 million contribution to the Coach Foundation, a $12.1 million increase

in variable compensation expenses, a $10.7 million increase in interest income, net and a $50.0 decrease to the provision for income taxes.

The increase in interest income, net and decrease in the provision for income taxes were primarily a result of a favorable settlement of a tax return examination. As a result of the higher interest income, net and lower income tax provision, the Company incurred an additional $12.1 million of incentive compensation, as a portion of the Company's incentive compensation plan is based on net income and earnings per share. Finally, the Company took advantage of the one-time net income favorability to create the Coach Foundation. The Company recorded an initial contribution to the Coach Foundation in the amount of $20.0 million.

Fiscal 2008 Compared to Fiscal 2007

The following table summarizes results of operations for fiscal 2008 compared to fiscal 2007:

	Fiscal Year Ended					
	June 28, 2008		June 30, 2007		Variance	
	(dollars in millions, except per share data)					
	Amount	% of Net Sales	Amount	% of Net Sales	Amount	%
Net sales	$ 3,180.8	100.0%	$ 2,612.5	100.0%	$ 568.3	21.8%
Gross profit	2,407.1	75.7	2,023.0	77.4	384.1	19.0
Selling, general and administrative expenses	1,260.0	39.6	1,029.6	39.4	230.4	22.4
Operating income	1,147.1	36.1	993.4	38.0	153.7	15.5
Interest income, net	47.8	1.5	41.3	1.6	6.5	15.9
Provision for income taxes	411.9	13.0	398.1	15.2	13.8	3.5
Income from continuing operations	783.0	24.6	636.5	24.4	146.5	23.0
Income from discontinued operations, net of taxes	0.0	0.0	27.1	1.0	(27.1)	(100.0)
Net income	783.1	24.6	663.7	25.4	119.4	18.0
Net income per share:						
Basic:						
Continuing operations	$ 2.20		$ 1.72		$ 0.48	27.8%
Discontinued operations	0.00		0.07		(0.07)	(100.0)
Net income	2.20		1.80		0.41	22.6
Diluted:						
Continuing operations	$ 2.17		$ 1.69		$ 0.49	28.8%
Discontinued operations	0.00		0.07		(0.07)	(100.0)
Net income	2.17		1.76		0.41	23.6

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Net Sales

The following table presents net sales by operating segment for fiscal 2008 compared to fiscal 2007:

	Fiscal Year Ended				
	Net Sales		Rate of Increase	Percentage of Total Net Sales	
	June 28, 2008	June 30, 2007		June 28, 2008	June 30, 2007
	(dollars in millions)		(FY08 vs. FY07)		
Direct-to-Consumer	$ 2,544.1	$ 2,101.8	21.0%	80.0%	80.5%
Indirect	636.7	510.7	24.7	20.0	19.5
Total net sales	$ 3,180.8	$ 2,612.5	21.8%	100.0%	100.0%

Direct-to-Consumer — Net sales increased by 21.0%, driven by increased sales from new stores, comparable stores and expanded stores. Comparable store sales measure sales performance at stores that have been open for at least 12 months. Coach excludes new locations from the comparable store base for the first year of operation. Similarly, stores that are expanded by 15.0% or more are also excluded from the comparable store base until the first anniversary of their reopening. Stores that are closed for renovations are removed from the comparable store base.

In North America, net sales increased 22.0% driven by sales from new stores, a 9.8% increase in comparable store sales and an increase in sales from expanded stores. During fiscal 2008, Coach opened 38 net new retail stores and nine new factory stores, and expanded 18 retail stores and 19 factory stores in North America. In Japan, net sales increased 23.4% driven primarily by sales from new and expanded stores. Coach Japan's reported net sales were positively impacted by approximately $44 million as a result of foreign currency exchange. During fiscal 2008, Coach opened 12 net new locations and expanded 11 locations in Japan. These sales increases were slightly offset by store closures and a decline in the Internet and direct marketing channels.

Indirect — Net sales increased by 24.7% to $636.7 million in fiscal 2008 from $510.7 million in fiscal 2007, driven primarily by a 16.4% increase in sales in the U.S. wholesale division and a 40.3% increase in sales in the international wholesale division. Licensing revenue of approximately $27 million and $15 million in fiscal 2008 and fiscal 2007, respectively, is included in Indirect sales.

Operating Income

Operating income increased 15.5% to $1.15 billion in fiscal 2008 as compared to $993.4 million in fiscal 2007, driven by increases in net sales and gross profit, partially offset by an increase in selling, general and administrative expenses. Excluding one-

time items of $32.1 million, operating income increased 18.7% to $1.18 billion. Operating margin was 36.1% in fiscal 2008 compared to 38.0% in fiscal 2007 as gains from increased net sales were offset by a decrease in gross margin and increase in operating expenses. Excluding one-time items, operating margin was 37.1%.

Gross profit increased 19.0% to $2.41 billion in fiscal 2008 compared to $2.02 billion in fiscal 2007. Gross margin was 75.7% in fiscal 2008 compared to 77.4% in fiscal 2007. The change in gross margin was driven by promotional activities in Coach-operated North American stores, the fluctuation in foreign currency translation rates and channel mix. Coach's gross profit is dependent upon a variety of factors, including changes in the relative sales mix among distribution channels, changes in the mix of products sold, foreign currency exchange rates, and fluctuations in material costs. These factors, among others, may cause gross profit to fluctuate from year to year.

Selling, general and administrative ("SG&A") expenses are comprised of four categories: (1) selling; (2) advertising, marketing and design; (3) distribution and consumer service; and (4) administrative. Selling expenses include store employee compensation, store occupancy costs, store supply costs, wholesale account administration compensation and all Coach Japan operating expenses. These expenses are affected by the number of Coach-operated stores in North America and Japan open during any fiscal period and the related

proportion of retail and wholesale sales. Advertising, marketing and design expenses include employee compensation, media space and production, advertising agency fees, new product design costs, public relations, market research expenses and mail order costs. Distribution and consumer service expenses include warehousing, order fulfillment, shipping and handling, customer service and bag repair costs. Administrative expenses include compensation costs for the executive, finance, human resources, legal and information systems departments, as well as consulting and software expenses. SG&A expenses increase as the number of Coach-operated stores increase, although an increase in the number of stores generally results in the fixed portion of SG&A expenses being spread over a larger sales base.

During fiscal 2008, SG&A expenses increased 22.4% to $1.26 billion, compared to $1.03 billion in fiscal 2007, driven primarily by increased selling expenses. As a percentage of net sales, SG&A expenses were 39.6% and 39.4% during fiscal 2008 and fiscal 2007, respectively. Excluding one-time costs of $32.1 million, SG&A expenses were $1.23 billion, representing 38.6% of net sales, an improvement of 80 basis points over fiscal 2007, as we continue to leverage our expense base on higher sales.

The following table presents the components of SG&A expenses and the percentage of sales that each component represented for fiscal 2008 compared to fiscal 2007:

	Fiscal Year Ended				
	SG&A Expenses		Rate of Increase	Percentage of Total Net Sales	
	June 28, 2008	June 30, 2007		June 28, 2008	June 30, 2007
	(dollars in millions)		(FY08 vs. FY07)		
Selling	$ 865.2	$ 718.0	20.5%	27.2%	27.5%
Advertising, Marketing and Design	147.7	119.8	23.3	4.6	4.6
Distribution and Consumer Service	47.6	53.2	(10.5)	1.5	2.0
Administrative	199.5	138.6	43.9	6.3	5.3
Total SG&A Expenses	$ 1,260.0	$ 1,029.6	22.4%	39.6%	39.4%

The following table presents administrative expenses and total SG&A expenses and the percentage of sales that each represented for fiscal 2008, excluding one-time items of $32.1 million recorded in fiscal 2008:

	Fiscal Year Ended June 28, 2008			
	Administrative Expenses		Total SG&A Expenses	
	$	% of Total Net Sales	$	% of Total Net Sales
	(dollars in millions)			
As Reported:	$ 199.5	6.3%	$ 1,260.0	39.6%
Less: One-time items	(32.1)	(1.0)	(32.1)	(1.0)
Adjusted:	$ 167.4	5.3%	$ 1,227.9	38.6%

The increase in selling expenses was primarily due to an increase in operating expenses of North America stores and Coach Japan. The increase in North America store expenses is attributable to increased variable expenses related to higher sales, new stores opened during the fiscal year and the incremental expense associated with having a full year of expenses related to stores opened in the prior year. The increase in Coach Japan operating expenses was primarily driven by increased variable expenses related to higher sales and new store operating expenses. The impact of foreign currency exchange rates increased reported expenses by approximately $19.2 million. The remaining increase in selling expenses was due to increased variable expenses to support sales growth in other channels.

The increase in advertising, marketing and design costs was primarily due to increased expenses related to direct-mail marketing programs and increased staffing costs.

Distribution and consumer service expenses decreased primarily due to efficiency gains, partially offset by higher sales volume. Efficiency gains also led to an improvement in distribution and consumer service expenses as a percentage of net sales.

Administrative expenses increased primarily as a result of $32.1 million of one-time charges recorded in the fourth quarter of fiscal 2008. One-time charges consisted of a contribution to the newly created Coach Foundation of $20.0 million and $12.1 million of increased variable compensation expenses, attributable to the increase in net income as a result of a one-time tax benefit discussed below. Excluding these one-time charges, the increase in administrative expenses was driven by an increase in employee staffing costs, including share-based compensation expense and an increase in consulting and depreciation expenses as a result of investments in technology systems.

Interest Income, Net

Interest income, net was $47.8 million in fiscal 2008 as compared to $41.3 million in fiscal 2007. This increase was primarily due to a reduction of $10.7 million of interest expense, related to a one-time tax benefit discussed below. Excluding this benefit, interest income, net decreased primarily as a result of lower returns on our investments as a result of lower interest rates.

Provision for Income Taxes

The effective tax rate was 34.5% in fiscal 2008 compared to 38.5% in fiscal 2007. During the fourth quarter of fiscal 2008, the Company recorded a one-time benefit of $50.0 million, primarily related to a favorable settlement of a tax return examination. Excluding this benefit, the effective tax rate in fiscal 2008 was essentially flat as compared to the fiscal 2007 effective rate.

Income from Continuing Operations

Income from continuing operations increased 23.0% to $783.0 million in fiscal 2008 compared to $636.5 million in fiscal 2007. Excluding one-time items of $41.0 million discussed above, income from continuing operations was $742.0 million, a 16.6% increase over prior year. The increase is primarily attributable to increased net sales as discussed above.

Income from Discontinued Operations

In March 2007, the Company exited its corporate accounts business in order to better control the location and image of the brand where Coach product is sold. Through the corporate accounts business, Coach sold products primarily to distributors for gift-giving and incentive programs. The results of the corporate accounts business, previously included in the Indirect segment, have been segregated from continuing operations and reported as discontinued operations in the Consolidated Statements of Income for all periods presented.

In fiscal 2007, net sales and net income from discontinued operations were $66.5 million and $27.1 million, respectively. In fiscal 2008, net sales and net income from discontinued operations were not significant.

Non-GAAP Measures

The Company's reported results are presented in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"). The reported selling, general, and administrative expenses, operating income, interest income, net, provision for income taxes, income from continuing operations, net income and earnings per diluted share from continuing operations reflect certain one-time items recorded in the fourth quarter of fiscal 2008. These metrics are also reported on a non-GAAP basis to exclude the impact of these one-time items. The Company believes these non-GAAP financial measures are useful to investors in evaluating the Company's ongoing operating and financial results and understanding how such results compare with the Company's prior guidance. The non-GAAP financial measures should be considered in addition to, and not in lieu of, U.S. GAAP financial measures.

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Fiscal 2007 Compared to Fiscal 2006

The following table summarizes results of operations for fiscal 2007 compared to fiscal 2006:

	Fiscal Year Ended					
	June 30, 2007		July 1, 2006		Variance	
	(dollars in millions, except per share data)					
	Amount	% of net sales	Amount	% of net sales	Amount	%
Net sales	$ 2,612.5	100.0%	$ 2,035.1	100.0%	$ 577.4	28.4%
Gross profit	2,023.0	77.4	1,581.6	77.7	441.4	27.9
Selling, general and administrative expenses	1,029.6	39.4	866.9	42.6	162.7	18.8
Operating income	993.4	38.0	714.7	35.1	278.7	39.0
Interest income, net	41.3	1.6	32.6	1.6	8.7	26.5
Provision for income taxes	398.1	15.2	283.5	13.9	114.7	40.4
Income from continuing operations	636.5	24.4	463.8	22.8	172.7	37.2
Income from discontinued operations, net of taxes	27.1	1.0	30.4	1.5	(3.3)	(10.8)
Net income	663.7	25.4	494.3	24.3	169.4	34.3
Net income per share:						
Basic:						
Continuing operations	$ 1.72		$ 1.22		$ 0.50	40.9%
Discontinued operations	0.07		0.08		(0.01)	(8.4)
Net income	1.80		1.30		0.49	37.9
Diluted:						

Continuing operations	$ 1.69	$ 1.19	$ 0.49	41.3%
Discontinued operations	0.07	0.08	(0.01)	(8.2)
Net income	1.76	1.27	0.49	38.2

Net Sales

The following table presents net sales by operating segment for fiscal 2007 compared to fiscal 2006:

	Fiscal Year Ended				
	Net Sales		Rate of Increase	Percentage of Total Net Sales	
	June 30, 2007	July 1, 2006		June 30, 2007	July 1, 2006
	(dollars in millions)		(FY07 vs. FY06)		
Direct-to-Consumer	$ 2,101.8	$ 1,610.7	30.5%	80.5%	79.1%
Indirect	510.7	424.4	20.3	19.5	20.9
Total net sales	$ 2,612.5	$ 2,035.1	28.4%	100.0 %	100.0 %

Direct-to-Consumer — Net sales increased 30.5%, driven by increased sales from comparable stores, new stores and expanded stores.

In North America, net sales increased 34.8% driven by a 22.3% increase in comparable store sales and an increase in sales from new and expanded stores. During fiscal 2007, Coach opened 41 new retail stores and seven net new factory stores, and expanded six retail stores and seven factory stores in North America. In Japan, net sales increased 15.9% driven primarily by sales from new and expanded stores. Coach Japan's reported net sales were negatively impacted by approximately $12 million as a result of foreign currency exchange. During fiscal 2007, Coach opened 19 net new locations and expanded nine locations in Japan. Sales

growth in the Internet business accounted for the remaining sales increase. These sales increases were slightly offset by store closures and a decline in the direct marketing channel.

Indirect — Net sales increased by 20.3%, driven primarily by a 30.9% increase in the U.S. wholesale division. This sales increase was partially offset by a 4.6% decrease in net sales in the international wholesale division, as shipments to our customers were curbed in consideration of slowing Japanese travel trends in our markets and to ensure healthy inventory levels. Licensing revenue of approximately $15 million and $9 million in fiscal 2007 and fiscal 2006, respectively, is included in Indirect sales.

Operating Income

Operating income increased 39.0% to $993.4 million in fiscal 2007 as compared to $714.7 million in fiscal 2006, driven by increases in net sales and gross profit, partially offset by an increase in selling, general and administrative expenses. Operating margin rose to 38.0% in fiscal 2007 from 35.1% in fiscal 2006. This 290 basis point improvement is attributable to increased net sales, as discussed above, and the leveraging of selling, general and administrative expenses.

Gross profit increased 27.9% to $2.02 billion in fiscal 2007 compared to $1.58 billion in fiscal 2006. Gross margin remained strong at 77.4% in fiscal 2007 compared to 77.7% in fiscal 2006. Gross margin was negatively impacted by channel mix, as Coach Japan grew more slowly than the business as a whole while our factory store channel grew faster, as well as the fluctuation in currency translation rates. However, these negative impacts were partially offset by gains from product mix shifts, reflecting increased penetration of higher margin collections and supply chain initiatives.

During fiscal 2007, SG&A expenses increased 18.8% to $1.03 billion, compared to $866.9 million in fiscal 2006, driven primarily by increased selling expenses. However, as a percentage of net sales, SG&A expenses decreased to 39.4% during fiscal 2007, compared to 42.6% during fiscal 2006, as we continue to leverage our expense base on higher sales.

The following table presents the components of SG&A expenses and the percentage of sales that each component represented for fiscal 2007 compared to fiscal 2006:

	Fiscal Year Ended				
	SG&A Expenses		Rate of Increase	Percentage of Total Net Sales	
	June 30, 2007	July 1, 2006		June 30, 2007	July 1, 2006
	(dollars in millions)		(FY07 vs. FY06)		
Selling	$ 718.0	$ 576.6	24.5%	27.5%	28.4%
Advertising, Marketing and Design	119.8	100.6	19.1	4.6	4.9
Distribution and Consumer Service	53.2	42.2	26.1	2.0	2.1
Administrative	138.6	147.5	(6.0)	5.3	7.2
Total SG&A Expenses	$ 1,029.6	$ 866.9	18.8%	39.4%	42.6%

The increase in selling expenses was primarily due to an increase in operating expenses of North America stores and Coach Japan. The increase in North America store expenses is attributable to increased variable expenses related to higher sales, new stores opened during the fiscal year and the incremental expense associated with having a full year of expenses related to stores opened in the prior year. The increase in Coach Japan operating expenses was primarily driven by increased variable expenses related to higher sales and new store operating expenses. However, the impact of foreign currency exchange rates decreased reported expenses by approximately $6.1 million. The remaining increase in selling expenses was due to increased variable expenses to support sales growth in other channels.

The increase in advertising, marketing and design costs was primarily due to increased staffing costs and design expenditures as well as increased development costs for new product categories.

Distribution and consumer service expenses increased primarily as result of higher sales volumes. However, efficiency gains at the distribution and consumer service facility, partially offset by an increase in our

direct-to-consumer shipments as a percentage of total shipments, led to a decrease in distribution and consumer service expenses as a percentage of net sales.

The decrease in administrative expenses was primarily due to a decrease in share-based compensation expense and other employee staffing costs. However, fiscal 2006 expenses were reduced by $2.0 million due to the receipt of business interruption proceeds related to our World Trade Center location. The Company did not receive any business interruption proceeds in fiscal 2007.

Interest Income, Net

Net interest income was $41.3 million in fiscal 2007 compared to $32.6 million in fiscal 2006. This increase was primarily due to higher returns on our investments as a result of higher interest rates and higher average cash and investment balances.

Provision for Income Taxes

The effective tax rate was 38.5% in fiscal 2007 compared to 37.9% in fiscal 2006. This increase is primarily attributable to incremental income being taxed at higher rates.

Income from Continuing Operations

Income from continuing operations was $636.5 million in fiscal 2007 compared to $463.8 million in fiscal 2006. This 37.2% increase is attributable to increased net sales as well as significant operating margin improvement, as discussed above.

Income from Discontinued Operations

Income from discontinued operations was $27.1 million in fiscal 2007 compared to $30.4 million in fiscal 2006. In fiscal 2007, net sales related to the corporate accounts business were $66.5 million compared to $76.4 million in fiscal 2006. The decrease in net sales and income is attributable to the exiting of the corporate accounts business during the third quarter of fiscal 2007.

Financial Condition

Cash Flow

Net cash provided by operating activities was $923.4 million in fiscal 2008 compared to $781.2 million in fiscal 2007. The $142.2 million increase was primarily due to increased earnings of $119.4 million. The changes in operating assets and liabilities were attributable to normal operating fluctuations.

Net cash provided by investing activities was $445.4 million in fiscal 2008 compared to $375.8 million net cash used in investing activities in fiscal 2007. The $821.2 million change in net cash used is primarily attributable to a net cash inflow of $620.2 million from the net proceeds from sales of investments in fiscal 2008 compared to a $235.2 million net use of cash to purchase investments in the prior year. Capital expenditures increased $34.1 million, primarily as a result of increased spending for new and renovated retail stores in North America. Coach's future capital expenditures will depend on the timing and rate of expansion of our businesses, new store openings, store renovations and international expansion opportunities.

Net cash used in financing activities was $1.23 billion in fiscal 2008 compared to $10.4 million net cash provided by financing activities in fiscal 2007. The change of $1.24 billion primarily resulted from a $1.19 billion increase in funds expended to repurchase common stock in fiscal 2008 compared to fiscal 2007 and the non-recurrence of a $16.7 million use of cash in fiscal 2007, related to an adjustment to reverse a portion of the excess tax benefit previously recognized from share-based compensation in the fourth quarter of fiscal 2006. In addition, proceeds from share-based awards decreased $28.8 million and the excess tax benefit from share-based compensation decreased $41.8 million.

Revolving Credit Facilities

On July 26, 2007, the Company renewed its $100 million revolving credit facility with certain lenders and Bank of America, N.A. as the primary lender and administrative agent (the "Bank of America facility"), extending the facility expiration to July 26, 2012. At Coach's request, the Bank of America facility can be expanded to $200 million. The facility can also be extended for two additional one-year periods, at Coach's request. Under the Bank of America facility, Coach pays a commitment fee of 6 to 12.5 basis points on any unused amounts and interest of LIBOR plus 20 to 55 basis points on any outstanding borrowings. At June 28, 2008, the commitment fee was 6 basis points and the LIBOR margin was 20 basis points.

The Bank of America facility is available for seasonal working capital requirements or general corporate purposes and may be prepaid without penalty or premium. During fiscal 2008 and fiscal 2007 there were no borrowings under the Bank of America

facility. Accordingly, as of June 28, 2008 and June 30, 2007, there were no outstanding borrowings under the Bank of America facility.

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

To provide funding for working capital and general corporate purposes, Coach Japan has available credit facilities with several Japanese financial institutions. These facilities allow a maximum borrowing of 7.4 billion yen, or approximately $70 million, at June 28, 2008. Interest is based on the Tokyo Interbank rate plus a margin of up to 50 basis points.

During fiscal 2008 and fiscal 2007, the peak borrowings under the Japanese credit facilities were $26.8 million and $25.5 million, respectively. As of June 28, 2008 and June 30, 2007, there were no outstanding borrowings under the Japanese credit facilities.

Common Stock Repurchase Program

On November 9, 2007, the Company completed its $500 million common stock repurchase program, which was put into place in October 2006. Concurrently, the Coach Board of Directors approved a new common stock repurchase program to acquire up to $1.0 billion of Coach's outstanding common stock through June 2009. Purchases of Coach stock are made from time to time, subject to market conditions and at prevailing market prices, through open market purchases. Repurchased shares become authorized but unissued shares and may be issued in the future for general corporate and other uses. The Company may terminate or limit the stock repurchase program at any time.

During fiscal 2008 and fiscal 2007, the Company repurchased and retired 39.7 million and 5.0 million shares of common stock, respectively, at an average cost of $33.68 and $29.99 per share, respectively. As of June 28, 2008, $163.4 million remained available for future purchases under the existing program.

Liquidity and Capital Resources

In fiscal 2008, total capital expenditures were $174.7 million. In North America, Coach opened 38 net new retail and nine new factory stores and expanded 18 retail stores and 19 factory stores. These new and expanded stores accounted for approximately $104.3 million of the total capital expenditures. In addition, spending on department store renovations and distributor locations accounted for approximately $21.8 million of the total capital expenditures. In Japan, we invested approximately $9.3 million, primarily for the opening of 12 net new locations and 11 store expansions. The remaining capital expenditures related to corporate systems and infrastructure, including $8.5 million related to the expansion of our Jacksonville distribution center. These investments were financed from on hand cash, operating cash flows and by using funds from our Japanese revolving credit facilities.

For the fiscal year ending June 27, 2009, the Company expects total capital expenditures to be approximately $200 million. Capital expenditures will be primarily for new stores and expansions in North America, Japan and Greater China. We will also continue to invest in department store and distributor locations and corporate infrastructure. This projection excludes the purchase of the Company's corporate headquarters in New York City. These investments will be financed primarily from on hand cash and operating cash flows.

Coach experiences significant seasonal variations in its working capital requirements. During the first fiscal quarter Coach builds inventory for the holiday selling season, opens new retail stores and generates higher levels of trade receivables. In the second fiscal quarter its working capital requirements are reduced substantially as Coach generates consumer sales and collects wholesale accounts receivable. In fiscal 2008, Coach purchased approximately $828 million of inventory, which was funded by on hand cash, operating cash flow and by borrowings under the Japanese revolving credit facilities.

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

Commitments

At June 28, 2008, the Company had letters of credit available of $225.0 million, of which $111.5 million were outstanding. These letters of credit, which expire at various dates through 2012, primarily collateralize the Company's obligation to third parties for the purchase of inventory.

Contractual Obligations

As of June 28, 2008, Coach's long-term contractual obligations are as follows:

	Payments Due by Period				
	Total	Less Than 1 Year	1 – 3 Years	3 – 5 Years	More Than 5 Years
	(amounts in millions)				
Capital expenditure commitments[1]	$ 3.4	$ 3.4	$ —	$ —	$ —
Inventory purchase obligations[2]	125.2	125.2	—	—	—
Long-term debt, including the current portion[3]	2.9	0.3	0.7	0.9	1.0

Operating leases	901.0	112.9	218.1	198.5	371.5
Total	$ 1,032.5	$ 241.8	$ 218.8	$ 199.4	$ 372.5

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

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

(3) Amounts presented exclude interest payment obligations.

The table above excludes the following: amounts included in current liabilities, other than the current portion of long-term debt, in the Consolidated Balance Sheet at June 28, 2008 as these items will be paid within one year; long-term liabilities not requiring cash payments, such as deferred lease incentives; and cash contributions for the Company's pension plans. The Company intends to contribute approximately $0.9 million to its pension plans during the next year. The above table also excludes reserves recorded in accordance with Statement of Financial Accounting Standard ("SFAS") Interpretation ("FIN") 48, "Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109", as we are unable to reasonably estimate the timing of future cash flows related to these reserves.

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

Long-Term Debt

Coach is party to an Industrial Revenue Bond related to its Jacksonville, Florida distribution and consumer service facility. This loan has a remaining balance of $2.9 million and bears interest at 4.5%. Principal and interest payments are made semiannually, with the final payment due in 2014.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. Predicting future events is inherently an imprecise activity and, as such, requires the use of judgment. Actual results may vary from estimates in amounts that may be material to the financial statements. The development and selection of the Company's critical accounting policies and estimates are periodically reviewed with the Audit Committee of the Board of Directors.

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

Income Taxes

The Company's effective tax rate is based on pre-tax income, statutory tax rates, tax laws and regulations, and tax planning strategies available in the various jurisdictions in which Coach operates. Deferred tax assets are reported at net realizable value, as determined by management. Significant management judgment is required in determining the effective tax rate, in evaluating our tax positions and in determining the net realizable value of deferred tax assets. In accordance with FIN 48, the Company recognizes the impact of tax positions in the financial statements if those positions will more likely than not be sustained on audit, based on the technical merits of the position. Tax authorities periodically audit the Company's income tax returns. Management believes that our tax filing positions are reasonable and legally supportable. However, in specific cases, various tax authorities may take a contrary position. A change in our tax positions or audit settlements could have a significant impact on our results of operations. For further information about income taxes, see Note 10 to the Consolidated Financial Statements.

Inventories

The Company's inventories are reported at the lower of cost or market. Inventory costs include material, conversion costs, freight and duties and are determined by the first-in, first-out method, except for inventories of Coach Japan, for which cost is determined by the last-in, first-out method. The Company reserves for slow-moving and aged inventory based on historical experience, current product demand and expected future demand. A decrease in product demand due to changing customer tastes, buying patterns or increased competition could impact Coach's evaluation of its slow-moving and aged inventory and additional reserves might be required. At June 28, 2008, a 10% change in the reserve for slow-moving and aged inventory would have resulted in an insignificant change in inventory and cost of goods sold.

Goodwill and Other Intangible Assets

The Company evaluates goodwill and other indefinite life intangible assets annually for impairment. In order to complete our impairment analysis, we must perform a valuation analysis which includes determining the fair value of the Company's reporting units based on discounted cash flows. This analysis contains uncertainties as it requires management to make assumptions and estimate the profitability of future growth strategies. The Company determined that there was no impairment in fiscal 2008, fiscal 2007 or fiscal 2006.

Long-Lived Assets

Long-lived assets, such as property and equipment, are evaluated for impairment annually to determine if the carrying value of the assets is recoverable. The evaluation is based on a review of forecasted operating cash flows and the profitability of the related business. An impairment loss is recognized if the forecasted cash flows are less than the carrying amount of the asset. The

Company did not record any impairment losses in fiscal 2008, fiscal 2007 or fiscal 2006. However, as the determination of future cash flows is based on expected future performance, impairment could result in the future if expectations are not met.

Revenue Recognition

Sales are recognized at the point of sale, which occurs when merchandise is sold in an over-the-counter consumer transaction or, for the wholesale, Internet and catalog channels, upon shipment of merchandise, when title passes to the customer. Revenue associated with gift cards is recognized upon redemption. The

Company estimates the amount of gift cards that will not be redeemed and records such amounts as revenue over the period of the performance obligation. Allowances for estimated uncollectible accounts, discounts and returns are provided when sales are recorded based upon historical experience and current trends. Royalty revenues are earned through license agreements with manufacturers of other consumer products that incorporate the Coach brand. Revenue earned under these contracts is recognized based upon reported sales from the licensee. At June 28, 2008, a 10% change in the allowances for estimated uncollectible accounts, discounts and returns would have resulted in an insignificant change in accounts receivable and net sales.

Share-Based Compensation

The Company recognizes the cost of employee services received in exchange for awards of equity instruments, such as stock options, based on the grant-date fair value of those awards. The grant-date fair value of stock option awards is determined using the Black-Scholes option pricing model and involves several assumptions, including the expected term of the option and expected volatility. The expected term of options represents the period of time that the options granted are expected to be outstanding and is based on historical experience. Expected volatility is based on historical volatility of the Company's stock as well as the implied volatility from publicly traded options on Coach's stock. Changes in the assumptions used to determine the Black-Scholes value could result in significant changes in the Black-Scholes value. However, a 10% change in the Black-Scholes value would result in an insignificant change in fiscal 2008 share-based compensation expense.

Recent Accounting Pronouncements

In September 2006, the FASB issued SFAS 157, "Fair Value Measurements." SFAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. Certain provisions of this statement are effective for Coach's fiscal year that will begin on June 29, 2008. The Company does not expect the adoption of SFAS 157 to have a material impact on the Company's consolidated financial statements.

In September 2006, the FASB issued SFAS 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans — an amendment of FASB Statements No. 87, 88, 106 and 132(R)." SFAS 158 requires an employer to recognize the funded status of a benefit plan, measured as the difference between plan assets at fair value and the projected benefit obligation, in its statement of financial position. SFAS 158 also requires an employer to measure defined benefit plan assets and obligations as of the date of the employer's fiscal year-end statement of financial position. The recognition provision and the related disclosures were effective as of the end of the fiscal year ended June 30, 2007. The measurement provision is effective for Coach's fiscal year ending June 27, 2009. The Company does not expect the adoption of the measurement provision to have a material impact on its consolidated financial statements.

In February 2007, the FASB issued SFAS 159, "The Fair Value Option for Financial Assets and Financial Liabilities — Including an amendment of FASB Statement No. 115." SFAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value. This statement is effective for Coach's fiscal year that will begin on June 29, 2008. As the Company did not elect to measure any items at fair value, the adoption of SFAS 159 did not have an impact on the Company's consolidated financial statements.

In December 2007, the FASB issued SFAS 141 (revised 2007), "Business Combinations." Under SFAS 141(R), an acquiring entity will be required to recognize all the assets acquired and liabilities assumed in a transaction at the acquisition-date fair value with limited exceptions. SFAS 141(R) will change the accounting treatment for certain specific acquisition-related items, including expensing acquisition-related costs as incurred, valuing noncontrolling interests (minority interests) at fair value at the acquisition date, and expensing restructuring costs associated with an acquired business. SFAS 141(R) also includes expanded disclosure requirements. SFAS 141(R) is to be applied prospectively to business combinations for which the acquisition date is on or after June 28, 2009. The Company does not expect the adoption of SFAS 141(R) to have a material impact on the Company's consolidated financial statements.

In March 2008, the FASB issued SFAS 161, "Disclosures about Derivative Instruments and Hedging Activities — an amendment of FASB Statement No. 133." SFAS 161 requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of and gains and losses on derivative instruments, and disclosures about credit-risk-related contingent features in derivative agreements. This statement is effective for Coach's financial statements issued for the interim period that will begin on December 28, 2008. The Company is currently evaluating the impact of SFAS 161 on the Company's consolidated financial statements.

In May 2008, the FASB issued SFAS 162, "The Hierarchy of Generally Accepted Accounting Principles — FASB Statement No. 162." SFAS 162 identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles in the United States. This statement is effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board amendments to AU Section 411, "The meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles." The Company does not expect the adoption of SFAS 162 to have a material impact on the Company's consolidated financial statements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The market risk inherent in our financial instruments represents the potential loss in fair value, earnings or cash flows arising from adverse changes in interest rates or foreign currency exchange rates. Coach manages these exposures through operating and financing activities and, when appropriate, through the use of derivative financial instruments with respect to Coach Japan. The use of derivative financial instruments is in accordance with Coach's risk management policies. Coach does not enter into derivative transactions for speculative or trading purposes.

The following quantitative disclosures are based on quoted market prices obtained through independent pricing sources for the same or similar types of financial instruments, taking into consideration the underlying terms and maturities and theoretical pricing models. These quantitative disclosures do not represent the maximum possible loss or any expected loss that may occur, since actual results may differ from those estimates.

Foreign Currency Exchange

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

Substantially all of Coach's fiscal 2008 non-licensed product needs were purchased from independent manufacturers in countries other than the United States. These countries include China, India, Philippines, Mauritius, Italy, Spain, Turkey, Korea, Malaysia, Vietnam, Taiwan and Thailand. Additionally, sales are made through international channels to third party distributors. Substantially all purchases and sales involving international parties, excluding Coach Japan, are denominated in U.S. dollars and, therefore, are not subject to foreign currency exchange risk.

In Japan, Coach is exposed to market risk from foreign currency exchange rate fluctuations as a result of Coach Japan's U.S. dollar denominated inventory purchases. Coach Japan enters into certain foreign currency derivative contracts, primarily zero-cost collar options, to manage these risks. The foreign currency contracts entered into by the Company have durations no greater than 12 months. As of June 28, 2008 and June 30, 2007, open foreign currency forward contracts designated as hedges with a notional amount of $233.9 million and $111.1 million, respectively, were outstanding.

Coach is also exposed to market risk from foreign currency exchange rate fluctuations with respect to Coach Japan as a result of its $231.0 million U.S. dollar denominated fixed rate intercompany loan from Coach. To manage this risk, on July 1, 2005, Coach Japan entered into a cross currency swap transaction, the terms of which include an exchange of a U.S. dollar fixed interest rate for a yen fixed interest rate. The loan matures in 2010, at which point the swap requires an exchange of yen and U.S. dollar based principals.

The fair values of open foreign currency derivatives included in current assets at June 28, 2008 and June 30, 2007 were $7.9 million and $23.3 million, respectively. The fair value of open foreign currency derivatives included in current liabilities as June 28, 2008 and June 30, 2007 was $5.5 million and $0, respectively. The fair value of these contracts is sensitive to changes in yen exchange rates.

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

Interest Rate

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

The Company's investment portfolio is maintained in accordance with the Company's investment policy, which identifies allowable investments, specifies credit quality standards and limits the credit exposure of any single issuer. The primary objective of our investment activities is the preservation of principal while maximizing interest income and minimizing risk. We do not hold any investments for trading purposes. The Company's investment portfolio consists of U.S. government and agency securities as well as municipal government and corporate debt securities. At June 28, 2008, the Company's investments, classified as available-for-sale, consisted of $8.0 million of auction rate securities. As auction rate securities' adjusted book value equals its fair value, there are no unrealized gains or losses associated with these investments.

As of June 28, 2008, the Company did not have any outstanding borrowings on its revolving credit facilities. However, the fair value of any outstanding borrowings in the future may be impacted by fluctuations in interest rates.

As of June 28, 2008, Coach's outstanding long-term debt, including the current portion, was $2.9 million. A hypothetical 10% change in the interest rate applied to the fair value of debt would not have a material impact on earnings or cash flows of Coach.

Item 8. Financial Statements and Supplementary Data

See "Index to Financial Statements," which is located on page 37 of this report.

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

None.

Item 9A. Controls and Procdures

Disclosure Controls and Procedures

Based on the evaluation of the Company's disclosure controls and procedures, as that term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended, each of Lew Frankfort, the Chief Executive Officer of the Company, and Michael F. Devine, III, the Chief Financial Officer of the Company, has concluded that the Company's disclosure controls and procedures are effective as of June 28, 2008.

Management's Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal controls over financial reporting. The Company's internal control system was designed to provide reasonable assurance to the Company's management and board of directors regarding the preparation and fair presentation of published financial statements. Management evaluated the effectiveness of the Company's internal control over financial reporting using the criteria set forth by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission in *Internal Control-Integrated Framework.* Management, under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of the Company's internal control over financial reporting as of June 28, 2008 and concluded that it is effective.

The Company's independent auditors have issued an audit report on the Company's internal control over financial reporting. The audit report appears on page 38 of this report.

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Changes in Internal Control over Financial Reporting

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

Item 9B. Other Information

None.

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PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information set forth in the Proxy Statement for the 2008 Annual Meeting of Stockholders is incorporated herein by reference. The Proxy Statement will be filed with the Commission within 120 days after the end of the fiscal year covered by this Form 10-K pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended.

Item 11. Executive Compensation

The information set forth in the Proxy Statement for the 2008 Annual Meeting of Stockholders is incorporated herein by reference. The Proxy Statement will be filed with the Commission within 120 days after the end of the fiscal year covered by this Form 10-K pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended.

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

(a) Security ownership of management set forth in the Proxy Statement for the 2008 Annual Meeting of Stockholders is incorporated herein by reference.

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

The Proxy Statement will be filed with the Commission within 120 days after the end of the fiscal year covered by this Form 10-K pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information set forth in the Proxy Statement for the 2008 Annual Meeting of Stockholders is incorporated herein by reference. The Proxy Statement will be filed with the Commission within 120 days after the end of the fiscal year covered by this Form 10-K pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended.

Item 14. Principal Accountant Fees and Services

The information required by this item is incorporated herein by reference to the section entitled "Matters Relating to Coach's Independent Auditors" in the Proxy Statement for the 2008 Annual Meeting of Stockholders. The Proxy Statement will be filed with the Commission within 120 days after the end of the fiscal year covered by this Form 10-K pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) Financial Statements and Financial Statement Schedules

See “Index to Financial Statements” which is located on page 37 of this report.

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

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SIGNATURES

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

COACH, INC.

Date: August 21, 2008

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated below on August 21, 2008.

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

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UNITED STATES

SECURITES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

FINANCIAL STATEMENTS
For the Fiscal Year Ended June 28, 2008

COACH, INC.

New York, New York 10001

INDEX TO FINANCIAL STATEMENTS

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

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying consolidated balance sheets of Coach, Inc. and subsidiaries (the "Company") as of June 28, 2008 and June 30, 2007, and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended June 28, 2008. Our audits also included the consolidated financial statement schedule listed in the Index at Item 15. These consolidated financial statements and the consolidated financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and the consolidated financial statement schedule based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company at June 28, 2008 and June 30, 2007, and the consolidated results of their operations and their cash flows for each of the three years in the period ended June 28, 2008, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such consolidated financial statement schedule referred to above, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in Note 10 to the consolidated financial statements, effective July 1, 2007, the Company adopted Financial Accounting Standards Board Interpretation No. 48, "Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109."

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of June 28, 2008, based on the criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated August 21, 2008 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP

New York, New York
August 21, 2008

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the internal control over financial reporting of Coach, Inc. and subsidiaries (the "Company") as of June 28, 2008, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

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

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

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

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 28, 2008, based on the criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and consolidated financial statement schedule as of and for the year ended June 28, 2008 of the Company and our report dated August 21, 2008 expressed an unqualified opinion on those consolidated financial statements and consolidated financial statement schedule and includes an explanatory paragraph regarding the Company's adoption of Financial Accounting Standards Board Interpretation No. 48, "Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109."

/s/ Deloitte & Touche LLP

New York, New York
August 21, 2008

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COACH, INC.

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

	June 28, 2008	June 30, 2007
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 698,905	$ 556,956
Short-term investments	—	628,860
Trade accounts receivable, less allowances of $7,717 and $6,579, respectively	106,738	107,814
Inventories	345,493	291,192
Deferred income taxes	69,557	68,305
Prepaid expenses	65,569	16,140
Other current assets	99,447	70,929
Total current assets	1,385,709	1,740,196
Long-term investments	8,000	—
Property and equipment, net	464,226	368,461
Goodwill and other intangible assets	258,906	225,659
Deferred income taxes	81,346	86,046
Other assets	75,657	29,150
Total assets	$ 2,273,844	$ 2,449,512
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 134,726	$ 109,309
Accrued liabilities	315,930	298,452
Current portion of long-term debt	285	235
Total current liabilities	450,941	407,996
Deferred income taxes	26,417	36,448
Long-term debt	2,580	2,865

Other liabilities	278,086	91,849
Total liabilities	758,024	539,158
Commitments and contingencies (Note 7)		
Stockholders' Equity:		
Preferred stock: (authorized 25,000,000 shares; $0.01 par value) none issued	—	—
Common stock: (authorized 1,000,000,000 shares; $0.01 par value) issued and outstanding — 336,728,851 and 372,521,112 shares, respectively	3,367	3,725
Additional paid-in-capital	1,115,041	978,664
Retained earnings (fiscal 2008 includes impact of FIN 48 adoption of $48,797)	375,949	940,757
Accumulated other comprehensive income (loss)	21,463	(12,792)
Total stockholders' equity	1,515,820	1,910,354
Total liabilities and stockholders' equity	$ 2,273,844	$ 2,449,512

See accompanying Notes to Consolidated Financial Statements.

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COACH, INC.

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

	Fiscal Year Ended		
	June 28, 2008	June 30, 2007	July 1, 2006
Net sales	$3,180,757	$2,612,456	$ 2,035,085
Cost of sales	773,654	589,470	453,518
Gross profit	2,407,103	2,022,986	1,581,567
Selling, general and administrative expenses	1,259,974	1,029,589	866,860
Operating income	1,147,129	993,397	714,707
Interest income, net	47,820	41,273	32,623
Income before provision for income taxes and discontinued operations	1,194,949	1,034,670	747,330
Provision for income taxes	411,910	398,141	283,490
Income from continuing operations	783,039	636,529	463,840
Income from discontinued operations, net of income taxes (Note 15)	16	27,136	30,437
Net income	$ 783,055	$ 663,665	$ 494,277
Net income per share			
Basic			
Continuing operations	$ 2.20	$ 1.72	$ 1.22
Discontinued operations	0.00	0.07	0.08
Net income	$ 2.20	$ 1.80	$ 1.30
Diluted			
Continuing operations	$ 2.17	$ 1.69	$ 1.19
Discontinued operations	0.00	0.07	0.08
Net income	$ 2.17	$ 1.76	$ 1.27
Shares used in computing net income per share			
Basic	355,731	369,661	379,635
Diluted	360,332	377,356	388,495

See accompanying Notes to Consolidated Financial Statements.

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COACH, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(amounts in thousands)

Shares of Common	Preferred Stockholders'	Common Stockholders'	Additional Paid-in-	Retained Earnings	Accumulated Other	Total Stockholders'

	Stock	Equity	Equity	Capital		Comprehensive Income/(Loss)	Equity
Balances at July 2, 2005	378,430	$ —	$ 3,784	$ 566,262	$ 484,971	$ 903	$ 1,055,920
Net income		—	—	—	494,277	—	494,277
Unrealized losses on cash flow hedging derivatives, net of tax		—	—	—	—	(4,488)	(4,488)
Translation adjustments		—	—	—	—	(3,780)	(3,780)
Change in pension liability, net of tax		—	—	—	—	105	105
Comprehensive income							486,114
Shares issued for stock options and employee benefit plans	10,456	—	105	78,339	—	—	78,444
Share-based compensation		—	—	69,190	—	—	69,190
Excess tax benefit from share-based compensation		—	—	99,337	—	—	99,337
Repurchase and retirement of common stock	(19,055)	—	(191)	(37,919)	(562,161)	—	(600,271)
Balances at July 1, 2006	369,831	—	3,698	775,209	417,087	(7,260)	1,188,734
Net income		—	—	—	663,665	—	663,665
Unrealized gains on cash flow hedging derivatives, net of tax		—	—	—	—	4,708	4,708
Translation adjustments		—	—	—	—	(9,944)	(9,944)
Change in pension liability, net of tax		—	—	—	—	(58)	(58)
Comprehensive income							658,371
Shares issued for stock options and employee benefit plans	7,692	—	77	108,241	—	—	108,318
Share-based compensation		—	—	56,726	—	—	56,726
Excess tax benefit from share-based compensation		—	—	65,100	—	—	65,100
Adjustment to excess tax benefit from share-based compensation		—	—	(16,658)	—	—	(16,658)
Repurchase and retirement of common stock	(5,002)	—	(50)	(9,954)	(139,995)	—	(149,999)
Adjustment to initially apply SFAS 158, net of tax		—	—	—	—	(238)	(238)
Balances at June 30, 2007	372,521	—	3,725	978,664	940,757	(12,792)	1,910,354
Net income		—	—	—	783,055	—	783,055
Unrealized gains on cash flow hedging derivatives, net of tax		—	—	—	—	5,782	5,782
Translation adjustments		—	—	—	—	27,963	27,963
Change in pension liability, net of tax		—	—	—	—	510	510
Comprehensive income							817,310
Shares issued for stock options and employee benefit plans	3,896	—	39	83,281	—	—	83,320
Share-based compensation		—	—	66,979	—	—	66,979
Adjustment to adopt FIN 48		—	—	—	(48,797)	—	(48,797)
Excess tax benefit from share-based compensation		—	—	23,253	—	—	23,253
Repurchase and retirement of common stock	(39,688)	—	(397)	(37,136)	(1,299,066)	—	(1,336,599)
Balances at June 28, 2008	336,729	$ —	$ 3,367	$ 1,115,041	$ 375,949	$ 21,463	$ 1,515,820

See accompanying Notes to Consolidated Financial Statements.

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COACH, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(amounts in thousands)

	Fiscal Year Ended		
	June 28, 2008	June 30, 2007	July 1, 2006
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 783,055	$ 663,665	$ 494,277
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation and amortization	100,704	80,832	64,994
Provision for bad debt	286	1,845	251
Share-based compensation	66,979	56,726	69,190
Excess tax benefit from share-based compensation	(23,253)	(65,100)	(99,337)
Deferred income taxes	(16,907)	7,282	(23,129)
Other noncash credits and (charges), net	6,845	(2,024)	(16,003)

Changes in operating assets and liabilities:			
Decrease (increase) in trade accounts receivable	8,213	(28,066)	(20,173)
Increase in inventories	(32,080)	(63,935)	(51,693)
Increase in other assets	(94,535)	(50,359)	(15,691)
Increase in other liabilities	28,529	50,888	28,605
Increase in accounts payable	20,423	31,230	15,658
Increase in accrued liabilities	75,102	98,185	149,420
Net cash provided by operating activities	923,361	781,169	596,369
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property and equipment	(174,720)	(140,600)	(133,421)
Proceeds from dispositions of property and equipment	—	33	—
Purchases of investments	(162,300)	(920,999)	(1,195,934)
Proceeds from sales and maturities of investments	782,460	685,789	1,148,618
Net cash provided by (used in) investing activities	445,440	(375,777)	(180,737)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repurchase of common stock	(1,336,599)	(149,999)	(600,271)
Repayment of long-term debt	(235)	(170)	(150)
Borrowings on revolving credit facility, net	—	—	(11,717)
Proceeds from share-based awards	83,320	112,119	86,550
Excess tax benefit from share-based compensation	23,253	65,100	99,337
Adjustment to excess tax benefit from share-based compensation	—	(16,658)	—
Net cash (used in) provided by financing activities	(1,230,261)	10,392	(426,251)
Effect of exchange rate changes on cash and cash equivalents	3,409	(2,216)	(559)
Increase (decrease) in cash and cash equivalents	141,949	413,568	(11,178)
Cash and cash equivalents at beginning of year	556,956	143,388	154,566
Cash and cash equivalents at end of year	$ 698,905	$ 556,956	$ 143,388
Supplemental information:			
Cash paid for income taxes	$ 463,687	$ 370,189	$ 205,451
Cash paid for interest	$ 1,171	$ 1,099	$ 1,155
Noncash investing activity — property and equipment obligations	$ 44,260	$ 31,537	$ 22,349

See accompanying Notes to Consolidated Financial Statements.

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COACH, INC.

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

1. Nature of Operations

Coach, Inc. (the "Company") designs and markets high-quality, modern American classic accessories. The Company's primary product offerings, manufactured by third-party suppliers, include handbags, women's and men's accessories, footwear, jewelry, wearables, business cases, sunwear, watches, travel bags and fragrance. Coach's products are sold through the Direct-to-Consumer segment, which includes Company-operated stores in North America and Japan, the Internet and the Coach catalog, and through the Indirect segment, which includes department store locations in North America, international department stores, freestanding retail locations and specialty retailers.

2. Significant Accounting Policies

Fiscal Year

The Company's fiscal year ends on the Saturday closest to June 30. Unless otherwise stated, references to years in the financial statements relate to fiscal years. The fiscal years ended June 28, 2008 ("fiscal 2008"), June 30, 2007 ("fiscal 2007") and July 1, 2006 ("fiscal 2006") were each 52-week periods.

Use of Estimates

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

Principles of Consolidation

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

Cash and Cash Equivalents

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

Investments

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

Concentration of Credit Risk

Financial instruments that potentially expose Coach to concentration of credit risk consist primarily of cash investments and accounts receivable. The Company places its cash investments with high-credit quality financial institutions and currently invests primarily in U.S. government and agency debt securities, municipal government and corporate debt securities, and money market funds placed with major banks and financial institutions. Accounts receivable is generally diversified due to the number of entities comprising Coach's customer base and their dispersion across many geographical regions. The Company believes no significant concentration of credit risk exists with respect to these cash investments and accounts receivable.

COACH, INC.

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

2. Significant Accounting Policies – (continued)

Inventories

Inventories consist primarily of finished goods. U.S. inventories are valued at the lower of cost (determined by the first-in, first-out method ("FIFO")) or market. Inventories in Japan are valued at the lower of cost (determined by the last-in, first-out method ("LIFO")) or market. At the end of fiscal 2008 and fiscal 2007, inventories recorded at LIFO were $27,003 and $23,413 higher, respectively, than if they were valued at FIFO. The fiscal 2007 impact has been revised. Inventories valued under LIFO amounted to $83,157 and $49,301 in fiscal 2008 and fiscal 2007, respectively. Inventory costs include material, conversion costs, freight and duties.

Property and Equipment

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

Operating Leases

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

Goodwill and Other Intangible Assets

Goodwill and indefinite life intangible assets are evaluated for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired. The Company performed an impairment evaluation in fiscal 2008, fiscal 2007 and fiscal 2006 and concluded that there was no impairment of its goodwill or indefinite life intangible assets.

Valuation of Long-Lived Assets

Long-lived assets, such as property and equipment, are evaluated for impairment annually to determine if the carrying value of the assets is recoverable. The evaluation is based on a review of forecasted operating cash flows and the profitability of the related business. An impairment loss is recognized if the forecasted cash flows are less than the carrying amount of the asset. The Company performed an impairment evaluation in fiscal 2008, fiscal 2007 and fiscal 2006 and concluded that there was no impairment of its long-lived assets.

Stock Repurchase and Retirement

The Company accounts for stock repurchases and retirements by allocating the repurchase price to common stock, additional paid-in-capital and retained earnings. The repurchase price allocation is based upon the equity contribution associated with historical issuances, beginning with the earliest issuance.

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COACH, INC.

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

2. Significant Accounting Policies – (continued)

Revenue Recognition

Sales are recognized at the point of sale, which occurs when merchandise is sold in an over-the-counter consumer transaction or, for the wholesale, Internet and catalog channels, upon shipment of merchandise, when title passes to the customer. Revenue associated with gift cards is recognized upon redemption. The Company estimates the amount of gift cards that will not be redeemed and records such amounts as revenue over the period of the performance obligation. Allowances for estimated uncollectible accounts, discounts and returns are provided when sales are recorded. Royalty revenues are earned through license agreements with manufacturers of other consumer products that incorporate the Coach brand. Revenue earned under these contracts is recognized based upon reported sales from the licensee. Taxes collected from customers and remitted to governmental authorities are recorded on a net basis and therefore are excluded from revenue.

Preopening Costs

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

Advertising

Advertising costs include expenses related to direct marketing activities, such as catalogs, as well as media and production costs. In fiscal 2008, fiscal 2007 and fiscal 2006, advertising expenses totaled $57,380, $47,287 and $35,887, respectively, and are included in selling, general and administrative expenses. Advertising costs are expensed when the advertising first appears.

Share-Based Compensation

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

Shipping and Handling

Shipping and handling costs incurred were $28,433, $28,142 and $19,927 in fiscal 2008, fiscal 2007 and fiscal 2006, respectively, and are included in selling, general and administrative expenses.

Income Taxes

The Company accounts for income taxes in accordance with Statement of Financial Accounting Standard (“SFAS”) 109, “Accounting for Income Taxes.” Under SFAS 109, a deferred tax liability or asset is recognized for the estimated future tax consequences of temporary differences between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. In evaluating the unrecognized tax benefits associated with the Company’s various tax filing positions, management records these positions using a more-likely-than-not recognition threshold for income tax positions taken or expected to be taken in accordance with Financial Accounting Standards Board (“FASB”) Interpretation (“FIN”) 48, “Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No.109”, which the Company adopted in the beginning of fiscal 2008. The Company classifies interest on uncertain tax positions in interest expense.

Fair Value of Financial Instruments

The Company has evaluated its Industrial Revenue Bond and believes, based on the interest rate, related term and maturity, that the fair value of such instrument approximates its carrying amount. As of June 28, 2008 and June 30, 2007, the carrying values of cash and cash equivalents, trade accounts receivable, accounts payable and accrued liabilities approximated their values due to the short-term maturities of these accounts. See Note 5, “Investments,” for the fair values of the Company’s investments as of June 28, 2008 and June 30, 2007.

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COACH, INC.

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

2. Significant Accounting Policies – (continued)

Coach Japan enters into foreign currency contracts that hedge certain U.S. dollar denominated inventory purchases and its fixed rate intercompany loan. These contracts qualify for hedge accounting and have been designated as cash flow hedges. The fair value

of these contracts is recorded in other comprehensive income and recognized in earnings in the period in which the hedged item is also recognized in earnings. The fair value of the foreign currency derivative is based on its market value. Considerable judgment is required of management in developing estimates of fair value. The use of different market assumptions or methodologies could affect the estimated fair value.

Foreign Currency

The functional currency of the Company's foreign operations is the applicable local currency. Assets and liabilities are translated into U.S. dollars using the current exchange rates in effect at the balance sheet date, while revenues and expenses are translated at the weighted-average exchange rates for the period. The resulting translation adjustments are recorded as a component of accumulated other comprehensive income (loss) within stockholders' equity. The Consolidated Statements of Cash Flows for fiscal 2007 and fiscal 2006 were revised to report the effect of exchange rate changes on cash flows.

Net Income Per Share

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

Recent Accounting Pronouncements

In September 2006, the FASB issued SFAS 157, "Fair Value Measurements." SFAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. Certain provisions of this statement are effective for Coach's fiscal year that will begin on June 29, 2008. The Company does not expect the adoption of SFAS 157 to have a material impact on the Company's consolidated financial statements.

In September 2006, the FASB issued SFAS 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans — an amendment of FASB Statements No. 87, 88, 106 and 132(R)." SFAS 158 requires an employer to recognize the funded status of a benefit plan, measured as the difference between plan assets at fair value and the projected benefit obligation, in its statement of financial position. SFAS 158 also requires an employer to measure defined benefit plan assets and obligations as of the date of the employer's fiscal year-end statement of financial position. The recognition provision and the related disclosures were effective as of the end of the fiscal year ended June 30, 2007. The measurement provision is effective for Coach's fiscal year ending June 27, 2009. The Company does not expect the adoption of the measurement provision to have a material impact on its consolidated financial statements.

In February 2007, the FASB issued SFAS 159, "The Fair Value Option for Financial Assets and Financial Liabilities — Including an amendment of FASB Statement No. 115." SFAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value. This statement is effective for Coach's fiscal year that will begin on June 29, 2008. As the Company did not elect to measure any items at fair value, the adoption of SFAS 159 did not have an impact on the Company's consolidated financial statements.

In December 2007, the FASB issued SFAS 141 (revised 2007), "Business Combinations." Under SFAS 141(R), an acquiring entity will be required to recognize all the assets acquired and liabilities assumed in a transaction at the acquisition-date fair value with limited exceptions. SFAS 141(R) will change the accounting treatment for certain specific acquisition-related items, including expensing acquisition-related costs as incurred, valuing noncontrolling interests (minority interests) at fair value at the acquisition date, and expensing restructuring costs associated with an acquired business. SFAS 141(R) also includes expanded disclosure

COACH, INC.

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

2. Significant Accounting Policies – (continued)

requirements. SFAS 141(R) is to be applied prospectively to business combinations for which the acquisition date is on or after June 28, 2009. The Company does not expect the adoption of SFAS 141(R) to have a material impact on the Company's consolidated financial statements.

In March 2008, the FASB issued SFAS 161, "Disclosures about Derivative Instruments and Hedging Activities — an amendment of FASB Statement No. 133." SFAS 161 requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of and gains and losses on derivative instruments, and disclosures about credit-risk-related contingent features in derivative agreements. This statement is effective for Coach's financial statements issued for the interim period that will begin on December 28, 2008. The Company is currently evaluating the impact of SFAS 161 on the Company's consolidated financial statements.

In May 2008, the FASB issued SFAS 162, "The Hierarchy of Generally Accepted Accounting Principles — FASB Statement No. 162." SFAS 162 identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles in the United States. This statement is effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board amendments to AU Section 411, "The meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles." The Company does not expect the adoption of SFAS 162 to have a material impact on the Company's consolidated financial statements.

3. Share-Based Compensation

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

	Fiscal Year Ended		
	June 28, 2008	June 30, 2007	July 1, 2006
Share-based compensation expense	$ 66,979	$ 56,726	$ 69,190
Income tax benefit related to share-based compensation expense	24,854	22,071	27,191

In fiscal 2008, fiscal 2007 and fiscal 2006, the above amounts include $0, $486 and $1,290 of share-based compensation expense and $0, $187 and $503 of related income tax benefit, respectively, related to discontinued operations.

Coach Stock-Based Plans

Coach maintains the 2000 Stock Incentive Plan, the 2000 Non-Employee Director Stock Plan and the 2004 Stock Incentive Plan to award stock options and shares to certain members of Coach management and the outside members of its Board of Directors. These plans were approved by Coach's stockholders. The exercise price of each stock option equals 100% of the market price of Coach's stock on the date of grant and generally has a maximum term of 10 years. Stock options and share awards that are granted as part of the annual compensation process generally vest ratably over three years. Other stock option and share awards, granted primarily for retention purposes, are subject to forfeiture until completion of the vesting period, which ranges from one to five years.

COACH, INC.

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

3. Share-Based Compensation – (continued)

For options granted under Coach's stock option plans prior to July 1, 2003, an active employee can receive a replacement stock option equal to the number of shares surrendered upon a stock-for-stock exercise. The exercise price of the replacement option equals 100% of the market value at the date of exercise of the original option and will remain exercisable for the remaining term of the original option. Replacement stock options generally vest six months from the grant date. Replacement stock options of 16, 1,462 and 5,378 were granted in fiscal 2008, fiscal 2007 and fiscal 2006, respectively.

Stock Options

A summary of option activity under the Coach stock option plans as of June 28, 2008 and changes during the year then ended is as follows:

	Number of Options Outstanding	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (In Years)	Aggregate Intrinsic Value
Outstanding at June 30, 2007	29,376	$ 27.36		
Granted	3,732	43.00		
Exercised	(3,428)	24.84		
Forfeited or expired	(1,025)	34.94		
Outstanding at June 28, 2008	28,655	$ 29.44	6.2	$ 120,072
Vested or expected to vest at June 28, 2008	28,183	$ 29.33	6.0	$ 120,058
Exercisable at June 28, 2008	15,799	$ 26.46	4.9	$ 97,664

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

	Fiscal Year Ended		
	June 28, 2008	June 30, 2007	July 1, 2006
Expected term (years)	2.6	2.2	2.6
Expected volatility	32.9%	29.9%	35.0%
Risk-free interest rate	4.2%	4.9%	4.2%
Dividend yield	—%	—%	—%

The expected term of options represents the period of time that the options granted are expected to be outstanding and is based on historical experience. Expected volatility is based on historical volatility of the Company's stock as well as the implied volatility from publicly traded options on Coach's stock. The risk free interest rate is based on the zero-coupon U.S. Treasury issue as of the date of the grant. As Coach does not pay dividends, the dividend yield is 0%.

The weighted-average grant-date fair value of options granted during fiscal 2008, fiscal 2007 and fiscal 2006 was $10.74, $7.12 and $8.49, respectively. The total intrinsic value of options exercised during fiscal 2008, fiscal 2007 and fiscal 2006 was $65,922, $191,950 and $232,507, respectively. The total cash received from option exercises was $89,356, $112,119 and $86,550 in fiscal 2008, fiscal 2007 and fiscal 2006, respectively, and the actual tax benefit realized for the tax deductions from these option exercises was $25,610, $69,496 and $88,534, respectively.

At June 28, 2008, $66,232 of total unrecognized compensation cost related to non-vested stock option awards is expected to be recognized over a weighted-average period of 1.0 year.

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COACH, INC.

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

3. Share-Based Compensation – (continued)

Share Awards

The grant-date fair value of each Coach share award is equal to the fair value of Coach stock at the grant date. The weighted-average grant-date fair value of shares granted during fiscal 2008, fiscal 2007 and fiscal 2006 was $40.47, $35.09 and $34.17, respectively. The following table summarizes information about non-vested shares as of and for the year ended June 28, 2008:

	Number of Non-Vested Shares	Weighted-Average Grant-Date Fair Value
Nonvested at June 30, 2007	1,326	$ 26.10
Granted	849	40.47
Vested	(463)	21.99
Forfeited	(124)	39.24
Nonvested at June 28, 2008	1,588	$ 33.98

The total fair value of shares vested during fiscal 2008, fiscal 2007 and fiscal 2006 was $18,225, $11,558 and $28,932, respectively. At June 28, 2008, $28,988 of total unrecognized compensation cost related to non-vested share awards is expected to be recognized over a weighted-average period of 1.0 year.

The Company recorded an adjustment in the first quarter of fiscal 2007 to reduce additional paid-in-capital by $16,658, with a corresponding increase to current liabilities, due to an excess tax benefit from share-based compensation overstatement in the fourth quarter of fiscal 2006. This immaterial adjustment is reflected within the cash flows from financing activities of the Consolidated Statement of Cash Flows.

Employee Stock Purchase Plan

Under the Employee Stock Purchase Plan, full-time Coach employees are permitted to purchase a limited number of Coach common shares at 85% of market value. Under this plan, Coach sold 155, 159 and 162 shares to employees in fiscal 2008, fiscal 2007 and fiscal 2006, respectively. Compensation expense is calculated for the fair value of employees' purchase rights using the Black-Scholes model and the following weighted-average assumptions:

	Fiscal Year Ended		
	June 28, 2008	June 30, 2007	July 1, 2006
Expected term (years)	0.5	0.5	0.5
Expected volatility	28.4%	30.1%	25.7%
Risk-free interest rate	4.1%	5.1%	3.7%
Dividend yield	—%	—%	—%

The weighted-average fair value of the purchase rights granted during fiscal 2008, fiscal 2007 and fiscal 2006 was $10.26, $8.72 and $6.64, respectively.

Deferred Compensation

Under the Coach, Inc. Deferred Compensation Plan for Non-Employee Directors, Coach's outside directors may defer their director's fees. Amounts deferred under these plans may, at the participants' election, be either represented by deferred stock units, which represent the right to receive shares of Coach common stock on the distribution date elected by the participant, or placed in an interest-bearing account to be paid on such distribution date. The amounts accrued under these plans at June 28, 2008 and June 30, 2007 were $2,288 and $1,922, respectively, and are included within total liabilities in the consolidated balance sheets.

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COACH, INC.

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

4. Leases

Coach leases certain office, distribution and retail facilities. The lease agreements, which expire at various dates through 2028, are subject, in some cases, to renewal options and provide for the payment of taxes, insurance and maintenance. Certain leases contain escalation clauses resulting from the pass-through of increases in operating costs, property taxes and the effect on costs from changes in consumer price indices. Certain rentals are also contingent upon factors such as sales.

Rent-free periods and scheduled rent increases are recorded as components of rent expense on a straight-line basis over the related terms of such leases. Contingent rentals are recognized when the achievement of the target (i.e., sales levels), which triggers the related payment, is considered probable. Rent expense for the Company's operating leases consisted of the following:

	Fiscal Year Ended		
	June 28, 2008	June 30, 2007	July 1, 2006
Minimum rentals	$ 92,675	$ 83,006	$ 77,376
Contingent rentals	40,294	24,452	16,380
Total rent expense	$ 132,969	$ 107,458	$ 93,756

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

Fiscal Year	Amount
2009	$ 112,931
2010	110,642
2011	107,369
2012	102,459
2013	96,071
Subsequent to 2013	371,502
Total minimum future rental payments	$ 900,974

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

5. Investments

The Company invests in auction rate securities (“ARS”), consisting of U.S. government and agency debt securities, municipal government securities and corporate debt securities. The following table shows the fair value of the Company’s investments:

	Fiscal Year Ended	
	June 28, 2008	June 30, 2007
Short-term investments:		
U.S. government and agency securities	$ —	$ 25,000
Corporate debt securities	—	206,675
Municipal securities	—	397,185
Short-term investments	$ —	$ 628,860
Long-term investments:		
Corporate debt securities	$ 8,000	$ —
Long-term investments	$ 8,000	$ —

COACH, INC.

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

5. Investments – (continued)

As of June 30, 2007, ARS were included in short-term investments as they were intended to meet the short-term working capital needs of the Company and the Company could offer to sell the securities or roll them over at each 7, 28 or 35 day auction cycle. During fiscal 2008, the Company sold the majority of its ARS at auction. At the end of fiscal 2008, the Company held one ARS, classified as a long-term investment, as the auction for this security has been unsuccessful. The underlying investments of the ARS are scheduled to mature in 2035.

During fiscal 2008, the Company recorded an impairment charge of $700 as the fair value of the ARS was deemed to be other-than-temporarily impaired. There were no realized gains or losses recorded in fiscal 2007 or fiscal 2006. As of June 28, 2008 and June 30, 2007, there were no unrealized gains or losses on the Company’s investments.

6. Debt

Revolving Credit Facilities

On July 26, 2007, the Company renewed its $100,000 revolving credit facility with certain lenders and Bank of America, N.A. as the primary lender and administrative agent (the “Bank of America facility”), extending the facility expiration to July 26, 2012. At Coach’s request, the Bank of America facility can be expanded to $200,000. The facility can also be extended for two additional one-year periods, at Coach’s request. Under the Bank of America facility, Coach pays a commitment fee of 6 to 12.5 basis points on any unused amounts and interest of LIBOR plus 20 to 55 basis points on any outstanding borrowings. At June 28, 2008, the commitment fee was 6 basis points and the LIBOR margin was 20 basis points.

The Bank of America facility is available for seasonal working capital requirements or general corporate purposes and may be prepaid without penalty or premium. During fiscal 2008 and fiscal 2007 there were no borrowings under the Bank of America facility. Accordingly, as of June 28, 2008 and June 30, 2007, there were no outstanding borrowings under the Bank of America facility.

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

To provide funding for working capital and general corporate purposes, Coach Japan has available credit facilities with several Japanese financial institutions. These facilities allow a maximum borrowing of 7.4 billion yen, or approximately $70,000, at June 28, 2008. Interest is based on the Tokyo Interbank rate plus a margin of up to 50 basis points.

During fiscal 2008 and fiscal 2007, the peak borrowings under the Japanese credit facilities were $26,790 and $25,518, respectively. As of June 28, 2008 and June 30, 2007, there were no outstanding borrowings under the Japanese credit facilities.

COACH, INC.

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

6. Debt – (continued)

Long-Term Debt

Coach is party to an Industrial Revenue Bond related to its Jacksonville, Florida facility. This loan bears interest at 4.5%. Principal and interest payments are made semi-annually, with the final payment due in 2014. As of June 28, 2008 and June 30, 2007, the remaining balance on the loan was $2,865 and $3,100, respectively. Future principal payments under the Industrial Revenue Bond are as follows:

Fiscal Year	Amount
2009	$ 285
2010	335
2011	385
2012	420
2013	455
Subsequent to 2013	985
Total	$ 2,865

7. Commitments and Contingencies

At June 28, 2008 and June 30, 2007, the Company had letters of credit available of $225,000 and $205,000, of which $111,528 and $115,575, respectively, were outstanding. The letters of credit, which expire at various dates through 2012, primarily collateralize the Company’s obligation to third parties for the purchase of inventory.

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

Executive	Title	Expiration Date
Lew Frankfort	Chairman and Chief Executive Officer	August 2011
Reed Krakoff	President and Executive Creative Director	June 2014
Keith Monda	President and Chief Operating Officer	August 2011
Michael Tucci	President, North America Retail Division	June 2013
Michael F. Devine, III	Executive Vice President and Chief Financial Officer	June 2010

In July 2008, subsequent to the end of fiscal 2008, Keith Monda retired, terminating his agreement with the Company.

In addition to the employment agreements described above, other contractual cash obligations as of June 28, 2008 included $125,176 related to inventory purchase obligations and $3,400 related to capital expenditure purchase obligations.

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

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

8. Derivative Instruments and Hedging Activities

In the ordinary course of business, Coach uses derivative financial instruments to hedge foreign currency exchange risk. Coach does not enter into derivative transactions for speculative or trading purposes.

Substantially all purchases and sales involving international parties are denominated in U.S. dollars, which limits the Company's exposure to foreign currency exchange rate fluctuations. However, the Company is exposed to market risk from foreign currency exchange rate fluctuations with respect to Coach Japan as a result of Coach Japan's U.S. dollar-denominated inventory purchases. Coach Japan enters into certain foreign currency derivative contracts, primarily zero-cost collar options, to manage these risks. These transactions are in accordance with the Company's risk management policies. As of June 28, 2008 and June 30, 2007, $233,873 and $111,057 of foreign currency forward contracts were outstanding. These foreign currency contracts entered into by the Company have durations no greater than 12 months. The effective portion of unrealized gains and losses on cash flow hedges are deferred as a component of accumulated other comprehensive income (loss) and recognized as a component of cost of sales when the related inventory is sold.

Coach is also exposed to market risk from foreign currency exchange rate fluctuations with respect to Coach Japan as a result of its $231,000 U.S. dollar denominated fixed rate intercompany loan from Coach. To manage this risk, on July 1, 2005, Coach Japan entered into a cross currency swap transaction, the terms of which include an exchange of a U.S. dollar fixed interest rate for a yen fixed interest rate. The loan matures in 2010, at which point the swap requires an exchange of yen and U.S. dollar based principals.

The fair values of open foreign currency derivatives included in current assets at June 28, 2008 and June 30, 2007 were $7,906 and $23,329, respectively. The fair value of open foreign currency derivatives included in current liabilities as June 28, 2008 and June 30, 2007 was $5,540 and $0, respectively.

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

	Fiscal Year Ended	
	June 28, 2008	June 30, 2007
Balance at beginning of period	$ 1,161	$ (3,547)
Net losses/(gains), transferred to earnings	2,411	(2,724)
Change in fair value, net of tax expense	3,371	7,432
Balance at end of period	$ 6,943	$ 1,161

The Company expects that $5,572 of net derivative gains included in accumulated other comprehensive income at June 28, 2008 will be reclassified into earnings within the next 12 months. This amount will vary due to fluctuations in the yen exchange rate.

9. Goodwill and Other Intangible Assets

The changes in the carrying amount of goodwill for the years ended June 28, 2008 and June 30, 2007 are as follows:

	Direct-to-Consumer	Indirect	Total
Balance at July 1, 2006	$ 226,295	$ 1,516	$ 227,811
Foreign exchange impact	(14,017)	—	(14,017)
Balance at June 30, 2007	212,278	1,516	213,794
Foreign exchange impact	35,324	—	35,324
Balance at June 28, 2008	$ 247,602	$ 1,516	$ 249,118

At June 28, 2008 and June 30, 2007, intangible assets not subject to amortization were $9,788 and $11,865 and consisted primarily of trademarks.

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10. Income Taxes

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

	Fiscal Year Ended					
	June 28, 2008		June 30, 2007		July 1, 2006	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Income before provision for income taxes and discontinued operations:						
United States	$1,082,584	90.6 %	$ 936,413	90.5 %	$ 663,084	88.7 %
Foreign	112,365	9.4	98,257	9.5	84,246	11.3
Total income before provision for income taxes and discontinued operations:	$1,194,949	100.0 %	$1,034,670	100.0%	$ 747,330	100.0 %

Tax expense at U.S. statutory rate	$ 418,232	35.0 %	$ 362,135	35.0 %	$ 261,565	35.0 %
State taxes, net of federal benefit	43,787	3.7	38,910	3.8	27,164	3.6
Foreign tax rate differential	(7,750)	(0.6)	(13,892)	(1.3)	(11,548)	(1.5)
Tax benefit, primarily due to settlement of tax return examination	(49,968)	(4.2)	—	0.0	—	0.0
Other, net	7,609	0.6	10,988	1.0	6,309	0.8
Taxes at effective worldwide rates	$ 411,910	34.5 %	$ 398,141	38.5 %	$ 283,490	37.9 %

Current and deferred tax provisions (benefits) were:

	Fiscal Year Ended					
	June 28, 2008		June 30, 2007		July 1, 2006	
	Current	Deferred	Current	Deferred	Current	Deferred
Federal	$ 334,381	$ (21,391)	$ 323,087	$ (5,352)	$ 245,203	$ (19,381)
Foreign	25,624	5,931	16,025	4,227	7,555	8,321
State	68,812	(1,447)	56,745	3,409	47,922	(6,130)
Total current and deferred tax provisions (benefits)	$ 428,817	$ (16,907)	$ 395,857	$ 2,284	$ 300,680	$ (17,190)

COACH, INC.

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

10. Income Taxes – (continued)

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

	Fiscal 2008	Fiscal 2007
Reserves not deductible until paid	$ 129,287	$ 101,658
Pensions and other employee benefits	19,069	10,685
Property and equipment	23,361	25,580
Net operating loss	20,202	11,514
Other	11,537	4,914
Gross deferred tax assets	$ 203,456	$ 154,351
Prepaid expenses	$ 16,779	$ —
Equity adjustments	8,181	4,703
Goodwill	51,586	34,859
Other	2,424	481
Gross deferred tax liabilities	$ 78,970	$ 40,043
Net deferred tax assets	$ 124,486	$ 114,308
Consolidated Balance Sheets Classification		
Deferred income taxes – current asset	$ 69,557	$ 68,305
Deferred income taxes – noncurrent asset	81,346	86,046
Accrued liabilities	—	(3,595)
Deferred income taxes – noncurrent liability	(26,417)	(36,448)
Net amount recognized	$ 124,486	$ 114,308

The Company adopted FIN 48, “Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109” on July 1, 2007, the first day of fiscal 2008. FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. As a result, the Company recorded a non-cash cumulative transition charge of $48,797 as a reduction to the opening retained earnings balance.

Significant judgment is required in determining the worldwide provision for income taxes, and there are many transactions for which the ultimate tax outcome is uncertain. It is the Company’s policy to establish provisions for taxes that may become payable in future years as a result of an examination by tax authorities. The Company establishes the provisions based upon management’s assessment of exposure associated with uncertain tax positions. The provisions are analyzed periodically and adjustments are made as events occur that warrant adjustments to those provisions. All of these determinations are subject to the requirements of FIN 48.

As of July 1, 2007, the gross amount of unrecognized tax benefits was $120,367. The total amount of unrecognized tax benefits that, if recognized, would have affected the effective tax rate was $80,413.

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

Balance at July 1, 2007	$ 120,367
Gross increase due to tax positions related to prior periods	8,606
Gross decrease due to tax positions related to prior periods	(10,122)
Gross increase due to tax positions related to current period	72,983
Gross decrease due to tax positions related to current period	(24,369)

Decrease due to lapse of statutes of limitations	(1,683)
Decrease due to settlements with taxing authorities	(34,597)
Balance at June 28, 2008	$ 131,185

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10. Income Taxes – (continued)

Of the $131,185 ending gross unrecognized tax benefit balance, $58,405 relates to items which, if recognized, would impact the effective tax rate. As of June 28, 2008, gross interest and penalties payable was $18,640, which is included in other liabilities.

The Company files income tax returns in the U.S. federal jurisdiction as well as various state and foreign jurisdictions. The Company's foreign tax filings are currently being examined for fiscal years 2004 through 2006. Fiscal years 2007 to present are open to examination in the federal jurisdiction, fiscal 2004 to present in significant state jurisdictions, and from fiscal 2001 to present in foreign jurisdictions.

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

At June 28, 2008, the Company had a net operating loss in foreign tax jurisdictions of $49,649, which will expire beginning in fiscal year 2012 through fiscal year 2015.

The total amount of undistributed earnings of foreign subsidiaries as of June 28, 2008 was $296,038. It is the Company's intention to permanently reinvest undistributed earnings of its foreign subsidiaries and thereby indefinitely postpone their remittance. Accordingly, no provision has been made for foreign withholding taxes or United States income taxes which may become payable if undistributed earnings of foreign subsidiaries are paid as dividends.

11. Retirement Plans

Defined Contribution Plan

Coach maintains the Coach, Inc. Savings and Profit Sharing Plan, which is a defined contribution plan. Employees who meet certain eligibility requirements and are not part of a collective bargaining agreement may participate in this program. The annual expense incurred by Coach for this defined contribution plan was $11,106, $9,365 and $7,714 in fiscal 2008, fiscal 2007 and fiscal 2006, respectively.

Defined Benefit Plans

Coach sponsors a non-contributory defined benefit plan, The Coach, Inc. Supplemental Pension Plan, (the "U.S. Plan") for individuals who are part of collective bargaining arrangements in the U.S. The U.S. Plan provides benefits based on years of service. Coach Japan sponsors a defined benefit plan for individuals who meet certain eligibility requirements. This plan provides benefits based on employees' years of service and earnings. The Company uses a March 31 measurement date for its defined benefit retirement plans.

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

11. Retirement Plans – (continued)

The following tables provide information about the Company's pension plans:

	Fiscal Year Ended	
	June 28, 2008	June 30, 2007
Change in Benefit Obligation		
Benefit obligation at beginning of year	$ 7,818	$ 6,723
Service cost	777	721
Interest cost	384	353
Actuarial (gain) loss	(792)	508
Foreign exchange impact	281	(92)
Benefits paid	(398)	(395)

Benefit obligation at end of year	$ 8,070	$ 7,818
Change in Plan Assets		
Fair value of plan assets at beginning of year	$ 4,968	$ 4,880
Actual return on plan assets	166	252
Employer contributions	931	231
Benefits paid	(398)	(395)
Fair value of plan assets at end of year	$ 5,667	$ 4,968
Reconciliation of Funded status		
Funded status at end of year	$ (2,403)	$ (2,850)
Contributions subsequent to measurement date	248	17
Net amount recognized	$ (2,155)	$ (2,833)
Amounts recognized in the Consolidated Balance Sheets		
Other assets	$ 76	$ —
Current liabilities	(72)	(123)
Other liabilities	(2,159)	(2,710)
Net amount recognized	$ (2,155)	$ (2,833)
Amounts recognized in Accumulated Other Comprehensive Loss consist of		
Net actuarial loss	$ 1,651	$ 2,494
Accumulated benefit obligation	$ 7,345	$ 7,417
Information for pension plans with an accumulated benefit obligation in excess of plan assets		
Projected benefit obligation	$ 8,070	$ 7,818
Accumulated benefit obligation	7,345	7,417
Fair value of plan assets	5,667	4,968
Weighted-average assumptions used to determine benefit obligations		
Discount rate	5.37 %	5.02 %
Rate of compensation increase	3.50 %	2.60 %

COACH, INC.

Notes to Consolidated Financial Statements
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11. Retirement Plans – (continued)

	Fiscal Year Ended		
	June 28, 2008	June 30, 2007	July 1, 2006
Components of net periodic benefit cost			
Service cost	$ 777	$ 721	$ 357
Interest cost	384	353	333
Expected return on plan assets	(314)	(307)	(255)
Amortization of net actuarial loss	263	217	313
Net periodic benefit cost	$ 1,110	$ 984	$ 748
Weighted-average assumptions used to determine net periodic benefit cost			
Discount rate	5.02 %	5.42 %	5.25 %
Expected long term return on plan assets	6.00 %	6.50 %	6.75 %
Rate of compensation increase	2.60 %	3.00 %	3.00 %

To develop the expected long-term rate of return on plan assets assumption, the Company considered the current level of expected returns on risk-free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on plan assets assumption for the portfolio. This resulted in the selection of the 6.0% assumption for the fiscal year ended June 28, 2008.

In the Company's U.S. Plan, funds are contributed to a trust in accordance with regulatory limits. The weighted-average asset allocations of the U.S. Plan, by asset category, as of the measurement dates, are as follows:

	Plan Assets	
	Fiscal 2008	Fiscal 2007
Asset Category		
Domestic equities	18.2 %	65.3 %
International equities	11.2	4.1
Fixed income	26.5	27.3
Cash equivalents	44.1	3.3
Total	100.0 %	100.0 %

The goals of the investment program are to fully fund the obligation to pay retirement benefits in accordance with the Coach, Inc. Supplemental Pension Plan and to provide returns which, along with appropriate funding from Coach, maintain an

asset/liability ratio that is in compliance with all applicable laws and regulations and assures timely payment of retirement benefits. The Plan does not directly invest in Coach stock. During fiscal 2008 the Company revised its target asset allocations for each major category of plan assets as follows:

	U.S. Plan Target Asset Allocations
Equity securities	55 %
Fixed income	40 %
Cash equivalents	5 %

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11. Retirement Plans – (continued)

The revision in the target asset allocations also involved a change in investment strategy. The Company chose to utilize institutional pooled accounts (i.e. institutional mutual funds and exchange traded funds) rather than the previous strategy of separately managed investment accounts. The implementation of the revised policy took place over a period of time that included the calendar quarter end date of March 31, 2008, resulting in a temporary deviation from the target asset allocations described above.

During fiscal 2009, approximately $147 of actuarial loss will be amortized from accumulated other comprehensive income (loss) into net periodic benefit cost.

Coach expects to contribute $778 to its U.S. Plan during the year ending June 27, 2009. Coach Japan expects to contribute $72 for benefit payments during the year ending June 27, 2009. The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

Fiscal Year	Pension Benefits
2009	$ 420
2010	487
2011	694
2012	762
2013	797
2014 – 2018	4,471

12. Segment Information

The Company operates its business in two reportable segments: Direct-to-Consumer and Indirect. The Company's reportable segments represent channels of distribution that offer similar merchandise, service and marketing strategies. Sales of Coach products through Company-operated stores in North America and Japan, the Internet and the Coach catalog constitute the Direct-to-Consumer segment. The Indirect segment includes sales of Coach products to other retailers and royalties earned on licensed products. In deciding how to allocate resources and assess performance, Coach's executive officers regularly evaluate the sales and operating income of these segments. Operating income is the gross margin of the segment less direct expenses of the segment. Unallocated corporate expenses include production variances, general marketing, administration and information systems, as well as distribution and consumer service expenses.

	Direct-to-Consumer	Indirect	Corporate Unallocated	Total
Fiscal 2008				
Net sales	$2,544,115	$ 636,642	$ —	$ 3,180,757
Operating income (loss)	1,093,090	400,632	(346,593)	1,147,129
Income (loss) before provision for income taxes and discontinued operations	1,093,090	400,632	(298,773)	1,194,949
Depreciation and amortization expense	67,485	9,704	23,515	100,704
Total assets	1,062,112	119,561	1,092,171	2,273,844
Additions to long-lived assets	120,288	24,252	43,123	187,663
Fiscal 2007				
Net sales	$2,101,740	$ 510,716	$ —	$ 2,612,456
Operating income (loss)	953,981	316,327	(276,911)	993,397
Income (loss) before provision for income taxes and discontinued operations	953,981	316,327	(235,638)	1,034,670
Depreciation and amortization expense	55,579	7,199	18,054	80,832
Total assets	913,909	114,423	1,421,180	2,449,512
Additions to long-lived assets	95,217	13,374	43,755	152,346

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12. Segment Information – (continued)

	Direct-to-Consumer	Indirect	Corporate Unallocated	Total
Fiscal 2006				
Net sales	$1,610,691	$ 424,394	$ —	$ 2,035,085
Operating income (loss)	717,326	261,571	(264,190)	714,707
Income (loss) before provision for income taxes and discontinued operations	717,326	261,571	(231,567)	747,330
Depreciation and amortization expense	43,056	5,506	16,432	64,994
Total assets	743,034	91,247	792,239	1,626,520
Additions to long-lived assets	87,576	8,747	59,902	156,225

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

	Fiscal Year Ended		
	June 28, 2008	June 30, 2007	July 1, 2006
Production variances	$ 26,659	$ 21,203	$ 14,659
Advertising, marketing and design	(128,938)	(108,760)	(91,443)
Administration and information systems	(199,525)	(138,552)	(147,491)
Distribution and customer service	(44,789)	(50,802)	(39,915)
Total corporate unallocated	$(346,593)	$(276,911)	$ (264,190)

Geographic Area Information

As of June 28, 2008, Coach operated 289 retail stores and 102 factory stores in the United States, eight retail stores in Canada and 149 department store shop-in-shops, retail stores and factory stores in Japan. Coach also operates distribution, product development and quality control locations in the United States, Italy, Hong Kong, China and South Korea. Geographic revenue information is based on the location of our customer. Geographic long-lived asset information is based on the physical location of the assets at the end of each period and includes property and equipment, net and other assets.

	United States	Japan	Other International[1]	Total
Fiscal 2008				
Net sales	$ 2,382,899	$ 605,523	$ 192,335	$ 3,180,757
Long-lived assets	452,616	76,863	10,404	539,883
Fiscal 2007				
Net sales	$ 1,996,129	$ 492,748	$ 123,579	$ 2,612,456
Long-lived assets	320,035	72,083	5,493	397,611
Fiscal 2006				
Net sales	$ 1,497,869	$ 420,509	$ 116,707	$ 2,035,085
Long-lived assets	251,350	72,973	3,820	328,143

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

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13. Business Interruption Insurance

In the fiscal year ended June 29, 2002, Coach's World Trade Center location was completely destroyed as a result of the September 11th terrorist attack. Inventory and fixed asset loss claims were filed with the Company's insurers and these losses were fully recovered. Losses covered under the Company's business interruption insurance program were also filed with the insurers. During fiscal 2006, the Company reached a final settlement with its insurance carriers related to losses covered under the business interruption insurance program. Accordingly, the Company did not receive any proceeds in fiscal 2008 or fiscal 2007 and does not expect to receive any additional business interruption proceeds related to the World Trade Center location in the future. During fiscal 2006, Coach received payments of $2,025 under its business interruption coverage. These amounts are included as a reduction to selling, general and administrative expenses.

14. Earnings Per Share

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

	Fiscal Year Ended

	June 28, 2008	June 30, 2007	July 1, 2006
Income from continuing operations	$ 783,039	$ 636,529	$ 463,840
Total weighted-average basic shares	355,731	369,661	379,635
Dilutive securities:			
Employee benefit and share award plans	608	980	1,666
Stock option programs	3,993	6,715	7,194
Total weighted-average diluted shares	360,332	377,356	388,495
Earnings from continuing operations per share:			
Basic	$ 2.20	$ 1.72	$ 1.22
Diluted	$ 2.17	$ 1.69	$ 1.19

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

At June 30, 2007, options to purchase 99 shares of common stock were outstanding but not included in the computation of diluted earnings per share, as these options' exercise prices, ranging from $50.00 to $51.56, were greater than the average market price of the common shares.

At July 1, 2006, options to purchase 13,202 shares of common stock were outstanding but not included in the computation of diluted earnings per share, as these options' exercise prices, ranging from $31.28 to $36.86, were greater than the average market price of the common shares.

15. Discontinued Operations

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

COACH, INC.

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15. Discontinued Operations – (continued)

	Fiscal Year Ended		
	June 28, 2008	June 30, 2007	July 1, 2006
Net sales	$ 102	$ 66,463	$ 76,416
Income before provision for income taxes	31	44,483	49,897
Income from discontinued operations	16	27,136	30,437

The consolidated balance sheet at June 28, 2008 includes $1,492 of accrued liabilities related to the corporate accounts business. The Consolidated Statement of Cash Flows includes the corporate accounts business for all periods presented.

16. Stock Repurchase Program

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

During fiscal 2008, fiscal 2007 and fiscal 2006, the Company repurchased and retired 39,688, 5,002 and 19,055 shares of common stock at an average cost of $33.68, $29.99 and $31.50 per share, respectively. As of June 28, 2008, Coach had $163,410 remaining in the stock repurchase program.

17. Supplemental Balance Sheet Information

The components of certain balance sheet accounts are as follows:

	June 28, 2008	June 30, 2007
Property and equipment		
Land	$ 27,954	$ 27,954
Machinery and equipment	16,116	12,007
Furniture and fixtures	271,957	143,442
Leasehold improvements	373,260	267,935
Construction in progress	65,486	148,191
Less: accumulated depreciation	(290,547)	(231,068)
Total property and equipment, net	$ 464,226	$ 368,461
Accrued liabilities		

Income and other taxes	$ 12,189	$ 56,486
Payroll and employee benefits	104,122	90,435
Accrued rent	26,272	18,513
Capital expenditures	43,821	32,459
Operating expenses	129,526	100,559
Total accrued liabilities	$ 315,930	$ 298,452
Other liabilities		
Deferred lease incentives	$ 108,612	$ 75,839
Non-current tax liabilities	131,185	—
Other	38,289	16,010
Total other liabilities	$ 278,086	$ 91,849

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17. Supplemental Balance Sheet Information – (continued)

	June 28, 2008	June 30, 2007
Accumulated other comprehensive income (loss)		
Cumulative translation adjustments	$ 15,513	$ (12,450)
Unrealized gains on cash flow hedging derivatives, net of taxes of $4,762 and $796	6,943	1,161
SFAS 158 adjustment and minimum pension liability, net of taxes of $657 and $981	(993)	(1,503)
Accumulated other comprehensive income (loss)	$ 21,463	$ (12,792)

18. Shareholder Rights Plan

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

Subject to limited exceptions, these rights may be exercised if a person or group intentionally acquires 10% or more of the Company’s common stock or announces a tender offer for 10% or more of the common stock on terms not approved by the Coach Board of Directors. In this event, each right would entitle the holder of each share of Coach’s common stock to buy one additional common share of the Company at an exercise price far below the then-current market price. Subject to certain exceptions, Coach’s Board of Directors will be entitled to redeem the rights at $0.0001 per right at any time before the close of business on the tenth day following either the public announcement that, or the date on which a majority of Coach’s Board of Directors becomes aware that, a person has acquired 10% or more of the outstanding common stock. As of the end of fiscal 2008, there were no shareholders whose common stock holdings exceeded the 10% threshold established by the rights plan.

19. Subsequent Event

On July 11, 2008, Coach entered into an agreement with Bauman 34th Street, LLC and Goldberg 34th Street, LLC (the “Sellers”) to purchase the Company’s principal corporate headquarters building in New York City from the Sellers. Pursuant to this agreement, Coach will pay $128,000 for the land and building located at 516 West 34th Street, New York, New York. One of the Sellers has been granted an option to defer the closing of the sale of its 50% interest in the building for a period of up to two years after the initial closing date.

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20. Quarterly Financial Data (Unaudited)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Fiscal 2008[1][2]				
Net sales	$ 676,718	$ 978,017	$ 744,522	$ 781,500
Gross profit	518,221	737,272	558,318	593,292
Income from continuing operations	154,786	252,317	162,412	213,524
Income from discontinued operations	20	—	(4)	—
Net income	154,806	252,317	162,408	213,524

Basic earnings per common share:				
Continuing operations	0.42	0.70	0.47	0.63
Discontinued operations	0.00	—	(0.00)	—
Net income	0.42	0.70	0.47	0.63
Diluted earnings per common share:				
Continuing operations	0.41	0.69	0.46	0.62
Discontinued operations	0.00	—	(0.00)	—
Net income	0.41	0.69	0.46	0.62
Fiscal 2007[(1)]				
Net sales	$ 529,421	$ 805,603	$ 625,303	$ 652,129
Gross profit	406,005	621,295	486,410	509,276
Income from continuing operations	115,239	214,497	147,390	159,403
Income from discontinued operations	10,377	12,976	2,574	1,209
Net income	125,616	227,473	149,964	160,612
Basic earnings per common share:				
Continuing operations	0.31	0.58	0.40	0.43
Discontinued operations	0.03	0.04	0.01	0.00
Net income	0.34	0.62	0.41	0.43
Diluted earnings per common share:				
Continuing operations	0.31	0.57	0.39	0.42
Discontinued operations	0.03	0.03	0.01	0.00
Net income	0.34	0.61	0.40	0.42
Fiscal 2006[(1)]				
Net sales	$ 433,964	$ 619,830	$ 479,718	$ 501,573
Gross profit	330,096	481,753	376,199	393,519
Income from continuing operations	87,860	161,513	101,672	112,795
Income from discontinued operations	5,755	12,661	7,174	4,847
Net income	93,615	174,174	108,846	117,642
Basic earnings per common share:				
Continuing operations	0.23	0.42	0.26	0.30
Discontinued operations	0.02	0.03	0.02	0.01
Net income	0.25	0.46	0.28	0.31
Diluted earnings per common share:				
Continuing operations	0.23	0.41	0.26	0.29
Discontinued operations	0.01	0.03	0.02	0.01
Net income	0.24	0.45	0.28	0.31

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

(2) The reported results for the fourth quarter of fiscal 2008 include a one-time net gain of $41,037, or $0.12 per share. Excluding this one-time net gain, income from continuing operations and diluted earnings per share from continuing operations were $172,487 and $0.50 per share, respectively.

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COACH, INC.

Market and Dividend Information

Coach's common stock is listed on the New York Stock Exchange and is traded under the symbol "COH." The following table sets forth, for the fiscal periods indicated, the high and low closing prices per share of Coach's common stock as reported on the New York Stock Exchange Composite Tape.

	Fiscal Year Ended 2008	
	High	Low
Quarter ended:		
September 29, 2007	$ 50.70	$ 41.46
December 29, 2007	47.42	30.41
March 29, 2008	32.64	24.62
June 28, 2008	37.45	29.29
Closing price at June 27, 2008	$	29.29

	Fiscal Year Ended 2007	
	High	Low
Quarter ended:		
September 30, 2006	$ 34.65	$ 25.58
December 30, 2006	44.28	34.20
March 31, 2007	50.96	43.82
June 30, 2007	53.79	46.10
Closing price at June 29, 2007	$	47.39

	Fiscal Year Ended 2006	
	High	Low
Quarter ended:		

October 1, 2005	$ 36.22	$ 30.25
December 31, 2005	36.64	28.94
April 1, 2006	36.97	31.75
July 1, 2006	35.35	27.75
Closing price at June 30, 2006	$	29.90

As of August 8, 2008, there were 3,213 holders of record of Coach's common stock.

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

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COACH, INC.

Schedule II — Valuation and Qualifying Accounts

For the Fiscal Years Ended June 28, 2008, June 30, 2007 and July 1, 2006

(amounts in thousands)

	Balance at Beginning of Year	Provision Charged to Costs and Expenses	Write-offs/ Allowances Taken	Balance at End of Year
Fiscal 2008				
Allowance for bad debts	$ 2,915	$ (350)	$ (65)	$ 2,500
Allowance for returns	3,664	11,054	(9,501)	5,217
Total	$ 6,579	$ 10,704	$ (9,566)	$ 7,717
Fiscal 2007				
Allowance for bad debts	$ 1,644	$ 1,381	$ (110)	$ 2,915
Allowance for returns	4,356	4,752	(5,444)	3,664
Total	$ 6,000	$ 6,133	$ (5,554)	$ 6,579
Fiscal 2006				
Allowance for bad debts	$ 1,665	$ 29	$ (50)	$ 1,644
Allowance for returns	2,459	6,572	(4,675)	4,356
Total	$ 4,124	$ 6,601	$ (4,725)	$ 6,000

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COACH, INC

EXHIBITS TO FORM 10-K

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

Exhibit No.	Description
3.1	Amended and Restated Bylaws of Coach, Inc., dated February 7, 2008, which is incorporated herein by reference from Exhibit 3.1 to Coach's Current Report on Form 8-K filed on February 13, 2008
3.2	Articles Supplementary of Coach, Inc., dated May 3, 2001, which is incorporated herein by reference from Exhibit 3.2 to Coach's Current Report on Form 8-K filed on May 9, 2001
3.3	Articles of Amendment of Coach, Inc., dated May 3, 2001, which is incorporated herein by reference from Exhibit 3.3 to Coach's Current Report on Form 8-K filed on May 9, 2001
3.4	Articles of Amendment of Coach, Inc., dated May 3, 2002, which is incorporated by reference from Exhibit 3.4 to Coach's Annual Report on Form 10-K for the fiscal year ended June 29, 2002
3.5	Articles of Amendment of Coach, Inc., dated February 1, 2005, which is incorporated by reference from Exhibit 99.1 to Coach's Current Report on Form 8-K filed on February 2, 2005
4.1	Amended and Restated Rights Agreement, dated as of May 3, 2001, between Coach, Inc. and Mellon Investor Services LLC, which is incorporated by reference from Exhibit 4.1 to Coach's Annual Report on Form 10-K for the fiscal year ended July 2, 2005
4.2	Specimen Certificate for Common Stock of Coach, which is incorporated herein by reference from Exhibit 4.1 to Coach's Registration Statement on Form S-1 (Registration No. 333-39502)
10.1	Revolving Credit Agreement by and between Coach, certain lenders and Bank of America, N.A. which is incorporated by reference from Exhibit 10.1 to Coach's Annual Report on Form 10-K for the fiscal year ended June 30, 2007
10.2	Coach, Inc. 2000 Stock Incentive Plan, which is incorporated by reference from Exhibit 10.10 to

	Coach's Annual Report on Form 10-K for the fiscal year ended June 28, 2003
10.3	Coach, Inc. Performance-Based Annual Incentive Plan, which is incorporated by reference from Appendix A to the Registrant's Definitive Proxy Statement for the 2005 Annual Meeting of Stockholders, filed on September 28, 2005
10.4	Coach, Inc. 2000 Non-Employee Director Stock Plan, which is incorporated by reference from Exhibit 10.13 to Coach's Annual Report on Form 10-K for the fiscal year ended June 28, 2003
10.5	Coach, Inc. Non-Qualified Deferred Compensation Plan for Outside Directors, which is incorporated by reference from Exhibit 10.14 to Coach's Annual Report on Form 10-K for the fiscal year ended June 28, 2003
10.6	Coach, Inc. 2001 Employee Stock Purchase Plan, which is incorporated by reference from Exhibit 10.15 to Coach's Annual Report on Form 10-K for the fiscal year ended June 29, 2002
10.7	Coach, Inc. 2004 Stock Incentive Plan, which is incorporated by reference from Appendix A to the Registrant's Definitive Proxy Statement for the 2004 Annual Meeting of Stockholders, filed on September 29, 2004
10.8	Employment Agreement dated June 1, 2003 between Coach and Lew Frankfort, which is incorporated by reference from Exhibit 10.20 to Coach's Annual Report on Form 10-K for the fiscal year ended June 28, 2003
10.9	Employment Agreement dated June 1, 2003 between Coach and Reed Krakoff, which is incorporated by reference from Exhibit 10.21 to Coach's Annual Report on Form 10-K for the fiscal year ended June 28, 2003
10.10	Employment Agreement dated June 1, 2003 between Coach and Keith Monda, which is incorporated by reference from Exhibit 10.22 to Coach's Annual Report on Form 10-K for the fiscal year ended June 28, 2003

Exhibit No.	Description
10.11	Amendment to Employment Agreement, dated August 22, 2005, between Coach and Lew Frankfort, which is incorporated by reference from Exhibit 10.23 to Coach's Annual Report on Form 10-K for the fiscal year ended July 2, 2005
10.12	Amendment to Employment Agreement, dated August 22, 2005, between Coach and Reed Krakoff, which is incorporated by reference from Exhibit 10.23 to Coach's Annual Report on Form 10-K for the fiscal year ended July 2, 2005
10.13	Amendment to Employment Agreement, dated August 22, 2005, between Coach and Keith Monda, which is incorporated by reference from Exhibit 10.23 to Coach's Annual Report on Form 10-K for the fiscal year ended July 2, 2005
10.14	Employment Agreement dated November 8, 2005 between Coach and Michael Tucci, which is incorporated by reference from Exhibit 10.1 to Coach's Quarterly Report on Form 10-Q for the period ended December 31, 2005
10.15	Employment Agreement dated November 8, 2005 between Coach and Michael F Devine, III, which is incorporated by reference from Exhibit 10.2 to Coach's Quarterly Report on Form 10-Q for the period ended December 31, 2005
10.16	Amendment to Employment Agreement, dated March 11, 2008, between Coach and Reed Krakoff
10.17	Transition Employment Agreement, dated July 4, 2008, between Coach and Keith Monda
10.18	Amendment to Employment Agreement, dated August 5, 2008, between Coach and Michael Tucci
10.19	Agreement, dated July 11, 2008, among Bauman 34th Street, LLC, Goldberg 34th Street, LLC and 504-514 West 34th Street Corp.
21.1	List of Subsidiaries of Coach
23.1	Consent of Deloitte & Touche LLP
31.1	Rule 13(a)-14(a)/15(d)-14(a) Certifications
32.1	Section 1350 Certifications

COACH

March 11, 2008

Mr. Reed Krakoff
37 Beekman Place
New York, NY 10022

Re: Employment Agreement Amendment

Dear Reed:

This Letter Agreement confirms the understanding reached between you and Coach, Inc., a Maryland corporation (the "Company"), regarding the terms of your continued employment with the Company. This Letter Agreement constitutes an amendment to that certain Employment Agreement by and between you and the Company dated as of June 1, 2003 (the "2003 Employment Agreement"), as subsequently amended by that certain Letter Agreement between you and the Company dated August 22, 2005 (the "2005 Letter Agreement" and, collectively with the 2003 Employment Agreement, the "Employment Agreement"). Capitalized terms used in this Letter Agreement and not defined herein shall have the meaning given such terms in the Employment Agreement.

1. Employment Agreement Term. You and the Company acknowledge and agree that, notwithstanding anything to the contrary in the Employment Agreement, the Initial Term shall end on June 28, 2014 unless earlier terminated as provided in Section 6 of the 2003 Employment Agreement.

2. Annual Base Salary. Effective as of June 29, 2008, your Annual Base Salary shall be payable at a rate of $2,500,000 per year, which rate of Annual Base Salary shall increase by not less than 5% as of the first day of each fiscal year of the Company commencing on or after June 27, 2009 during the Term.

3. Annual Bonus. With respect to each fiscal year of the Company commencing on and after June 29, 2008 during the Term, your Maximum Bonus shall be equal to at least 200% of your Annual Base Salary. Such Annual Bonus shall be paid at the time bonuses are paid generally under the Bonus Plan but, in any event, no later than 90 days after the end of the applicable Contract Year.

4. Contract Extension Bonuses. During the Term, in addition to any other Annual Bonuses, Retention Bonuses or other bonuses that may be payable to you pursuant to the 2003 Employment Agreement or the 2005 Letter Agreement, subject to the terms and conditions set forth below you shall be eligible to receive the following supplemental bonuses:

   (a) Extension Signing Bonus: Subject to your continued employment with the Company, as provided below (i) through June 28, 2008, you shall be paid a supplemental bonus in the amount of $3,500,000; (ii) through June 26, 2009, you shall be paid a supplemental bonus in the amount of $3,500,000; (iii) through July 3, 2010, you shall be paid a supplemental bonus in the amount of $3,000,000. Such amounts shall be paid within 45 days following each of the specified dates. If, prior to July 2, 2011, you are terminated by the Company for Cause or resign your employment with the Company other than for Good Reason you shall repay to the Company the full amount of all of the Extension Signing Bonuses previously paid to you pursuant to this Section 4(a). If, during the period beginning on July 3, 2011 and ending on June 28, 2014, you are terminated by the Company for Cause or resign your employment with the Company other than for Good Reason you shall repay to the Company an amount equal to the product of (x) $10 million and (y) the ratio of (i) the number of days that have expired between July 3, 2011 and the date of your termination of employment and (ii) 1092. Notwithstanding the above, if your employment with the Company is terminated by the Company without Cause or you resign your employment for Good Reason (including, without limitation, separation from employment due to a Change in Control) prior to June 28, 2014, the Company shall pay you the full amount of each Extension Signing Bonus set forth in this paragraph (to the extent not already paid) at the time such bonus would have been paid.

(b) Service Bonuses: Subject to your continued employment with the Company, as provided below (i) through June 30, 2012, you shall be paid a supplemental bonus in the amount of $1,101,475; (ii) through June 29, 2013, you shall be paid a supplemental bonus in the amount of $1,101,475; (iii) through June 28, 2014, you shall be paid a supplemental bonus in the amount of $3,202,950. Such amounts shall be paid within 45 days following each of the specified dates. Notwithstanding the above, if your employment with the Company is terminated by the Company without Cause or you resign your employment for Good Reason (including, without limitation, separation from employment due to a Change in Control) prior to June 28, 2014, the Company shall pay you the full amount of each Service Bonus set forth in this paragraph (to the extent not already paid) at the time such bonus would have been paid.

(c) Additional Performance Bonuses:

(i) With respect to the Contract Year ending on June 30, 2012, you shall be eligible to receive an additional bonus under the Bonus Plan or otherwise in the maximum amount of $2,188,000 on the basis of the Company's attainment of objective financial or other operating criteria established by the Committee in its sole discretion and in accordance with Code Section 162(m) and the regulations promulgated thereunder, such additional bonus to be paid at the time bonuses under the Bonus Plan are paid generally but, in any event, no later than 90 days after the end of the applicable Contract Year.

(ii) With respect to the Contract Year ending on June 29, 2013, you shall be eligible to receive an additional bonus under the Bonus Plan or otherwise in the maximum amount of $2,188,000 on the basis of the Company's attainment of objective financial or other operating criteria established by the Committee in its sole discretion and in accordance with Code Section 162(m) and the regulations promulgated thereunder, such additional bonus to be paid at the time bonuses under the Bonus Plan are paid generally but, in any event, no later than 90 days after the end of the applicable Contract Year.

(iii) With respect to the Contract Year ending on June 28, 2014, you shall be eligible to receive an additional bonus under the Bonus Plan or otherwise in the maximum amount of $4,376,000 on the basis of the Company's attainment of objective financial or other operating criteria established by the Committee in its sole discretion and in accordance with Code Section 162(m) and the regulations promulgated thereunder, such additional bonus to be paid at the time bonuses under the Bonus Plan are paid generally but, in any event, no later than 90 days after the end of the applicable Contract Year.

5. Employment Agreement. You and the Company acknowledge and agree that, except as provided by this Letter Agreement, the 2003 Employment Agreement and the 2005 Letter Agreement shall remain in full force and effect.

6. Section 409A. You and the Company acknowledge and agree that, to the extent applicable, this Letter Agreement shall be interpreted in accordance with, and you and the Company agree to use best efforts to achieve timely compliance with, Section 409A of the Internal Revenue Code and the Department of Treasury Regulations and other interpretive guidance issued thereunder (collectively, "Section 409A"), including without limitation any such regulations or other guidance that may be issued after the date hereof. Notwithstanding any provision of this Letter Agreement to the contrary, in the event that the Company determines that any compensation or benefits payable or provided under this Letter Agreement may be subject to Section 409A, the Company may adopt (without any obligation to do so or to indemnify you for failure to do so) such limited amendments to this Letter Agreement and appropriate policies and procedures, including amendments and policies with retroactive effect, that the Company reasonably determines are necessary or appropriate to (a) exempt the compensation and benefits payable under this Letter Agreement from Section 409A and/or preserve the intended tax treatment of the compensation and benefits provided with respect to this Letter Agreement or (b) comply with the requirements of Section 409A; *provided*, however, that the foregoing shall not reduce the total compensation to which you are entitled hereunder. Notwithstanding anything herein to the contrary, if at the time of your termination of employment you are a "specified employee" as defined in Section 409A (and any related regulations or other pronouncements thereunder) and the deferral of any payments otherwise payable hereunder as a result of such termination of employment is necessary in order to prevent any accelerated or additional tax under Section 409A, then the Company shall defer such payments (without any reduction in such payments ultimately paid or provided to you) until the date that is six months following your termination of employment (or the earliest date as is permitted under Section 409A).

7. Severance Payments and Benefits. Section 7(b)(i) and 7(c)(i) of the 2003 Employment Agreement shall be amended to include as required severance payments (a) all Extension Signing Bonuses; (b) all Service Bonuses; and (c) all Additional Performance Bonuses, each as provided herein.

[*signature page follows*]

Please indicate your acceptance of the terms and provisions of this Letter Agreement by signing both copies of this Letter Agreement and returning one copy to me. The other copy is for your files. By signing below, you acknowledge and agree that you have carefully read this Letter Agreement in its entirety; fully understand and agree to its terms and provisions; and intend and agree that it be final and legally binding on you and the Company. This Letter Agreement shall be governed and construed under the internal laws of the State of New York and may be executed in several counterparts.

Very truly yours,

_____

Lew Frankfort

Chairman and CEO

Agreed and Accepted:

_____

Reed Krakoff

TRANSITION EMPLOYMENT AGREEMENT

This Transition Employment Agreement (hereafter this "Agreement"), dated as of July 4, 2008, is hereby entered into by and between Keith Monda (the "Executive"), and Coach, Inc., a Maryland corporation (together with its subsidiaries and affiliates, the "Company").

WHEREAS, the Executive has been an employee of the Company prior to the execution of this agreement but has informed the Company of his intention to leave his full-time employment with the Company;

WHEREAS, the Company wishes to engage the Executive on a part-time basis and to ensure that the Executive adheres to certain restrictive covenants in his employee stock option agreements and to extend the scope and duration of these covenants in exchange for additional consideration to the Executive;

THEREFORE, in exchange for the good and valuable consideration set forth herein, the adequacy of which is specifically acknowledged, the Executive and Company hereby agree as follows:

1. Transition of Employment.

(a) The Executive shall resign his full-time employment with the Company, effective July 4, 2008 (the "Transition Date"). Effective as of the end of business on the Transition Date, Executive's status shall convert to that of a part-time employee, and he shall no longer serve as an Executive Officer of the Company. Notwithstanding anything contained herein to the contrary, after the Transition Date, the Executive shall remain a Director of the Board of Directors of Coach (the "Board"). The Executive, however, will not be deemed an Outside Director and shall not receive additional compensation for such service to the Board. From the Transition Date until August 31, 2009 (the "Term"), the Executive's employment with the Company shall be governed by this Agreement. The Executive's job duties shall consist of consulting on an as-needed basis to Lew Frankfort, Coach's Chairman and Chief Executive Officer, or such other corporate officer(s) as Mr. Frankfort shall designate. As consideration for the services the Executive performs during the Term, the Executive shall receive a salary for these services of $14,819 per month.

The Executive is a party to an Employment Agreement, dated June 1, 2003 and amended by Letter Agreement, dated August 22, 2005 (collectively, the "Employment Agreement"). All terms not otherwise defined herein shall have the meaning set forth in the Employment Agreement. Upon the Transition Date, the Employment Agreement shall be deemed null and void except as provided for in this Agreement. Additionally, upon the Transition Date, Executive's Extension Options shall be cancelled. As consideration for the services the Executive performs during the Term, the Executive shall remain eligible to receive continued vesting of all other stock options and restricted stock units during the period of his part-time employment, except for the Extension Options. Executive agrees that during the Term he shall not defer any compensation pursuant to Coach's retirement or supplemental retirement plans for purposes of accruing additional benefits. This Agreement shall not effect the retirement benefits previously earned by the Executive (which includes, but is not limited to, all company matching and profit-sharing contributions with respect to fiscal year 2008 under Coach's Savings and Profit Sharing Plan and Supplemental Retirement Plan, whether paid prior to or after the Transition Date). For the avoidance of doubt, the parties acknowledge and agree that, notwithstanding any provision of this Agreement, the Executive's rights pursuant to Section 13 of the Employment Agreement shall survive in accordance with the terms thereof. Other than bonuses earned for fiscal year 2008, Executive shall not receive any bonus (including the make-whole special retirement bonus) for his part-time employment. Executive's part-time employment shall terminate on the completion of the Term, or immediately upon Executive's violation of any of the covenants set forth in this Agreement or by written agreement between Executive and Coach (either a "Termination Date").

(b) During the Term, as an active employee, the Executive shall continue to participate in the Company's group medical, dental, vision, long-term disability and executive life insurance plans. For the avoidance of doubt, any payments due during the Term with respect to the Executive's coverage under the executive life insurance plan, including the December 2008 payment, shall be paid by the Company. Following the Termination Date, Executive shall continue to participate in the Company's group medical plan through the date he becomes eligible for Medicare. The premium charged after the Transition Date shall be the same rate charged to other employees of the Company for similar coverage. After the Termination Date, participation in the medical plan will be on an after-tax basis and Executive shall make payment by check to the Company at the higher of (i) the same rate charged to other employees of the Company for similar coverage or (ii) the same rate charged other participants of any executive retiree medical plan then maintained by the Company. Executive acknowledges that he has received and read the summary plan description for the plan. Notwithstanding the foregoing, should the Company implement a Medicare supplement plan for retired employees or any other post-termination medical plan for executives subsequent to the Termination Date, Executive shall be considered eligible for such plan.

(c) Notwithstanding anything to the contrary in the Coach Supplemental Retirement Plan, the Executive's vested account balance under such plan shall be distributed to the Executive on March 1, 2010.

(d) Executive shall retain his leased automobile during the period of his part-time employment, and the Company shall continue to provide insurance coverage on the automobile. Following the Termination Date, Executive may purchase his leased automobile or return it to the Company.

(e) The Company shall reimburse the Executive for his travel expenses incurred in accordance with the Company's Travel and Entertainment Policy and for other reasonable and documented out-of-pocket expenses incurred in performing his duties under this Agreement. Executive shall retain his Company-provided cell phone, Blackberry and Portal access card for use during the term of his part-time employment.

(f) Notwithstanding any other provision of this Section 1, all reimbursement of expenses pursuant to this Section 1 shall be made in accordance with the terms of Section 7(c).

2. Stock Options and Restricted Stock Units.

(a) Subject to the Executive's compliance with Section 2(b) of this Agreement, Stock Options (other than the Extension Options) held by the Executive (the "Options") and Restricted Stock Units ("RSUs") shall continue to vest during and subsequent to the period of the Executive's part-time employment. The Company acknowledges that the Executive has achieved retirement status and all existing Options shall continue to vest according to their terms regardless of Executive's status under this Agreement.

(b) Executive shall be permitted to exercise vested Options and/or sell the shares underlying those Options. Notwithstanding anything contained in this Agreement to the contrary, if Executive engages in any activity prohibited by Section 3 below (collectively, "Prohibited Conduct") during the Non-Compete Period (as defined below), then (i) Executive's unexercised stock options and RSUs shall be forfeited automatically on the date on which Executive first engaged in such Prohibited Conduct, and (ii) Executive shall pay to the Company in cash any Financial Gain (as defined in the applicable Option or RSU grant agreement) Executive realized from exercising all or a portion of Executive's stock options or RSUs within the six (6) month period immediately preceding such Prohibited Conduct.

(c) The Executive agrees that after the Transition Date and until the Termination Date, he will not engage in any "stock swap" exercises of Coach stock options, and that if he does so the Company shall be permitted to cancel any restoration stock options he receives in such transactions.

(d) In the event of any conflict between (i) the Option Plan and/or any grant agreement relating to any Option or (ii) and RSU grant agreement, on one hand, and this Agreement, on the other hand, this Agreement shall control.

(e) Provided the Executive is not in material breach of this Agreement, he shall receive (i) the full benefit of RSUs vesting prior to the Termination Date and (ii) the pro rata benefit as of the Termination Date of any RSUs vesting after the Termination Date, which shall be distributed on the date such RSUs would have otherwise been issued to the Executive pursuant to the terms of the applicable RSU grant agreement.

3. Non-Compete; Non-Solicitation; Confidentiality; etc. In exchange for the payments and other benefits set forth in this Agreement, which the Executive acknowledges is good, valuable and sufficient consideration for the covenants set forth in this Section 3, the parties agree as follows:

(a) During the period beginning on the Transition Date and ending on August 10, 2010 (the "Non-Compete Period"), the Executive will comply with the provisions of Section 9(a) of the Employment Agreement. The Executive acknowledges that compliance with this Paragraph 3(a) is necessary to protect the business and good will of the Company and that a breach of any of these provisions will irreparably and continually damage the Company, for which money damages may not be adequate.

(b) During the Non-Compete Period, the Executive will not (and will not permit any employee in his chain of command employed at a level equivalent to a director level employee of the Company or above) directly or indirectly, hire, recruit or otherwise solicit or induce any employee, consultant, director, wholesale customer, vendor, supplier, lessor or lessee of the Company to terminate its employment or arrangement with the Company, or, for employees only, establish any relationship with the Executive or employees in his chain of command for any business purpose.

(c) Except as required in the good faith opinion of the Executive in connection with the performance of the Executive's duties hereunder, the Executive shall maintain in confidence and shall not directly, indirectly or otherwise, use, disseminate, disclose or publish, or use for his benefit or the benefit of any person, firm, corporation or other entity any confidential or proprietary information or trade secrets of or relating to the Company (or which the Company has a right to use), including, without limitation, confidential or proprietary information with respect to the Company's operations, processes, systems, access codes or passwords, security protocols, databases, products, inventions, business practices, finances, principals, vendors, suppliers, customers (including credit card information or other customer private information), potential customers, marketing methods, costs, prices, contractual relationships, regulatory status, compensation paid to employees, other terms of employment or employee confidential information, or deliver to any person, firm, corporation or other entity any document, record, notebook, computer program or similar repository of or containing any such confidential or proprietary information or trade secrets. The parties hereby stipulate and agree that as between them the foregoing matters are important, material and confidential proprietary information and trade secrets and affect the successful conduct of the businesses of the Company (and any successor or assignee of the Company). For purposes of this Agreement, confidential or proprietary information shall not include information which is or becomes generally available to the public other than by breach of this Agreement.

(d) The Executive agrees that, upon the Termination Date, he will deliver to the Company all correspondence, drawings, manuals, letters, notes, notebooks, reports, programs, plans, proposals, financial documents, electronically stored data, computer equipment or software, access codes or disks and instructional manuals or any other documents concerning the Company's customers, business plans, sourcing and operations, marketing strategies, products or processes and/or which contain proprietary information or trade secrets; *provided* that the Executive may retain his rolodex, address book and similar information and any non-proprietary documents he received as a director.

(e) Notwithstanding Section 3(c), the Executive may respond to a lawful and valid subpoena or other legal process or other government or regulatory inquiry but shall give the Company prompt notice thereof (except to the extent legally prohibited), and shall, as much in advance of the return date as is reasonably practicable, make available to the Company and its counsel copies of any documents sought which are in the Executive's possession or to which the Executive otherwise has reasonable access. In addition, the Executive shall reasonably cooperate with and assist the Company and its counsel at any time and in any manner reasonably requested by the Company or its counsel (with due regard for the Executive's other commitments if he is not employed by the Company) in connection with any litigation or other legal process affecting the Company of which the Executive has knowledge as a result of his employment with the Company (other than any litigation with respect to this Agreement). In the event of such requested cooperation, the Company shall reimburse the Executive's reasonable out of pocket expenses.

(f) The Executive agrees that if he does not return all Company property or reimburse the Company for all personal expenses charged to the Company within 30 days after the later of (i) the Termination Date and (ii) notification to the Executive, then the Company may reconcile or set off the value of the property or the amount of the personal charges against any Sale Proceeds to be paid to the Executive or other amount due hereunder, or against any amounts due to the Executive under any Company non-qualified plans except to the extent that an offset of any such amounts due to the Executive under any Company non-qualified plans would cause such amounts to not comply with Section 409A. For purposes of this paragraph, the value of any Company property shall be determined by the Company in its sole discretion.

(g) Each of the parties agrees that it will not disparage or denigrate to any person any aspect of his or its past relationship with the other, nor the character of the other or the other's agents, representatives, products, or operating methods, whether past, present, or future, and whether or not based on or with reference to their past relationship; provided, however, that this paragraph shall have no application to any evidence or testimony requested of either party hereto by any court or government agency. In the event any government agency or any of the Company's present or future labor unions, adverse parties in actual or potential litigation, suppliers, service providers, employees or customers initiate communications with the Executive that relate to the Company's business, the Executive agrees that he will inform any such persons, consistent with this paragraph, of his change in status and direct such persons to an appropriate officer or current full-time employee of the Company.

4. Release of Claims by the Executive.

(a) The Executive agrees for the Executive, the Executive's spouse and child or children (if any), the Executive's heirs, beneficiaries, devisees, executors, administrators, attorneys, personal representatives, successors and assigns, hereby forever to release, discharge, and covenant not to sue the Company or any of its past, present, or future parent, affiliated, related, and/or subsidiary entities, and all of their past and present directors, shareholders, officers, general or limited partners, employees, agents, and attorneys, and agents and representatives of such entities, and employee benefit plans in which the Executive is or has been a participant by virtue of his employment with the Company, from any and all claims, debts, demands, accounts, judgments, rights, causes of action, equitable relief, damages, costs, charges, complaints, obligations, promises, agreements, controversies, suits, expenses, compensation, responsibility and liability of every kind and character whatsoever (including attorneys' fees and costs), whether in law or equity, known or unknown, asserted or unasserted, suspected or unsuspected, which the Executive has or may have had against such entities based on any events or circumstances arising or occurring on or prior to the Transition Date (or, with respect to claims of disparagement, arising or occurring on or prior to the date this Agreement is executed), arising directly or indirectly out of, relating to, or in any other way involving in any manner whatsoever, (i) the Executive's employment with the Company or the termination thereof or (ii) the Executive's status at any time as a holder of any securities of the Company, and any and all claims arising under federal, state, or local laws relating to employment, or securities, including without limitation claims of wrongful discharge, breach of express or implied contract, fraud, misrepresentation, defamation, or liability in tort, claims of any kind that may be brought in any court or administrative agency, any claims arising under Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the Americans with Disabilities Act, the Fair Labor Standards Act, the Employee Retirement Income Security Act, the Family and Medical Leave Act, the Securities Act of 1933, the Securities Exchange Act of 1934, and similar state or local statutes, ordinances, and regulations, provided, however, notwithstanding anything to the contrary set forth herein, that this General Release shall not extend to (x) benefit claims under employee pension benefit plans in which the Executive is a participant by virtue of his employment with the Company or to benefit claims under employee welfare benefit plans for occurrences (e.g., medical care, death, or onset of disability) arising after the execution of this Agreement by the Executive, (y) any obligation assumed under this Agreement by any party hereto and (z) any right to indemnification to which the Executive is entitled under Section 13 of the Employment Agreement with respect to director and officer liability insurance coverage.

(b) THE EXECUTIVE UNDERSTANDS THAT THIS AGREEMENT INCLUDES A RELEASE OF CLAIMS ARISING UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT. THE EXECUTIVE UNDERSTANDS AND WARRANTS THAT HE HAS BEEN GIVEN A PERIOD OF TWENTY-ONE (21) DAYS TO REVIEW AND CONSIDER THIS AGREEMENT. THE EXECUTIVE IS HEREBY ADVISED TO CONSULT WITH AN ATTORNEY PRIOR TO EXECUTING THE AGREEMENT. BY HIS SIGNATURE BELOW, THE EXECUTIVE WARRANTS THAT HE HAS HAD THE OPPORTUNITY TO DO SO AND TO BE FULLY AND FAIRLY ADVISED BY THAT LEGAL COUNSEL AS TO THE TERMS OF THE AGREEMENT. THE EXECUTIVE FURTHER WARRANTS THAT HE UNDERSTANDS THAT HE MAY USE AS MUCH OR ALL OF HIS 21-DAY PERIOD AS HE WISHES BEFORE SIGNING, AND WARRANTS THAT HE HAS DONE SO. THE EXECUTIVE FURTHER WARRANTS THAT HE UNDERSTANDS THAT HE HAS SEVEN (7) DAYS AFTER SIGNING THIS AGREEMENT TO REVOKE THE AGREEMENT BY NOTICE IN WRITING TO GENERAL COUNSEL, C/O COACH, 516 WEST 34TH STREET, NEW YORK, NY 10001. THIS AGREEMENT SHALL BE BINDING, EFFECTIVE, AND ENFORCEABLE UPON BOTH PARTIES UPON THE EXPIRATION OF THIS SEVEN-DAY REVOCATION PERIOD WITHOUT THE COMPANY'S GENERAL COUNSEL HAVING RECEIVED SUCH REVOCATION, BUT NOT BEFORE SUCH TIME.

5. Condition on Certain Obligations of the Company; Further Assurances.

(a) The Executive agrees that the Company is likely to suffer adverse financial and/or employee relations consequences in the event any of the above confidentiality or non-disparagement provisions is breached and that the Executive's agreement to each is a material portion of the consideration received by the Company hereunder. The Executive therefore agrees that in the event the Executive commits such breach, the Company shall have all rights and remedies under law or equity including, without limitation, the right upon discovery of such breach to obtain an injunction against any further breaches. This paragraph is not intended to limit any other remedies, in damages or otherwise, that may be available to the Company for such breach. For the avoidance of doubt, this paragraph does not apply to Executive's obligations under Sections 3(a) and 3(b) above, for which the Company does not claim a right to injunctive relief.

(b) The Company and the Executive agree to execute and deliver such other documents, certificates, agreements and other writings and to take such other actions as may be necessary or desirable in order to consummate or implement expeditiously the terms of this Agreement.

6. Taxes. To the extent any taxes may be due on the payments made to the Executive provided in this Agreement beyond any required to be withheld by the Company, the Executive agrees to pay them himself and to indemnify and hold the Company and other entities released by the Executive herein harmless for any tax claims or penalties resulting from such payments. The Executive further agrees to provide any and all information pertaining to the Executive upon request as reasonably necessary for the Company and other entities released herein to comply with applicable tax laws. The Executive shall make payments by check to the Company for any taxes due on calendar year 2008 or 2009 imputed income (including, but not limited to, imputed income from life insurance and automobile lease premiums paid by the Company).

7. Section 409A.

(a) General. "Section 409A" shall mean Section 409A of the Internal Revenue Code of 1986, as amended, and the Department of Treasury Regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the date hereof. The parties acknowledge and agree that, to the extent applicable, this Agreement shall be interpreted in accordance with, and the parties agree to use their best efforts to achieve timely compliance with, Section 409A. Notwithstanding any provision of this Agreement to the contrary, in the event that the Company determines that any amounts payable hereunder would otherwise be taxable to the Executive under Section 409A, the Company may, provided it reasonably determines that any such amendments are likely to be effective, adopt such limited amendments to this Agreement and appropriate policies and procedures, including amendments and policies with retroactive effect, that the Company reasonably determines are necessary or appropriate to (i) exempt the compensation and benefits payable hereunder from Section 409A and/or preserve the intended tax treatment of the compensation and benefits provided hereunder or (ii) comply with the requirements of Section 409A and thereby avoid the application of penalty taxes under such Section.

(b) Separation from Service. Notwithstanding any provision to the contrary in this Agreement, if the Company determines that the Executive is a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code, which shall be determined as of the time of his separation from service in accordance with the terms of Section 409A of the Code and applicable guidance thereunder (including without limitation Section 1.409A-1(i) of the Department of Treasury Regulations), to the extent the Company determines that delayed commencement of any portion of the termination benefits to which the Executive is entitled under this Agreement is required in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, such portion of the Executive's termination benefits shall not be provided to the Executive prior to the earlier of (i) the expiration of the six-month period measured from the date of the Executive's "separation from service" with the Company (as such term is defined in the Department of Treasury Regulations issued under Section 409A of the Code) or (ii) the date of the Executive's death. Upon the earlier of such dates, any payments deferred pursuant to this Section 7(b) shall be paid in a lump sum to the Executive, and any remaining payments due under the Agreement shall be paid as otherwise provided herein. For purposes of Section 409A, the Executive's right to receive any installment payments shall be treated as a right to receive a series of separate and distinct payments. The parties acknowledge and agree that each payment made before the fifteenth day of the third month after the later of the end of the (x) calendar year, or (y) fiscal year, in which the Transition Date occurs shall be treated as a short term deferral for purposes of Section 409A to the extent such payment is deemed not to be consideration for services during the Term.

(c) Expense Reimbursement. The reimbursement of any expense hereunder shall be made no later than December 31 of the year following the year in which the expense was incurred. The amount of expenses reimbursed in one year shall not affect the amount eligible for reimbursement in any subsequent year.

8. Severability. Except as otherwise specified below, should any portion of this Agreement be found void or unenforceable for any reason by a court of competent jurisdiction, the court should attempt to limit or otherwise modify such provision so as to make it enforceable, and if such portion cannot be modified to be enforceable, the unenforceable portion shall be deemed severed from the remaining portions of this Agreement, which shall otherwise remain in full force and effect. If any portion of this Agreement is so found to be void or unenforceable for any reason in regard to any one or more persons, entities, or subject matters, such portion shall remain in full force and effect with respect to all other persons, entities, and subject matters. This paragraph shall not operate, however, to sever either party's obligation to provide the binding release to all entities intended to be released hereunder. In the event the Executive should in the future contend that the Executive's release of claims is for any reason void, imperfect, or incomplete, the Executive may not pursue any claim against the Company (or any other party intended to be released herein) to establish the invalidity of the release or premised (in whole or in part) on the invalidity of the release before or without repaying to the Company the full amount of such cash payments he has received, less the reasonable value of services actually provided pursuant to this Agreement, and applicable statutes of limitations shall be deemed to run in regard to the Executive's claims without regard to the parties' entry into this Agreement.

9. Entire Agreement. Except as otherwise noted herein, this Agreement sets forth the entire agreement and understanding of the parties hereto with respect to the matters covered hereby. This Agreement supersedes and replaces any prior agreement with respect to employment, compensation continuation and the matters contained in this Agreement, which Executive may have had with the Company, including, without limitation, the Employment Agreement.

10. Applicable Law. This Agreement shall be governed, construed, interpreted and enforced in accordance with the substantive laws of the state of New York, without reference to the principles of conflicts of law of New York or any other jurisdiction, and where applicable, the laws of the United States.

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

12. Successors and Assigns. This Agreement is binding upon and will inure to the benefit of the parties hereto and each of their respective parents, subsidiaries and affiliated companies, successors and assigns.

13. Executive's Understanding. Executive acknowledges by signing this Agreement that Executive has read and understands this Agreement, that Executive has conferred with or had opportunity to confer with Executive's attorney regarding the terms and meaning of this Agreement, that Executive has had sufficient time to consider the terms provided for in this Agreement, that no representatives or inducements have been made to Executive except as set forth in this Agreement, and that Executive has signed the same knowingly and voluntarily.

*** * * * ***

[signature page follows]

IN WITNESS WHEREOF, and intending to be legally bound, the parties have executed the foregoing on the dates shown below.

KEITH MONDA:

_____

_____
Date

COACH, INC.

By: _____
Lew Frankfort
Chairman, Chief Executive Officer

_____
Date

August 5, 2008

Mr. Michael D. Tucci
80 Dogwood Lane
Rye, New York 10580

Re: Employment Agreement Amendment

Dear Michael:

This Letter Agreement confirms the understanding reached between you and Coach, Inc., a Maryland corporation (the "Company"), regarding the terms of your continued employment with the Company. This Letter Agreement constitutes an amendment to that certain Employment Agreement by and between you and the Company dated as of November 8, 2005 (the "Employment Agreement"). This Letter Agreement is effective August 5, 2008. Capitalized terms used in this Letter Agreement and not defined herein shall have the meaning given such terms in the Employment Agreement.

1. Employment Agreement Term. You and the Company acknowledge and agree that, notwithstanding anything to the contrary in the Employment Agreement, the Initial Term shall end on June 29, 2013 unless earlier terminated as provided in Section 6 of the Employment Agreement.

2. Annual Base Salary. Effective as of September 1, 2008, your Annual Base Salary shall be payable at a rate of $850,000 per year. For the avoidance of doubt, the Maximum Bonus and Target Bonus with respect to any Coach fiscal year shall be calculated as a percentage of the base salary actually paid to you with respect to such fiscal year.

3. Retention Options. On August 5, 2008, or if later, the date you execute this Letter Agreement (the "Grant Date"), you shall be granted a number of Retention Options (rounded to the nearest whole number) equal to (a) $3.75 million divided by (b) the product of (i) 60% and (ii) the Fair Market Value (as defined in the Coach, Inc. 2004 Stock Incentive Plan) of a share of Common Stock on the grant date, which shall be evidenced by a Retention Stock Option Agreement to be entered into by and between you and the Company in substantially the form attached hereto as Exhibit B. As set forth in Section 5(c)(ii) of the Employment Agreement, the Retention Options shall have an exercise price equal to the fair market value per share of Common Stock as of the Grant Date and shall have a term of 10 years. The Retention Options shall become exercisable in three cumulative installments as follows: (A) the first installment shall consist of 20% of the shares of Common Stock covered by the Retention Options and shall become vested and exercisable on July 2, 2011, (B) the second installment shall consist of 20% of the shares of Common Stock covered by the Retention Options and shall become vested and exercisable on June 30, 2012 and (C) the third installment shall consist of 60% of the shares of Common Stock covered by the Retention Options and shall become exercisable on June 29, 2013; *provided*, that, except as otherwise provided in Section 7 of the Employment Agreement or in the applicable Retention Stock Option Agreement, no portion of the Retention Options not then exercisable shall become exercisable following your termination of employment for any reason.

4. Retention RSUs. On the Grant Date, you shall be granted a number of Retention RSUs (rounded to the nearest whole number) equal to (a) $3.75 million divided by (b) the Fair Market Value (as defined in the Coach, Inc. 2004 Stock Incentive Plan) of a share of Common Stock on the grant date, which shall be evidenced by a Retention RSU Agreement to be entered into by and between you and the Company in substantially the form attached hereto as Exhibit C. The Retention RSUs shall become vested with respect to 20% of the Retention RSUs on each of July 2, 2011 and June 30, 2012 and with respect to 60% of the Retention RSUs on June 29, 2013; *provided*, that, except as otherwise provided in Section 7 of the Employment Agreement or in the Retention RSU Agreement, no Retention RSUs not then vested shall become vested following your termination of employment.

5. Competitive Business. You and the Company acknowledge and agree that the list of Competitive Businesses in effect as of August 5, 2008 is attached hereto as Exhibit A, and you and the Company acknowledge and agree that such list may be changed by the Committee in accordance with the terms of the Employment Agreement.

6. Employment Agreement. You and the Company acknowledge and agree that, except as provided by this Letter Agreement, the Employment Agreement shall remain in full force and effect.

7. Section 409A. You and the Company acknowledge and agree that, to the extent applicable, this Letter Agreement shall be interpreted in accordance with, and you and the Company agree to use best efforts to achieve timely compliance with, Section 409A of the Internal Revenue Code and the Department of Treasury Regulations and other interpretive guidance issued thereunder (collectively, "Section 409A"), including without limitation any such regulations or other guidance that may be issued after the date hereof. Notwithstanding any provision of this Letter Agreement to the contrary, in the event that the Company determines that any compensation or benefits payable or provided under this Letter Agreement may be subject to Section 409A, the Company may adopt (without any obligation to do so or to indemnify you for failure to do so) such limited amendments to this Letter Agreement and appropriate policies and procedures, including amendments and policies with retroactive effect, that the Company reasonably determines are necessary or appropriate to (a) exempt the compensation and benefits payable under this Letter Agreement from Section 409A and/or preserve the intended tax treatment of the compensation and benefits provided with respect to this Letter Agreement or (b) comply with the requirements of Section 409A. Notwithstanding anything herein to the contrary, if at the time of your termination of employment you are a "specified employee" as defined in Section 409A (and any related regulations or other pronouncements thereunder) and the deferral of any payments otherwise payable hereunder as a result of such termination of employment is necessary in order to prevent any accelerated or additional tax under Section 409A, then the Company shall defer such payments (without any reduction in such payments ultimately paid or provided to you) until the date that is six months following your termination of employment (or the earliest date as is permitted under Section 409A).

[*signature page follows*]

Please indicate your acceptance of the terms and provisions of this Letter Agreement by signing both copies of this Letter Agreement and returning one copy to me. The other copy is for your files. By signing below, you acknowledge and agree that you have carefully read this Letter Agreement in its entirety; fully understand and agree to its terms and provisions; and intend and agree that it be final and legally binding on you and the Company. This Letter Agreement shall be governed and construed under the internal laws of the State of New York and may be executed in several counterparts.

Very truly yours,

COACH, INC.

By: _____
Sarah Dunn
Senior VP, Human Resources

Agreed and Accepted:

_____
Michael Tucci

Exhibit A

Competitive Businesses

The following entities, together with their respective subsidiaries, parent entities and other affiliates, have been designated by the Committee as Competitive Businesses as of August 5, 2008: American Eagle Outfitters, Inc.; Burberry Group PLC; Club 21 Retail Holdings Pte. Ltd.; Nike, Inc.; Gap, Inc.; Gucci Group/PPR; J. Crew Group, Inc.; Jones Apparel Group. Inc.; Kenneth Cole Productions, Inc.; Limited Brands, Inc.; Liz Claiborne, Inc.; LVMH Moet Hennessy Louis Vuitton SA; Michael Kors (USA), Inc.; Philips Van Heusen Corporation; Polo Ralph Lauren Corporation; Prada S.p.A.; The Timberland Company; Tommy Hilfiger Corporation; Tory Burch LLC; Tumi, Inc.

Exhibit B

COACH, INC.
2004 Stock Incentive Plan
Retention Option Grant Notice and Agreement

Michael Tucci

Coach, Inc. (the "**Company**") is pleased to confirm that you have been granted a stock option (the "**Option**"), effective as of August 5, 2008 (the "**Grant Date**"), as provided in this agreement (the "**Agreement**"). The Option evidenced by this Agreement is the "**Retention Option**" as defined in that certain Employment Agreement entered into by and between you and the Company effective as of August 5, 2008 (the "**Employment Agreement**").

1. **Option Right**. Your Option is to purchase, on the terms and conditions set forth below, the following number of shares (the "**Option Shares**") of the Company's Common Stock, par value $.01 per share (the "**Common Stock**"), at the exercise price specified below (the "**Exercise Price**").

	Number of Option Shares	**Exercise Price Per Option Share**
Shares Granted	**[ ]**[1]	**[ ]**

2. **Option**. This Option is a non-qualified stock option that is intended to conform in all respects with the Company's 2004 Stock Incentive Plan (the "**Plan**"), a copy of which will be supplied to you upon your request, and the provisions of which are incorporated herein by reference. This Option is not intended to qualify as an incentive stock option within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended.

3. **Expiration Date**. This Option expires on the tenth (10th) anniversary of the Grant Date (the "**Expiration Date**"), subject to earlier expiration upon your death, disability or other termination of employment, as provided in Section 5 below.

4. **Vesting**. This Option may be exercised only to the extent it has vested. Subject to Section 5 below, if you are continuously employed by the Company or any of its affiliates (collectively, the "**Coach Companies**") from the Grant Date until (a) July 2, 2011, this Option will vest with respect to 20% of the Option Shares as of such date, (b) June 30, 2012, this Option will vest with respect to 20% of the Option Shares as of such date, and (c) June 29, 2013, this Option will vest with respect to the remaining 60% of the Option Shares as of such date.

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[1] Number (rounded to the nearest whole number) equal to (a) $3.75 million divided by (b) the product of (i) 60% and (ii) the Fair Market Value (as defined in the Coach, Inc. 2004 Stock Incentive Plan) of a share of Common Stock on the Grant Date.

5. **Termination of Employment**.

(a) **Death or Disability**. If you cease active employment with the Company because of your death or "**Disability**" (as defined in the Employment Agreement), any portion of this Option that is not vested and exercisable as of the date of such termination shall thereupon be forfeited; *provided*, that in the alternative the Human Resources Committee (the "**Committee**") of the Company's Board of Directors may, in its sole discretion, cause all or any portion of this Option then held by you to become vested and exercisable effective as of the date of such termination. In the event that your employment terminates due to your death or Disability, the last day on which any vested Options may be exercised shall be the earlier of (i) the Expiration Date, or (ii) the fifth anniversary of your death or Disability.

(b) **Termination without Cause or for Good Reason**. Except as otherwise provided in Section 5(d) with respect to certain terminations of employment in connection with a Change in Control, if your employment is terminated by the Company without "**Cause**" (as defined in the Employment Agreement) or by you for "**Good Reason**" (as defined in the Employment Agreement), then (i) any portion of this Option that is not vested and exercisable as of the date of such termination shall continue to become exercisable as of the dates set forth in Section 4 and (ii) the last day on which this Option may be exercised shall be the Expiration Date.

(c) **Termination for Cause or without Good Reason**. If your employment is terminated by the Company for Cause or by you without Good Reason (including without limitation by reason of your retirement), then (i) any portion of this Option that is not vested and exercisable as of the date of such termination shall thereupon be forfeited and (ii) the vested portion of this Option shall terminate (A) if your employment is terminated by the Company for Cause, then this Option shall terminate on the date your employment terminates, (B) if your employment is terminated by you without Good Reason (including without limitation by reason of your retirement) prior to June 29, 2013, then this Option shall terminate on the earlier of (x) the Expiration Date, or (y) the 90^{th} day following the date of your termination of employment, or (C) if your employment is terminated by you without Good Reason (including without limitation by reason of your retirement) on or following June 29, 2013, then this Option shall terminate on the Expiration Date.

(d) **Certain Terminations of Employment in connection with a Change in Control**. Notwithstanding Section 5(b), if your employment is terminated by the Company without Cause or by you for Good Reason within six months prior to a "**Change in Control**" (as defined in the Employment Agreement) or during the 12 month period immediately following such Change in Control, then (i) this Option shall become fully vested and exercisable with respect to all shares subject thereto effective immediately prior to the date of such termination, and (ii) the last day on which this Option may be exercised shall be the Expiration Date.

6. **Exercise**. This Option may be exercised (subject to the restrictions contained in this Agreement) in whole or in part for the number of shares specified in a verbal or written notice that is delivered to the Company or its designated agent and is accompanied by full payment of the Exercise Price for such number of Option Shares in cash, or by surrendering or attesting to the ownership of shares of Common Stock, or a combination of cash and shares of Common Stock, in an amount or having a combined value equal to the aggregate Exercise Price for such Option Shares. In connection with any payment of the Exercise Price by surrender or attesting to the ownership of shares of Common Stock, proof acceptable to the Company shall be submitted upon request that such previously acquired shares have been owned by you for at least six (6) months prior to the date of exercise.

7. **Forfeiture**. Notwithstanding anything contained in this Agreement to the contrary, this Option shall be subject to Section 11 of the Employment Agreement. Accordingly, if you (a) violate any of the covenants set forth in Section 9(a) or 9(b) of the Employment Agreement, or (b) materially violate any of the covenants set forth in Section 9(c), 9(e) or 9(f) of the Employment Agreement, then pursuant to Section 11 of the Employment Agreement, then (i) any portion of this Option that has not been exercised prior to the date of such breach shall thereupon be forfeited and (ii) you shall be required to pay to the Company the amount of all Retention Option Gain (as defined in the Employment Agreement). You shall also be required to pay to the Company the amount of all Retention Option Gain upon the occurrence of those certain events described in Section 11(b) of the Employment Agreement.

8. **Rights as a Stockholder**. You will have no right as a stockholder with respect to any Option Shares until and unless ownership of such Option Shares has been transferred to you.

9. **Option Not Transferable**. This Option will not be assignable or transferable by you, other than by a qualified domestic relations order or by will or by the laws of descent and distribution, and will be exercisable during your lifetime only by you (or your legal guardian or personal representative). If this Option remains exercisable after your death, subject to Sections 1, 5 and 6 above, it may be exercised by the personal representative of your estate or by any person who acquires the right to exercise such Option by bequest, inheritance or otherwise by reason of your death.

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

11. **Conformity with the Plan**. This Option is intended to conform in all respects with, and is subject to applicable provisions of, the Plan. Inconsistencies between this Agreement and the Plan shall be resolved in accordance with the terms of the Plan. By your acceptance of this Agreement, you agree to be bound by all of the terms of this Agreement and the Plan.

12. **No Rights to Continued Employment**. Nothing in this Agreement confers any right on you to continue in the employ of the Coach Companies or affects in any way the right of any of the Coach Companies to terminate your employment at any time with or without cause.

13. **Miscellaneous**.

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

(b) **Governing Law**. All matters regarding or affecting the relationship of the Company and its stockholders shall be governed by the General Corporation Law of the State of Maryland. All other matters arising under this Agreement shall be governed by the internal laws of the State of New York, including matters of validity, construction and interpretation. You and the Company agree that all claims in respect of any action or proceeding arising out of or relating to this Agreement shall be heard or determined in any state or federal court sitting in New York, New York and you and the Company agree to submit to the jurisdiction of such courts, to bring all such actions or proceedings in such courts and to waive any defense of inconvenient forum to such actions or proceedings. A final judgment in any action or proceeding so brought shall be conclusive and may be enforced in any manner provided by law. Notwithstanding the foregoing, any matter also covered by, or dependent upon any interpretation under, the Employment Agreement shall be resolved pursuant to the arbitration provisions of Section 20 thereof.

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

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

14. **Section 409A**. The parties acknowledge and agree that, to the extent applicable, this Agreement shall be interpreted in accordance with, and the parties agree to use their best efforts to achieve timely compliance with Section 409A of the Internal Revenue Code of 1986, as amended, and the Department of Treasury Regulations and other interpretive guidance issued thereunder ("**Section 409A**"), including without limitation any such regulations or other guidance that may be issued after the date hereof. Notwithstanding any provision of this Agreement to the contrary, in the event that the Company determines that any amounts payable hereunder may be subject to Section 409A, the Company may adopt (without any obligation to do so or to indemnify you for failure to do so) such limited amendments to this Agreement and appropriate policies and procedures, including amendments and policies with retroactive effect, that the Company reasonably determines are necessary or appropriate to (a) exempt the compensation and benefits payable under this Agreement from Section 409A and/or preserve the intended tax treatment of the compensation and benefits provided with respect to this Agreement or (b) comply with the requirements of Section 409A. Notwithstanding anything herein to the contrary, if at the time of your termination of employment you are a "specified employee" as defined in Section 409A (and any related regulations or other pronouncements thereunder) and the deferral of any payments otherwise payable hereunder as a result of such termination of employment is necessary in order to prevent any accelerated or additional tax under Section 409A, then the Company shall defer such payments (without any reduction in such payments ultimately paid or provided to you) until the date that is six months following your termination of employment (or the earliest date as is permitted under Section 409A).

[signature page follows]

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

COACH, INC.

_____

Sarah Dunn
Senior Vice President, Human Resources

Date: August 5, 2008

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

OPTIONEE:

_____

Michael Tucci

Employee ID#: _____

Date: August 5, 2008

EXHIBIT C

COACH, INC.
2004 Stock Incentive Plan
Retention Restricted Stock Unit Award Grant Notice and Agreement

Michael Tucci

Coach, Inc. (the "**Company**") is pleased to confirm that you have been granted a restricted stock unit award (the "**Award**"), effective as of August 5, 2008 (the "**Award Date**"), as provided in this agreement (the "**Agreement**") pursuant to the Coach, Inc. 2004 Stock Incentive Plan (the "**Plan**"). The restricted stock units ("**RSUs**") subject to this Award are the "**Retention RSUs**" as defined in that certain Employment Agreement entered into by and between you and the Company effective as of August 5, 2008 (the "**Employment Agreement**").

1. **Award**. Subject to the restrictions, limitations and conditions as described below, the Company hereby awards to you as of the Award Date:

[ ][2] RSUs

which are considered Awards of Restricted Stock under the Plan. Each RSU represents the right to receive one share of Coach, Inc. common stock upon the satisfaction of terms and conditions set forth in this Agreement and the Plan. While the restrictions are in effect, the RSUs are not transferable by the Participant by means of sale, assignment, exchange, pledge, or otherwise.

2. **Vesting**. The RSUs will remain restricted and may not be sold or transferred by you until they have become vested pursuant to the terms of this Agreement. Subject to Section 4 below (a) 20% of the RSUs shall become vested on each of July 2, 2011 and June 30, 2012 and (b) the remaining 60% of the RSUs shall become vested on June 29, 2013. Each of July 2, 2011, June 30, 2012 and June 29, 2013 shall be referred to herein as a "**Vesting Date**."

3. **Distribution of the Award**. As soon as reasonably practicable following each Vesting Date, the Human Resources Committee (the "**Committee**") of the Company's Board of Directors will release the portion of the Award that has become vested as of such Vesting Date. Applicable withholding taxes will be settled by withholding a number of shares of Coach, Inc. common stock with a market value equal to the amount of such taxes (as determined based on the minimum statutory withholding rates then in effect) or by remitting a cash payment to the Company in the amount necessary to satisfy applicable withholding obligations (or by a combination of the foregoing).

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2 Number (rounded to the nearest whole number) equal to (a) $3.75 million divided by (b) the Fair Market Value (as defined in the Coach, Inc. 2004 Stock Incentive Plan) of a share of Common Stock on the Award Date.

4. **Termination of Employment**.

(a) **Death or Disability**. If you cease active employment with the Company because of your death or "**Disability**" (as defined in the Employment Agreement), any portion of the Award that has not become vested on or prior to the date of such termination shall thereupon be forfeited; *provided*, that in the alternative the Committee may, in its sole discretion, cause all or any portion of the Award to become vested effective as of the date of such termination.

(b) **Termination without Cause or for Good Reason**. Except as otherwise provided in Section 4(d) with respect to certain terminations of employment in connection with a Change in Control, if your employment is terminated by the Company without "**Cause**" (as defined in the Employment Agreement) or by you for "**Good Reason**" (as defined in the Employment Agreement), then any portion of the Award that has not become vested on or prior to the date of such termination shall continue to become vested as of the dates set forth in Section 2.

(c) **Termination for Cause or without Good Reason**. If your employment is terminated by the Company for Cause or by you without Good Reason (including without limitation by reason of your retirement), then any portion of the Award that has not become vested on or prior to the date of such termination shall thereupon be forfeited.

(d) **Certain Terminations of Employment in connection with a Change in Control**. Notwithstanding Section 4(b), if your employment is terminated by the Company without Cause or by you for Good Reason within six months prior to a "**Change in Control**" (as defined in the Employment Agreement) or during the 12 month period immediately following such Change in Control, then the Award shall become fully vested effective immediately prior to the date of such termination.

5. **Forfeiture**. Notwithstanding anything contained in this Agreement to the contrary, the Award shall be subject to Section 11 of the Employment Agreement. Accordingly, if you (a) violate any of the covenants set forth in Section 9(a) or 9(b) of the Employment Agreement, or (b) materially violate any of the covenants set forth in Section 9(c), 9(e) or 9(f) of the Employment Agreement, then pursuant to Section 11 of the Employment Agreement (i) any portion of the Award that has not become vested prior to the date of such breach shall thereupon be forfeited and (ii) you shall be required to pay to the Company the amount of all "**Retention R SU Gain**" (as defined in the Employment Agreement). You shall also be required to pay to the Company the amount of all Retention RSU Gain upon the occurrence of those certain events described in Section 11(b) of the Employment Agreement.

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

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

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

9. **No Rights to Continued Employment**. Nothing in this Agreement confers any right on you to continue in the employ of the Coach Companies or affects in any way the right of any of the Coach Companies to terminate your employment at any time with or without cause.

10. **Miscellaneous**.

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

(b) **Governing Law**. All matters regarding or affecting the relationship of the Company and its stockholders shall be governed by the General Corporation Law of the State of Maryland. All other matters arising under this Agreement shall be governed by the internal laws of the State of New York, including matters of validity, construction and interpretation. You and the Company agree that all claims in respect of any action or proceeding arising out of or relating to this Agreement shall be heard or determined in any state or federal court sitting in New York, New York and you and the Company agree to submit to the jurisdiction of such courts, to bring all such actions or proceedings in such courts and to waive any defense of inconvenient forum to such actions or proceedings. A final judgment in any action or proceeding so brought shall be conclusive and may be enforced in any manner provided by law. Notwithstanding the foregoing, any matter covered by, or dependent upon any interpretation under, the Employment Agreement shall be resolved pursuant to the arbitration provisions of Section 20 thereof.

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

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

11. **Section 409A**. The parties acknowledge and agree that, to the extent applicable, this Agreement shall be interpreted in accordance with, and the parties agree to use their best efforts to achieve timely compliance with Section 409A of the Internal Revenue Code of 1986, as amended, and the Department of Treasury Regulations and other interpretive guidance issued thereunder ("**Section 409A**"), including without limitation any such regulations or other guidance that may be issued after the date hereof. Notwithstanding any provision of this Agreement to the contrary, in the event that the Company determines that any amounts payable hereunder may be subject to Section 409A, the Company may adopt (without any obligation to do so or to indemnify you for failure to do so) such limited amendments to this Agreement and appropriate policies and procedures, including amendments and policies with retroactive effect, that the Company reasonably determines are necessary or appropriate to (a) exempt the compensation and benefits payable under this Agreement from Section 409A and/or preserve the intended tax treatment of the compensation and benefits provided with respect to this Agreement or (b) comply with the requirements of Section 409A. Notwithstanding anything herein to the contrary, if at the time of your termination of employment you are a "specified employee" as defined in Section 409A (and any related regulations or other pronouncements thereunder) and the deferral of any payments otherwise payable hereunder as a result of such termination of employment is necessary in order to prevent any accelerated or additional tax under Section 409A, then the Company shall defer such payments (without any reduction in such payments ultimately paid or provided to you) until the date that is six months following your termination of employment (or the earliest date as is permitted under Section 409A).

[signature page follows]

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

COACH, INC.

_____

Sarah Dunn
Senior Vice President, Human Resources

Date: August 5, 2008

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

AWARD RECIPIENT:

_____

Michael Tucci

Employee ID#:_____

Date: August 5, 2008

Agreement

Bauman 34th Street, LLC
and
Goldberg 34th Street, LLC
Seller

and

504-514 West 34th Street Corp.
Buyer

Property

516 West 34th Street
New York, NY 10001

Date: July __, 2008

Table of Contents

Agreement

1. Basic Terms and Definitions

1.1 Date of this Agreement. July __, 2008

1.2 Seller. Bauman 34th Street, LLC ("Bauman Seller") and Goldberg 34th Street, LLC ("Goldberg Seller"), both Delaware limited liability companies

1.3 Buyer. 504-514 West 34th Street Corp., a Maryland corporation

1.4 Land. The land described on Exhibit A to this Agreement

1.5 Purchase Price. $128,000,000.00

1.6 Deposit. $12,800,000.00, plus interest, if any

1.7 Escrow Agent. Goulston & Storrs, P.C.

1.8 Closing Date. The date which is seven business days following the date Seller obtains the consent of the holder of the Loan Documents ("Lender"), subject to Subsection 6.1.2.

1.9 Closing Location. Goulston & Storrs, P.C., 750 Third Avenue, New York, NY 10017.

1.10 Broker. None

1.11 Notice Addresses and Tax Identification Numbers.

(a) Seller. Bauman 34th Street, LLC, c/o Patricia Bauman, The Bauman Foundation, Jewett House, 2040 S Street, N.W., Washington, D.C. 20009-1110; Tax ID No. 90-0084824, with a copy to Goulston & Storrs, P.C., 750 Third Avenue, New York, NY 10017, attention: Mitchell N. Baron, Esq.; and Goldberg 34th Street, LLC, c/o Jack Anfang, 6140 Evian Place, Boynton Beach, FL 33437 and 139 Hadden Road, New Hyde Park, NY 11040; Tax ID No. 01-0781561, with a copy to Graubard Miller, 405 Lexington Avenue, New York, NY 10174, attention: Lester N. Henner, Esq.

(b) Buyer. 504-514 West 34th Street Corp., c/o Coach, Inc., 516 West 34th Street, New York, NY 10001, attention: General Counsel; Tax ID No. 42-1674764, with a copy to Phyllips Lytle, LLP, 437 Madison Avenue, New York, NY 10022, attention: Kenneth R. Crystal, Esq.

(c) Escrow Agent. Goulston & Storrs, P.C., 750 Third Avenue, New York, NY 10017, attention: Mitchell N. Baron, Esq.

1.12 Certain Defined Terms.

(a) Leases. The occupancy agreements described on Exhibit B to this Agreement.

(b) Permitted Encumbrances. The matters described on Exhibit C to this Agreement.

(c) Service Contracts. The contracts described on Exhibit D to this Agreement.

(d) Employees. The employees listed on Exhibit E to this Agreement.

(e) Loan Documents. The documents listed on Exhibit F to this Agreement.

1.13 Other Defined Terms.

(a) Closing. Section 6.1

(b) Equipment. Section 2.1

(c) Improvements. Section 2.1

(d) Property. Section 2.1

(e) Rents. Section 4.1

(f) Survival Period. Section 8.3

2. The Property.

2.1 The Property. Seller shall sell to Buyer, and Buyer shall purchase from Seller, the Land and the buildings and improvements on the Land (collectively, the "Improvements"; the Land and the Improvements, collectively, the "Property"), together with all of Seller's right, title and interest, if any, in and to (a) any land lying in the bed of any street, opened or proposed, adjoining the Land, to the center line thereof, (b) any unpaid condemnation award with respect to the Land or the Improvements by reason of the change of grade of any street, (c) any strips and gores adjoining the Land, (d) any rights relating to the Land or the Improvements, (e) the Leases, (f) the Service Contracts, (g) all fixtures, equipment and personal property used in connection with the Land or the Improvements (the "Equipment"), and (h) all intangible property used in connection with the Land or the Improvements.

3. Purchase Price.

3.1 Payment. The Purchase Price for the Property shall be paid by Buyer to Seller as follows: (a) the Deposit shall be paid on the execution and delivery of this Agreement by Buyer, by certified check of Buyer or official bank check drawn on or by a bank which is a member of the New York Clearing House Association, L.L.C. to the order of Escrow Agent, or, at Seller's option, by a wire transfer to the account of Escrow Agent, the receipt of which is hereby acknowledged, to be held in escrow by Escrow Agent in accordance with this Agreement; (b) $92,200,000.00 shall be paid at the Closing, by one or more certified checks of Buyer or official bank checks drawn on or by a bank which is a member of the New York Clearing House Association, L.L.C., or by wire transfers, to payees, as requested by Seller at least one day prior to the Closing Date; and (c) $23,000,000.00 shall be paid by Buyer accepting title to the Property subject to the Loan Documents, provided, however, that if Seller shall prepay any portion of the principal of the Loan Documents at or prior to the Closing, an amount equal to the amount of principal prepaid shall be added to the amount payable pursuant to clause (b) of this Section.

4. Apportionments; Miscellaneous Payments.

4.1 Income and Expenses. All income and expenses applicable to the Property shall be apportioned between Seller and Buyer as of the Closing Date, including the following items:

4.1.1 Rents. Rent, additional rent and all other charges under the Leases ("Rents"), as and when collected, subject to the provisions of this Article.

(a) Delinquent Rents. At the Closing, Seller shall deliver to Buyer a list of all tenants under the Leases who are delinquent in the payment of Rents, the amount of each delinquency, and the period to which each delinquency is attributable. Any Rents collected by Buyer after the Closing from any delinquent tenant, net of reasonable out-of-pocket expenses incurred by Buyer to collect such Rents, shall be applied in the following order of priority: first, to delinquent Rents for the month in which the Closing occurs; second, to delinquent Rents for the month prior to the month in which the Closing occurs; third, to then current Rents due from such tenant; and last, to delinquent Rents for all other months prior to the month in which the Closing occurs. Buyer shall, at Seller's request, submit to delinquent tenants invoices for Rents to which Seller is entitled. If any such Rents are collected by Buyer, Buyer shall promptly pay to Seller the portion to which Seller is entitled. Seller shall have the right, subsequent to the Closing, to collect any such Rents not collected by Buyer directly from the tenants, and to commence an action against the tenants for such collection, but any such action shall not include an eviction of any such tenants. Buyer shall reasonably cooperate with Seller in connection with Seller's efforts to collect any such Rents not collected by Buyer.

(b) Unbilled Rents. At the Closing, Seller shall deliver to Buyer a list of all Rents payable under the Leases which are either billed but not due, or are unbilled, as of the Closing Date. To the extent such Rents are unbilled, the list shall contain only a description of the nature of the unbilled Rents since the actual amounts may not be known until after the Closing. To the extent Seller shall have received any sums on account of any such Rents, such sums shall be set forth on the list and Seller shall be entitled to retain the same as a payment on account of such Rents due to Seller. Upon the determination by Buyer (with the reasonable approval of Seller) of the amounts of such Rents, bills therefor shall be delivered to the tenants. The first amounts collected by Buyer in respect of such Rents shall be deemed to be in payment of the amounts remaining due and payable to Seller. If any such Rents are collected by Buyer, Buyer shall promptly pay to Seller the portion to which Seller is entitled. Seller shall have the right, subsequent to the Closing, to collect any such Rents not collected by Buyer directly from the tenants, and to commence an action against the tenants for such collection, but any such action shall not include an eviction of any such tenants. Buyer shall reasonably cooperate with Seller in connection with Seller's efforts to collect any such Rents not collected by Buyer.

4.1.2 Real Estate Taxes. Real estate taxes on the basis of the fiscal year for which assessed. If the Closing shall occur before the tax rate is fixed, the apportionment of real estate taxes shall be on the basis of the tax rate for the immediately preceding fiscal year applied to the latest assessed valuation, subject to final adjustment when the tax rate is fixed for the fiscal year in which the Closing occurs. Seller shall have the right to prosecute subsequent to the Closing any pending tax certiorari proceedings for the fiscal year in which the Closing occurs and all prior fiscal years. Any refunds obtained for any fiscal years prior to the fiscal year in which the Closing occurs, shall be paid to Seller. Any refund obtained for the tax year in which the Closing occurs, net of the reasonable expenses incurred in obtaining such refund, shall be paid to Buyer to the extent of the amount thereof which is payable to the tenants under the Leases, and the balance thereof, if any, shall be apportioned between Seller and Buyer. Seller shall request from the attorney representing Seller, and if received, shall deliver to Buyer at the Closing, a letter outlining the status of any pending tax certiorari proceedings, but the failure to obtain that letter shall not be a condition to the Closing, a default by Seller or entitle Buyer to any remedies, and this Agreement shall remain in full force and effect according to its terms.

4.1.3 Water and Sewer. Water and sewer charges and rents on the basis of the fiscal year for which assessed. If there are water or gas meters, Seller shall furnish readings to a date not more than 30 days prior to the Closing Date, and the unfixed meter charges and the unfixed sewer rents, if any, based thereon for the intervening period shall be apportioned on the basis of such last reading. If, however, the meters are read on the Closing Date, the billing is switched to Buyer as of the Closing Date, or any such charges or rents are payable by any tenant under a Lease, such charges or rents shall not be apportioned.

4.1.4 Service Contracts. All charges, advance payments and deposits under the Service Contracts.

4.1.5 Fuel. Fuel (including sales tax) based on a reading obtained by Seller and the last price paid by Seller for fuel.

4.1.6 Employees. Salaries, wages, payroll costs and taxes, vacation pay, union benefits and other fringe benefits, including, without limitation, welfare and pension contributions, with respect to the Employees.

4.1.7 Leasing Commissions. All leasing commissions and any installment thereof on account of Leases made after the date of this Agreement, whether or not the same are due and payable prior to, on or after the Closing Date shall be paid by Buyer at such time as they are due and payable. If prior to the Closing Seller shall pay any leasing commission or any installment thereof which is the obligation of Buyer, Buyer shall reimburse Seller at the Closing.

4.1.8 Interest on Loan Documents. Interest on the Loan Documents.

4.2 Miscellaneous Payments.

4.2.1 In addition to any other payments under this Agreement, at the Closing, an amount equal to all reserves, escrows and other cash applicable to the Property held by Lender shall be paid by Buyer to Seller, as evidenced by a statement of Lender or, if Lender shall refuse to give such statement, then by a statement of the managing agent for the Property, in the same manner as the balance of the cash portion of the purchase price is paid by Buyer to Seller. Any reserves, escrows or other cash applicable to the Property and not held by the Lender shall be distributed to Seller at or prior to the Closing.

4.2.2 At the Closing, Buyer shall arrange for Coach, Inc. to pay all rents due under the lease held by Coach, Inc. of a portion of the Property to the Closing Date, to be apportioned pursuant to this Article.

4.3 Customs. Except as otherwise provided in this Agreement, the apportionments shall be made as of the date immediately preceding the Closing Date and otherwise in accordance with the customs in respect to title closings recommended by the Real Estate Board of New York, Inc.

4.4 Errors. Any errors in calculating the apportionments shall be corrected as soon as practicable following the Closing.

4.5 Survival. The provisions of this Article shall survive the Closing.

5. Title.

5.1 Permitted Encumbrances. The Property shall be conveyed subject to the Permitted Encumbrances.

5.2 Title Report. Buyer shall, promptly after it executes this Agreement, order and deliver to Seller a title search of the Land and Improvements, together with notice of any objections which Buyer may have with respect to title which are not Permitted Encumbrances or which Seller is not required to remove pursuant to any provision of this Agreement. Seller shall be entitled to reasonable adjournments of the Closing (not to exceed 180 days) in order to remedy any such objections. Buyer shall be responsible for all charges and premiums in connection with its title search, title insurance policy and survey, if any.

5.3 Inability to Convey. Notwithstanding any provision of this Agreement to the contrary, if Seller is unable to convey the Property in accordance with this Agreement, the sole obligation and liability of Seller shall be to permit Escrow Agent to pay to Buyer the Deposit, and for Seller to pay to Buyer the cost paid by Buyer for Buyer's title search and survey, if any, whereupon this Agreement shall be deemed terminated and Seller and Buyer shall be released of all obligations and liabilities under this Agreement, except those that are stated to survive the termination of this Agreement. Buyer shall have no further rights of action against Seller, in law or in equity, for damages or specific performance. Buyer shall have the right, however, to accept such title as Seller can convey, in which event Seller shall make the deliveries provided in this Agreement to Buyer, to the extent Seller is able to do, and there shall be no reduction of the Purchase Price. Seller shall not be required to take any action, to institute any proceedings or to incur any expense in order to remedy any objections to title. If Seller shall elect not to take any action, institute any proceeding or incur any expense to remedy any objection to title, Seller shall be deemed unable to convey the Property in accordance with the terms of this Agreement, provided, however, Seller (or, if caused by only one Seller, the responsible Seller) shall be required to remove of record the following liens (unless any of such liens are Permitted Encumbrances or Seller is not required to remove any such liens pursuant to any express provision of this Agreement): (a) any mortgage on the Land or the Improvements other than the mortgages which are part of the Loan Documents; and (b) any lien voluntarily created by Seller after the date of this Agreement. The acceptance of the deed to the Land and the Improvements by Buyer shall be deemed full performance by Seller of all of Seller's obligations under this Agreement, except those, if any, which are specifically stated in this Agreement to survive the Closing. Unless otherwise stated on this Agreement, no obligations, liabilities, representations or warranties of Seller shall survive the Closing.

5.4 Violations. Notwithstanding any provision of this Agreement to the contrary, Seller shall not be obligated to comply with, or take any action or incur any expense in connection with, any violations of law, now or hereafter existing, and Buyer shall accept title to the Property subject to any such violations.

5.5 Emergency Repairs. Any obligations affecting the Property incurred under the Emergency Repairs provisions of the Administrative Code of the City of New York (Sections 564-18.0, etc.) prior to the Closing shall be paid by Seller.

5.6 Assessments. If, on the Closing Date, the Land or the Improvements are affected by any assessments by any government authority (a) Buyer shall accept title to the Property subject to any such assessments or installments thereof payable on or after the Closing Date and (b) any such assessments or installments thereof payable prior to the Closing Date shall be apportioned pursuant to Article 4.

5.7 Removal of Liens and Encumbrances. If on the Closing Date there are any liens or encumbrances which Seller is obligated or elects to remove of record, same shall be deemed removed of record if Buyer's title insurance company agrees, without additional premium, to insure (a) Buyer without exception for such liens and encumbrances or that same shall not be enforced against the Property and (b) Buyer's lender, if any, without exception for such liens and encumbrances.

5.8 Survival. The provisions of this Article shall survive the Closing.

6. Closing; Consent of Lender.

6.1 Closing.

6.1.1 The closing of the transactions contemplated by this Agreement (the "Closing") shall take place at the Closing Location, at 10:00 A.M. on the Closing Date (time being of the essence with respect to Buyer's and Seller's obligation to close on the date which is seven business days following that date), subject to any adjournments permitted under this Agreement. If the Closing shall not occur on the Closing Date, then for the purposes of this Agreement, the date on which the Closing occurs shall be deemed the Closing Date.

6.1.2 Buyer acknowledges that each Seller owns a 50% interest in the Property as a tenant-in-common. Accordingly, notwithstanding any provision of this Agreement to the contrary, Seller and Buyer agree as provided in this Subsection.

(a) All payments by Buyer to Seller under this Agreement shall be made 50% to Bauman Seller and 50% to Goldberg Seller, subject to this Subsection.

(b) All payments by Seller under this Agreement shall be made 50% by Bauman Seller and 50% by Goldberg Seller, subject to this Subsection (except as expressly provided in this Agreement). Notwithstanding the foregoing, the liability of Seller under this Agreement shall be several, not joint and several, so that if only one Seller shall default under this Agreement only that Seller shall be liable for that default.

(c) If Goldberg Seller desires to effectuate a tax-free exchange of its interest, Goldberg Seller shall have the right from time to time to adjourn the Closing of its interest (but not the Bauman Seller interest) to a date not later than the 730th day following the date of the First Closing (as defined in paragraph (d) of this Subsection), provided that (i) Goldberg Seller shall give Buyer notice of the adjournment not less than five business days prior to the then scheduled Closing Date and (ii) the adjourned Closing Date shall be not less than 30 days following the then scheduled Closing Date. If Goldberg Seller shall adjourn the Closing of its interest, and thereafter request a Closing prior to the scheduled Closing Date, Buyer shall reasonably cooperate with Goldberg Seller to accommodate a reasonable acceleration of the Closing.

(d) If Goldberg Seller shall adjourn the Closing of its interest, the Closing of the Bauman Seller interest (the "First Closing") shall occur on the originally scheduled Closing Date and the Closing of the Goldberg Seller interest shall occur on the adjourned Closing Date (subject to further adjournments as provided in this Subsection), in accordance with this Agreement, except that the following shall apply:

(i) The Purchase Price payable to each Seller shall be $64,000,000, the Deposit applicable to each Seller shall be $6,400,000 plus the interest thereon, if any, and the principal of the Loan Documents applicable to (and deducted from the Purchase Price of) each Seller shall be $11,500,000.

(ii) At the First Closing, the Deposit applicable to Goldberg Seller shall be delivered by Escrow Agent named in this Agreement to an Escrow Agent designated by Goldberg Seller, which Escrow Agent shall, by accepting the Deposit applicable to the Goldberg Seller interest, be deemed to have agreed to the escrow provisions of this Agreement and the original Escrow Agent shall be released from all liabilities and obligations under this Agreement.

(iii) The Closing of the Goldberg Seller interest shall occur at a Closing Location in New York City designated by Buyer's lender or, if none, Goldberg Seller.

(iv) At each Closing (A) each Seller shall convey to Buyer only its 50% tenant-in-common interest in the Property, (B) Buyer shall pay only the Purchase Price applicable to the interest of that Seller and (C) the apportionments and miscellaneous payments shall be made only with respect to the 50% interest in the Property which is conveyed; however, following the First Closing, the apportionments and miscellaneous payments shall be governed by the Net Lease.

(v) Following the First Closing, all references in this Agreement to (A) Seller, shall be deemed to refer solely to Goldberg Seller and (B) the Deposit, shall be deemed to refer solely to the sum of $6,400,000 plus the interest thereon, if any.

(vi) Notwithstanding the provisions of this Agreement, if the First Closing occurs, 50% of the interest on the Deposit through the date immediately preceding the First Closing shall be paid to Bauman Seller at the First Closing, and if the Closing of the Goldberg Seller interest occurs, at that closing 50% of the interest on the Deposit through the date immediately preceding the First Closing shall be paid to Goldberg Seller and the balance of the interest shall be paid to Buyer.

(vii) If, following the First Closing, the Closing of the Goldberg Seller interest fails to occur on or before the date which is 730 days following the date of the First Closing solely as the result of the default of Goldberg Seller (and Buyer is then ready, willing and able to close in accordance with this Agreement), then in addition to all other rights or remedies of Buyer, the Purchase Price for the Goldberg Seller interest shall be reduced by $2,000,000.

(viii) If, following the First Closing, the Closing of the Goldberg Seller interest fails to occur on or before the date which is 90 days following the date of the notice given by Goldberg Seller pursuant to the first sentence of Subsection 6.1.2(c) solely as the result of the default of Buyer (and Goldberg Seller is then ready, willing and able to close in accordance with this Agreement), then in addition to all other rights or remedies of Goldberg Seller, the Purchase Price for the Goldberg Seller interest shall be increased by $2,000,000.

(ix) On the date of this Agreement, Goldberg Seller and Buyer have entered into the Tenancy-In-Common Agreement attached to this Agreement as Exhibit G (the "TIC Agreement"), the Net Lease Agreement attached to this Agreement as Exhibit H (the "Net Lease") and the letter attached to this Agreement as Exhibit I (the "Letter"), each effective as of the date of the First Closing, subject to the Consent (as defined in Subsection 6.2.1) and the occurrence of the First Closing. If the First Closing shall not occur, notwithstanding any provision of this Agreement, the TIC Agreement, the Net Lease or the Letter to the contrary, the TIC Agreement, the Net Lease and the Letter shall be deemed null and void and of no force or effect. Upon the completion of the First Closing, Goldberg Seller and Buyer shall execute and acknowledge a memorandum of this Agreement containing the information required by law and any other information which is acceptable to both parties, and any other documents required to record the memorandum. Buyer shall have the right, at its option and at its expense, to record the memorandum. If the Closing of the Goldberg Interest shall not occur and this Agreement is terminated, Buyer shall promptly return the original memorandum, if not recorded or, if recorded, execute, acknowledge and record a cancellation of the memorandum.

(e) Buyer shall otherwise reasonably cooperate with Goldberg Seller in connection with the exchange, at no cost to Buyer and without Buyer incurring any additional obligations or liabilities.

6.2 Consent of Lender.

6.2.1 This Agreement is subject to and conditioned on the receipt by Seller of the consent of Lender to the sale of the Property by Seller to Buyer, the TIC Agreement and the Net Lease (the "Consent"), on or before the date (the "Consent Date") which is 90 days following the date of this Agreement. Seller may extend the Consent Date to the date which is 180 days following the date of this Agreement by giving notice of the extension to Buyer on or before the date which is 15 days prior to the original Consent Date.

6.2.2 Promptly following the execution and delivery of this Agreement Seller shall request the Consent. Seller and Buyer shall (a) furnish the information, documents and other items required by the Loan Documents or Lender, including financial statements, (b) execute and deliver an agreement reasonably acceptable to Seller, Buyer and Lender under which Buyer assumes all of Seller's obligations and liabilities under the Loan Documents and Seller is released from all obligations and liabilities under the Loan Documents and (c) otherwise cooperate in good faith with Lender to obtain the Consent. Buyer shall pay all fees, charges and expenses of Lender as required by the Loan Documents in connection with the Consent.

6.2.3 If Seller shall not receive the Consent on or before the Consent Date (as the same may be extended pursuant to this Section), this Agreement shall automatically terminate, Escrow Agent shall pay the Deposit to Buyer, and neither party shall have any further obligations or liabilities under this Agreement, except those that are expressly stated to survive the termination of this Agreement, unless Seller, at Seller's expense, by notice to Buyer on or before the date which is 15 days following Lender's denial of the Consent, elects to prepay or defease the Loan Documents (in which event Buyer shall pay a portion of any prepayment fee or expense of defeasance up to the amount of the consent fee which otherwise would have been payable had Lender given the Consent). If Seller shall not elect to prepay or defease, Buyer may elect to do so, at Buyer's expense, by notice to Seller on or before the 15th day following the end of Seller's 10-day election period.

7. Closing Deliveries.

7.1 Seller's Deliveries. At the Closing, Seller shall execute, acknowledge and deliver the items set forth in this Section.

(a) A bargain and sale deed, without covenant against grantor's acts, containing the covenant required by subdivision 5 of Section 13 of the Lien Law.

(b) All tax and other forms required by any Federal, state or local government authority in connection with the transactions contemplated by this Agreement, together with certified or official bank checks to the order of the appropriate government authority for any conveyance or similar tax imposed by any Federal, state or local government authority in connection with the transactions contemplated by this Agreement. Buyer shall execute such forms and shall deliver the forms and the aforesaid checks to Buyer's title insurance company for delivery to the appropriate government authority promptly after the Closing.

(c) An assignment of the Leases, the security deposits under the Leases (which shall be paid by Seller to Buyer at the Closing) and the Service Contracts, without representation or warranty other than as specifically set forth in this Agreement, containing Seller's agreement to indemnify, defend and hold harmless Buyer from and against all claims, actions, proceedings, losses, liabilities and expenses (including reasonable attorney's fees) by reason of Seller's failure to perform Seller's obligations under the Leases (other than the Lease held by Coach, Inc. of a portion of the Property) or the Service Contracts accruing prior to the Closing Date (provided Buyer makes a claim against Seller prior to the expiration of the Survival Period). Buyer shall execute the assignment for the purpose of assuming Seller's obligations under the Leases and the Service Contracts, and indemnifying, defending and holding harmless Seller from and against all claims, actions, proceedings, losses, liabilities and expenses (including reasonable attorneys' fees) by reason of Buyer's failure to perform Buyer's obligations under the Leases or the Service Contracts accruing on or after the Closing Date. Notwithstanding the foregoing, any Service Contract that is cancellable without payment or penalty (unless paid by Buyer) shall be cancelled by Seller effective as of the Closing Date or the earliest date thereafter cancellation is permitted, if requested by Buyer not less than 10 days prior to the Closing Date.

(d) A certification that Seller is not a “foreign person” as such term is defined in Section 1445 of the Internal Revenue Code of 1984, as amended, and the regulations thereunder, in the form required thereby.

(e) Notices to the tenants under the Leases signed by Seller and Buyer advising the tenants of the conveyance to Buyer of Seller’s landlord’s interest and, where applicable, the security deposits.

(f) A certificate of a member of Seller certifying that : (i) Seller is authorized to enter into and perform this Agreement; (ii) the Certificate of Formation of Seller has been filed in the proper office and is in full force and effect and (iii) the Members of Seller have consented to Seller’s entering into and performing this Agreement.

(g) An assignment of the Loan Documents, without representation or warranty other than as specifically set forth in this Agreement, assigning to Buyer all of Seller’s right, title and interest in, to and under the Loan Documents, including all amounts (with the interest thereon) held in escrow or in a reserve by Lender in respect of the Property, which shall be paid by Buyer to Seller at the Closing in the same manner as the balance of the cash portion of the Purchase Price is paid by Buyer to Seller. Buyer shall execute the assignment for the purpose of assuming Seller’s obligations under the Loan Documents.

(h) A statement from Lender, dated within 30 days of the Closing Date, of the unpaid principal balance and accrued interest on the Loan Documents. Seller shall request that such statement include a statement of the balance of any escrows or reserves held by Lender, but the failure of Lender to include such statement shall not be a default under this Agreement or otherwise modify any obligation of Buyer under this Agreement, including the obligation to pay those escrows and reserves to Seller at the Closing or to close the transactions contemplated by this Agreement in accordance with this Agreement.

(i) All employee and maintenance records, plans, specifications, licenses and permits relating to the Property in Seller’s possession or control.

(j) The letter referred to in Subsection 4.1.2, if obtained.

(k) The estoppel letter referred to in Subsection 8.1.2., if obtained.

(l) Any other deliveries required to be made by Seller pursuant to this Agreement.

7.2 Buyer's Deliveries. At the Closing, Buyer shall execute, acknowledge and deliver all documents, and make all of the other deliveries, required of Buyer pursuant to this Agreement, including payment of the balance of the Purchase Price and all other payments.

7.3 Survival. The provisions of this Article shall survive the Closing.

8. Representations.

8.1 Seller's Representations. Each Seller represents to Buyer for itself as set forth in this Section.

8.1.1 Authorization.

(a) Seller (i) is duly organized, validly existing and in good standing under the law of the State of its formation and (ii) has the power to perform Seller's obligations under this Agreement.

(b) This Agreement is a valid and binding obligation of Seller, enforceable against Seller in accordance with its terms, subject to bankruptcy, reorganization and other similar laws affecting the enforcement of creditors' rights generally.

(c) The execution, delivery and performance of this Agreement in accordance with its terms (i) does not violate the constitutive documents of Seller, or any agreement, order, judgment or decree binding on Seller and (ii) have been duly authorized by all necessary action by Seller.

8.1.2 Leases. A list of all of the Leases (but not subleases entered into by any tenants under the Leases) affecting the Land or the Improvements on the date of this Agreement is attached to this Agreement as Exhibit C, complete copies of which have been made available to Buyer for Buyer's review. To the actual knowledge of Seller, on the date of this Agreement (i) the Leases are in good standing and in full force and effect in accordance with their respective terms, (ii) except as set forth on Exhibit C, the Leases have not been amended and (iii) except as set forth on Exhibit C, there has been no written claim of default under any of the Leases on the part of any party thereto which remains uncured on the date of this Agreement. Seller's representations under this Subsection shall not be deemed made with respect to the Lease held by Coach, Inc. of a portion of the Property. Seller shall not, without Buyer's consent, voluntarily terminate or modify any of the Leases or enter into any new Leases. Notwithstanding the foregoing, if prior to the Closing Date any tenant under a Lease shall default under its Lease or any Lease is terminated (other than pursuant to a voluntarily termination by Seller), Buyer's obligation to accept title to the Property and to pay the full Purchase Price shall not be affected, and this Agreement shall remain in full force and effect. Nothing contained in this Agreement shall prevent Seller from commencing any action, including a summary dispossesses proceeding or non-payment proceeding, against any tenant that is in default under its Lease, or from applying any security deposit held by Seller. On the date of this Agreement, there are no leasing commissions due with respect to the Leases. Seller shall request from Forest Electric Corp., and if received deliver to Buyer at the Closing, an estoppel letter in accordance with the Lease with Forest Electric Corp. If Forest Electric Corp. fails to deliver same, Seller shall not be in default under this Agreement and this Agreement shall remain in full force and effect in accordance with its terms and, notwithstanding the provisions of Section 8.3 Sellers' representations in this Subsection with respect to that Lease shall survive the Closing without time limit.

8.1.3 Service Contracts. A list of all of the Service Contracts which affect the Property on the date of this Agreement is attached to this Agreement as Exhibit D, complete copies of which have been made available to Buyer for Buyer's review. To the actual knowledge of Seller, on the date of this Agreement (i) the Service Contracts are in good standing and in full force and effect in accordance with their respective terms, (ii) except as set forth in Exhibit D, the Service Contracts have not been amended, and (iii) except as set forth in Exhibit D, there has been no written claim of default under any of the Service Contracts by any party thereto which remains uncured on the date of this Agreement. Seller shall not, without Buyer's consent, enter into any Service Contract after the date of this Agreement unless it can be terminated on not more than 30 days' notice, without penalty.

8.1.4 Employees. A list of all of the Employees of the Property on the date of this Agreement who shall remain Employees of the Property following the Closing and who shall be the responsibility of Buyer, and their salaries and any applicable collective bargaining or other agreements is attached to this Agreement as Exhibit E. On and after the Closing Date (i) Buyer shall be deemed to have assumed and to be responsible for all employment and employee benefit-related matters, obligations and liabilities that are payable on or after the Closing Date, regardless of whether such liabilities arise before, on or after the Closing Date, with respect to all of the Employees, (ii) Seller shall have no responsibilities, liabilities or obligations with respect to the Employees, and (iii) Buyer shall be deemed to have assumed the collective bargaining agreements and other employment agreements set forth on Exhibit E, and all liabilities and obligations under those agreements, the National Labor Relations Act, the Labor Management Relations Act and all other laws and regulations applicable to the Employees, and Seller shall have no obligation or liability in connection with same. Buyer shall indemnify, defend and hold harmless Seller from and against all claims, actions, proceedings, losses, liabilities and expenses (including reasonable attorneys fees) by reason of Buyer's failure to perform Buyer's obligations set forth in this Subsection. Seller shall indemnify, defend and hold harmless Buyer from and against all claims, actions, proceedings, losses, liabilities and expenses (including reasonable attorney's fees) by reason of any claim by an Employee of the Property arising prior to the Closing.

8.1.5 Actions. To the actual knowledge of Seller, there is no litigation, arbitration or other action, proceeding or governmental investigation pending or threatened relating to the Property on the date of this Agreement, other than litigations, actions or proceedings covered by insurance, the proposed regrading of West 33rd Street and the action against Buyer by Studley Inc. for a commission in connection with Buyer's Lease.

8.1.6 The Loan Documents. A list of the Loan Documents is attached to this Agreement as Exhibit F, complete copies of which have been made available to Buyer for Buyer's review. The unpaid principal balance of the Loan Documents on the date of this Agreement is $23,000,000. On the date of this Agreement, to the actual knowledge of Seller (a) the Loan Documents are in full force and effect in accordance with their terms, (b) Seller is not in default under the Loan Documents and (c) there has been no written claim of default under the Loan Document by any party thereto which remains uncured. Seller shall (i) cause the Loan Documents to be complied with until the Closing, including the payment of all interest due and payable prior to Closing, and (ii) not amend the Loan Documents or prepay the principal of the Loan Documents.

8.1.7 Patriot Act.

(a) Seller is in compliance with the requirements of Executive Order No. 133224, 66 Fed. Reg. 49079 (Sept. 25, 2001) (the "**Order**") and other similar requirements contained in the rules and regulations of the Office of Foreign Assets Control, Department of the Treasury ("**OFAC**") and in any enabling legislation or other Executive Orders or regulations in respect thereof (the Order and such other rules, regulations, legislation, or orders are collectively called the "**Orders**").

(b) Neither Seller nor any beneficial owner of Seller:

(i) is listed on the Specially Designated Nationals and Blocked Persons List maintained by OFAC pursuant to the Order or on any other list of terrorists or terrorist organizations maintained pursuant to any of the rules and regulations of OFAC or pursuant to any other applicable Orders (such lists are collectively referred to as the "**Lists**");

(ii) is a person or entity who has been determined by competent authority to be subject to the prohibitions contained in the Orders; and

(iii) is owned or controlled by, or acts for or on behalf of, any person or entity on the Lists or any other person or entity who has been determined by competent authority to be subject to the prohibitions contained in the Orders.

(c) If Seller obtains knowledge that Seller or any of its beneficial owners becomes listed on the Lists or is indicted, arraigned, or custodially detained on charges involving money laundering or predicate crimes to money laundering, Seller shall immediately notify Buyer in writing, and in such event, Buyer shall have the right to terminate this Agreement without penalty or liability to Seller immediately upon delivery of written notice thereof to Seller.

8.2 Buyer's Representations. Buyer represents and warrants to Seller as set forth in this Section.

8.2.1 Authorization.

(a) Buyer (i) is a duly organized, validly existing and in good standing under the law of the State of its formation and (ii) has the power to make and perform Buyer's obligations under this Agreement.

(b) This Agreement is a valid and binding obligation of Buyer, enforceable against Buyer in accordance with its terms, subject to laws affecting the enforcement of creditors' rights generally.

(c) The execution, delivery and performance of this Agreement in accordance with its terms (i) does not violate the constitutive documents of Buyer, or any contract, agreement, commitment, order, judgment or decree to which binding on Buyer and (ii) have been duly authorized by all necessary action by Buyer.

8.2.2 Patriot Act.

(a) Buyer is in compliance with the requirements of Executive Order No. 133224, 66 Fed. Reg. 49079 (Sept. 25, 2001) (the "**Order**") and other similar requirements contained in the rules and regulations of the Office of Foreign Assets Control, Department of the Treasury ("**OFAC**") and in any enabling legislation or other Executive Orders or regulations in respect thereof (the Order and such other rules, regulations, legislation, or orders are collectively called the "**Orders**").

(b) Buyer:

(i) is not listed on the Specially Designated Nationals and Blocked Persons List maintained by OFAC pursuant to the Order and/or on any other list of terrorists organizations maintained pursuant to any of the rules and regulations of OFAC or pursuant to any other applicable Orders (such lists are collectively referred to as the "**Lists**");

(ii) is not a person or entity who has been determined by competent authority to be subject to the prohibitions contained in the Orders; and

(iii) is not owned or controlled by, or acts for or on behalf of, any person or entity on the Lists or any other person or entity who has been determined by competent authority to be subject to the prohibitions contained in the Orders.

(c) Buyer hereby covenants and agrees that if Buyer obtains knowledge that Buyer or any of its controlling beneficial owners becomes listed on the Lists, Buyer shall immediately notify Seller in writing, and in such event, Seller shall have the right to terminate this Agreement without penalty or liability to Buyer immediately upon delivery of written notice thereof to Buyer.

8.3 Survival. The representations in this Agreement shall survive the Closing, but Seller's representations shall survive the Closing only for a period of 180 days following the Closing (the "Survival Period"), and any action brought thereon must be commenced by Buyer within the Survival Period.

9. Condition of the Property.

9.1 AS IS. Buyer represents that Buyer (a) has inspected all aspects of the Property, including the environmental condition, to Buyer's satisfaction, (b) has received and reviewed the Leases, the Service Contracts, the certificate of occupancy for the Improvements, and all other documents referred to in this Agreement, (c) shall accept the Property "AS IS" and in their present condition, subject to reasonable use, wear, tear and natural deterioration between the date of this Agreement and the Closing Date and (d) except as set forth in this Agreement, neither Seller nor any agent or representative of Seller has made, and Seller is not liable for or bound by, any express or implied warranties, guaranties, promises, statements, inducements, representations or information pertaining to the Leases, the Service Contracts, the certificate of occupancy for the Improvements, any other documents referred to in this Agreement, the Property, including the environmental condition, or any other matter.

9.2 Maintenance. Between the date of this Agreement and the Closing Date, Seller shall, subject to the provisions of this Agreement, cause the Property to be maintained in the ordinary course (but shall not be required to make extraordinary repairs or replacements resulting from fire or other casualty or otherwise, or any repairs and replacements of the roof or mechanical systems of the Improvements).

9.3 Inspection. At all times during normal business hours prior to the Closing, Buyer and its contractors, upon reasonable prior notice to Seller, and accompanied by Seller's representative, shall have the right to make visual, noninvasive inspections of the Property, subject to the terms of the Leases.

9.4 Environmental Claims. Seller shall have no obligation or liability to Buyer in connection with any environmental matter affecting the Property, and Buyer hereby releases Seller and Seller's affiliates, agents, contractors, officers, directors and employees from any claim relating thereto, including any claims for personal injury, real or personal property damage, or otherwise, and any damages, penalties, fines, liabilities, costs and fees in connection therewith, except with respect to a claim made against Buyer by a party unrelated to Buyer relating to an environmental condition which existed prior to the Closing Date for which Seller may be liable.

9.5 Survival. The provisions of this Article shall survive the Closing.

10. Risk of Loss.

10.1 Risk of Loss. If prior to the First Closing any material portion of the Land or the Improvements shall be taken or damaged or destroyed by fire or other casualty, Buyer shall have the right to terminate this Agreement by giving notice to Seller on or before the date which is 15 days following Buyer's receipt of notice of the taking or fire or other casualty (time being of the essence). If Buyer shall give that notice, Escrow Agent shall pay the Deposit to Buyer, this Agreement shall be deemed terminated and Seller and Buyer shall have no further obligations and liabilities under this Agreement, except those that are stated to survive the termination of this Agreement. If an immaterial portion of the Land or the Improvements shall be taken or damaged or destroyed by fire or other casualty, or if there is a material taking or fire or other casualty and Buyer shall not terminate this Agreement, Buyer shall purchase the Property in accordance with this Agreement and the Purchase Price shall not be reduced, but Seller's rights to (a) any award resulting from such taking, or (b) any insurance proceeds resulting from such fire or other casualty (less any sums expended by Seller for repair and restoration), shall be assigned by Seller to Buyer (or, to the extent received by Seller, paid to Buyer) at the Closing, and any deductible under Seller's fire or other casualty insurance shall be paid by Seller to Buyer at the Closing (or offset against the Purchase Price). A "material portion of the Land or the Improvements" (i) shall be deemed taken, if the portion taken equals or exceeds the aggregate of (x) 10 percent of the Land or the Improvements plus (y) any portion taken as the result of the proposed regrading of West 33rd Street, and (ii) shall be deemed damaged or destroyed by fire or other casualty, if as a result thereof, Coach, Inc. has the right to, and shall, terminate its entire Lease of a portion of the Property. The provisions of Section 5-1311 of the General Obligations Law of the State of New York shall not apply to this Agreement.

11. Default.

11.1 Buyer's Default. If Buyer shall default under this Agreement Seller's only remedies (except as otherwise expressly provided in this Agreement) shall be to (a) seek specific performance of Buyer's obligations under this Agreement or (b) terminate this Agreement and have Escrow Agent pay the Deposit to Seller as liquidated damages. In addition, a default by Buyer under this Agreement shall be deemed a default under Buyer's Lease of a portion of the Property and a default by Buyer under Buyer's Lease of a portion of the Property shall be deemed a default under this Agreement.

11.2 Seller's Default. If Seller shall default under this Agreement Buyer's only remedies (except as otherwise expressly provided in this Agreement) shall be to (a) seek specific performance of Seller's obligations under this Agreement or (b) terminate this Agreement and have Escrow Agent pay the Deposit (subject to Subsection 6.1.2(d)(v)) to Buyer, but in no event shall Buyer seek, or shall Seller be liable for, any damages in connection with Seller's default.

11.3 Survival. The provisions of this Article shall survive the Closing.

12. Assignment.

12.1 Assignment. Buyer shall not assign Buyer's interest under this Agreement without the consent of Seller, and any purported assignment without Seller's consent shall be void and of no force and effect, except that Buyer may, without Seller's consent assign Buyer's interest under this Agreement to any entity (an "Affiliate") which, directly or indirectly, is controlled by, controls, or under common control with, Buyer, provided that (a) Buyer gives Seller notice of the assignment not less than five business days prior to the Closing Date, accompanied by (i) an original assignment signed by Buyer and the assignee, providing for assignee's assumption of all of Buyer's obligations and liabilities under this Agreement and (ii) evidence reasonably acceptable to Seller of such control and (b) Buyer shall not be released from any obligations or liabilities under this Agreement. Notwithstanding the foregoing, Buyer shall, if required by Lender, assign this Agreement in accordance with this Article to an Affiliate which complies with the Loan Documents, including the Single Purpose Entity and ERISA provisions, which Affiliate shall be the buyer of the Property.

13. Broker.

13.1 Broker. Buyer and Seller each represent to the other that they dealt with no broker in connection with this transaction and that each shall pay its own consultants.. Seller and Buyer shall each indemnify, defend and hold harmless the other from and against any claim by any broker or other person for a commission or other compensation in connection with this transaction if such claim is based in whole or in part upon any act of the indemnifying party or its representatives, and from all losses, liabilities, costs and expenses in connection with such claim, including, reasonable attorneys' fees.

13.2 Survival. The provisions of this Article shall survive the Closing or the termination of this Agreement.

14. Notices.

14.1 Notices. All notices or other communications under this Agreement must be in writing and shall be deemed to have been properly given if delivered by (a) messenger (b) registered or certified mail, postage prepaid, return receipt requested, (c) reputable overnight delivery service, or (d) telecopy, to the Notice Addresses. Any party may, by notice given in accordance with this Section, designate a different address or person for notices or other communications.

14.2 Effectiveness. Notices and other communications shall be deemed given on the date the same is received as evidenced by a receipt or an acknowledgment of receipt (and the failure of a party to accept a notice or other communication shall be deemed receipt).

15. Escrow.

15.1 Deposit. Simultaneously with the execution and delivery of this Agreement, Buyer has delivered the Deposit to Escrow Agent (to be deposited in a money market account) and held in escrow by Escrow Agent on the terms set forth in this Article.

15.2 Payment. Escrow Agent shall pay the Deposit to Seller or to Buyer, as the case may be, as set forth in this Section (subject to Section 6.1.2(d)(ii)).

(a) To Seller, at the Closing.

(b) To Seller, upon receipt of a demand therefor signed by Seller, stating that Buyer has defaulted under this Agreement, Seller has terminated this Agreement on account of the default of Buyer and Seller is entitled under this Agreement to the Deposit; provided, however, that Escrow Agent shall provide to Buyer a copy of such demand, and if within 10-days following Buyer's receipt of such copy Escrow Agent receives notice of objection from Buyer, Escrow Agent shall not honor the demand.

(c) To Buyer, upon receipt of a demand therefor signed by Buyer, stating that (i) this Agreement has been terminated and that Buyer is entitled under this Agreement to the Deposit, or (ii) Seller has defaulted under this Agreement, Buyer has terminated this Agreement on account of the default and Buyer is entitled under this Agreement to the Deposit; provided, however, that Escrow Agent shall provide to Seller a copy of such demand, and if within 10-days following Seller's receipt of such copy Escrow Agent receives notice of objection from Seller, Escrow Agent shall not honor the demand.

(d) Upon receipt of a demand for the Deposit from Seller or Buyer pursuant to this Section, Escrow Agent shall promptly provide a copy to the other party. The other party shall have the right to object to the delivery of the Deposit by providing Escrow Agent with notice of objection within 10 days after its receipt of such copy (time being of the essence). Upon receipt of a notice of objection, Escrow Agent shall promptly provide a copy to the other party.

(e) If (i) Escrow Agent receives a timely notice of objection as provided for in this Section, or (ii) any other disagreement arises resulting in adverse claims for the Deposit, whether or not litigation has been instituted, Escrow Agent shall refuse to comply with any demands for the Deposit and shall continue to hold the Deposit until Escrow Agent receives either (x) a notice signed by both Seller and Buyer directing the disbursement of the Deposit or (y) a final order, which is not (or is no longer) appealable, of a court of competent jurisdiction, entered in a proceeding in which Seller, Buyer and Escrow Agent are named as parties, directing the disbursement of the Deposit, in either of which events Escrow Agent shall then disburse the Deposit in accordance with that direction. Escrow Agent shall not be liable for its refusal to comply with any such demands until it has received a direction of the nature described in clause (x) or clause (y) of this paragraph. If Escrow Agent is prohibited from delivering the full amount of the Deposit pursuant to an order of any court, Escrow Agent shall have no obligation to take any action with respect to such order and shall have no liability for the failure to deliver the full amount of the Deposit.

(f) Notwithstanding the foregoing provisions of this Article, Escrow Agent shall have the right to resign as Escrow Agent by (i) depositing the Deposit with the court in which any litigation with respect to this Agreement or the Deposit is pending or, if no such litigation is pending, any court of competent jurisdiction (and commencing an action for interpleader), the costs thereof to be paid equally by Seller and Buyer or (ii) paying the Deposit to a substitute Escrow Agent designated by Seller and Buyer.

(g) Upon delivery or deposit of the Deposit by Escrow Agent pursuant to this Section, Escrow Agent shall be deemed released from all liability under this Article except for Escrow Agent’s gross negligence or willful default.

15.3 Escrow Agent.

(a) Escrow Agent acts hereunder as a depository only and is not responsible or liable for (i) the validity of any notice or other communication by Seller or Buyer, (ii) the collection of any check or other instrument delivered to Escrow Agent, or (iii) the loss of the Deposit (due to early presentation for payment or otherwise), except for its gross negligence or willful default.

(b) Escrow Agent shall not have any responsibilities except those set forth in this Article. Escrow Agent has executed this Agreement for the sole purpose of agreeing to act as Escrow Agent in accordance with this Article.

(c) The provisions of this Article shall create no right in any party, other than the parties to this Agreement and their respective successors and assigns, with respect to the Deposit or otherwise.

(d) Buyer hereby acknowledges that (i) Escrow Agent has represented Seller in connection with this Agreement, (ii) Escrow Agent may continue to represent Seller in connection with this Agreement and the transactions contemplated by this Agreement, and (iii) if any dispute or litigation arises under this Agreement (including any dispute or litigation involving the Deposit), Escrow Agent may represent Seller in connection therewith.

15.4 Litigation. If any litigation arises under this Agreement with respect to the Deposit or otherwise, notwithstanding any provision of this Agreement to the contrary (including any provision limiting the liability of Seller or Buyer), all costs and expenses of the litigation (including the reasonable attorneys and witness fees incurred by the other party and all costs and expenses of Escrow Agent, including reasonable attorneys fees) shall be borne by whichever of Seller or Buyer is the losing party (and if none, then each shall bear its own costs and expenses, and Escrow Agent's costs and expenses shall be paid equally by Seller and Buyer).

16. Miscellaneous.

16.1 Governing Law; Interpretation. This Agreement shall be governed by the law of the State in which the Property is located, and shall be construed without regard to any presumption or other rule requiring construction against the party causing this Agreement to be drafted. If any words or phrases in this Agreement shall have been stricken out or otherwise eliminated, whether or not any other words or phrases have been added, this Agreement shall be construed as if the words or phrases so stricken out or otherwise eliminated were never included in this Agreement and no implication or inference shall be drawn from the fact that said words or phrases were so stricken out or otherwise eliminated. All terms and words used in this Agreement, regardless of the number or gender in which they are used, shall be deemed to include any other number and any other gender as the context may require. If any provision of this Agreement shall be unenforceable, the remainder of this Agreement shall not be affected thereby.

16.2 Merger; No Representations. All agreements between the parties hereto with respect to the transaction contemplated by this Agreement are merged in this Agreement, which alone fully and completely expresses their agreement. This Agreement is entered into after full investigation, no party relying upon any statement or representation, not set forth in this Agreement, made by any other party.

16.3 No Waivers. No waiver by any party shall be deemed a waiver of any other or subsequent matter.

16.4 Amendment; Waiver. This Agreement may only be changed or terminated, or a provision waived, by a written agreement executed by all parties.

16.5 Captions. The Article and Section titles of this Agreement are for convenience of reference only and shall not be deemed a part of the text of this Agreement.

16.6 Parties Bound. This Agreement shall bind and benefit the parties hereto and their respective heirs, successors and assigns.

16.7 Counterparts. This Agreement may be executed by facsimile signatures and in separate counterparts, each of which when so executed and delivered shall be an original for all purposes, but all such counterparts shall together constitute but one and the same instrument.

16.8 Confidentiality. Buyer and Seller shall hold in confidence and shall not disclose to third parties, and shall cause their officers, directors, employees, representatives, brokers, attorneys and advisers to hold in confidence and not disclose to third parties, this Agreement and its terms, and any information relating to the Property provided by Seller to Buyer in connection with this Agreement (collectively, the "Information"), except to the extent any Information (a) must be disclosed by order of any court or government authority, or by law, (b) is publicly known or becomes publicly known other than through the acts of Buyer or Seller, or any of their officers, directors, employees, representatives, brokers, attorneys or advisers, or (c) is necessary or appropriate to be disclosed by Buyer in connection with performing its obligations under this Agreement or any financing of the Property.

16.9 Further Assurances. Subject to the provisions of this Agreement, Seller and Buyer shall each take such additional action, or execute, acknowledge and deliver such additional documents, as shall be reasonably required in furtherance of this Agreement. The provisions of this Section shall survive the Closing.

16.10 Dates. If any time period or date set forth in this Agreement shall end on, or be, a Saturday, Sunday or other date recognized by the federal government or the State of New York as a holiday, the time period shall end, or the date shall be, the next day that is not a Saturday, Sunday or holiday.

- The balance of this page is blank and the next page is the signature page -

IN WITNESS WHEREOF, this Agreement has been duly executed by Seller and Buyer on the date of this Agreement.

Seller

Bauman 34th Street, LLC

By:_____
Print Name: Patricia Bauman
Title: Member

Goldberg 34th Street, LLC

By:_____
Print Name: Jack Anfang
Title: Authorized Signatory

Buyer

504-514 West 34th Street Corp.

By:_____
Print Name:_____
Title:_____

Escrow Agent hereby agrees
to the escrow provisions of
this Agreement.

Goulston & Storrs, PC

By:_____
Print Name: Mitchell N. Baron
Title: Director

Exhibit A

Land

ALL that certain plot, piece or parcel of land, situate, lying and being in the Borough of MANHATTAN, City, County and State of NEW YORK, bounded and described as follows:

BEGINNING at a point on the northerly side of WEST 33RD STREET, distant 205 feet westerly from the corner formed by the intersection of the northerly side of WEST 33RD STREET with the westerly side of TENTH AVENUE;

RUNNING THENCE northerly and parallel with the westerly side of TENTH AVENUE, 197 feet 6 inches to the southerly side of WEST 34TH STREET;

THENCE westerly along the said southerly side of WEST 34TH STREET, 145 FEET;

THENCE southerly and again parallel with the westerly side of TENTH AVENUE, 197 feet 6 inches to the northerly side of WEST 33RD STREET; and

THENCE easterly along the northerly side of 33RD STREET, 145 feet to the point or place of BEGINNING.

Exhibit B

Leases

1. Coach, Inc. - Lease dated July 1, 2000, amended by First Amendment of Lease dated February 1, 2002, Second Amendment of Lease dated October 8, 2003 and Third Amendment of Lease dated February 29, 2008. The original lease, but not the amendments, are guaranteed by Sara Lee Corporation by Guaranty dated July 1, 2000.

2. Forest Electric Corp. - Lease dated August 15, 2002. Guaranteed by EMCOR Group, Inc. by Guaranty of Lease dated August 15, 2002.

3. Van Wagner Communications, LLC - Sign Lease dated December 1, 2000, amended by letter dated January 9, 2003 and currently month-to-month.

Exhibit C

Permitted Encumbrances

1. All zoning, building and other laws, restrictions, regulations and ordinances.

2. The state of facts shown on the survey made by J. George Hollerith dated May 15, 1942, and last updated by Roland K. Link on April 4, 2003, and any additional state of facts a new survey or personal inspection would show.

3. The Leases and the rights of the tenants under the Leases, any recorded memorandum of any Lease, and any nondisturbance agreements.

4. Real estate taxes, and water and sewer charges or rents, which are not due and payable prior to the Closing Date (subject to apportionment as provided in this Agreement).

5. Easements and rights of public utilities.

6. Assessments which are payable by Buyer pursuant to this Agreement.

7. Liens and encumbrances subject to which the Property is to be conveyed pursuant to this Agreement.

8. Encumbrances not specifically set forth in this Exhibit which do not interfere with the development of the Land or the continued use of the Land and the Improvements in the manner same are used on the date of this Agreement.

9. The Loan Documents.

10. Any liens or encumbrances caused by Buyer.

Exhibit D

Service Contracts

1. Management Agreement dated May 30, 2003 with George Comfort & Sons, Inc.
2. Lacor Mechanical Systems, Inc. - HVAC Maintenance
3. Securitas Security Services USA, Inc. - Security
4. Croker Fire Drill Corporation - Fire Drill and EAP Service
5. Ivan T. Johnson Company, Inc. - Meter Reading
6. The Metro Group, Inc. - Water Treatment (Boilers)
7. Realty Advisory Board - Contract Negotiations
8. Fire Systems, Inc. - Inspection/Maintenance of Fire Alarm
9. Assured Environments - Pest Elimination
10. Quick Response Service, Inc. - Alarm Management
11. Ready Alarm - Central Station
12. Onyx Restoration Works - Metal Restoration
13. Slade Industries, Inc. - Elevator Maintenance
14. W.H. Christian & Sons, Inc. - Uniform Maintenance
15. TouchCom - Door Card Access System
16. Time Warner Cable of New York City - Commercial Landlord Agreement

Exhibit E

Employees

Superintendent / Chief Engineer	Frank Cambria ($40.17/hr.)
Handyman	Alvin Chan ($22.525/hr.)
Porter / Other	Anibal Carde ($20.248/hr.)
Porter / Other	Nunzio DiFilippo ($16.20/hr.)
Porter / Other	Lawrence DiLorenzo ($20.248/hr.)

Commercial Building Agreement between Local 32BJ, Service Employees International Union, AFL-CIO and The Realty Advisory Board on Labor Relations, Inc., effective October 1, 2004 to December 31, 2007 and extended effective January 1, 2008 to December 31, 2011.

Engineer Agreement between Realty Advisory Board on Labor Relations, Incorporated and Local 94-94A-94B, International Union of Operating Engineers, AFL-LIO, effective January 1, 2004 to December 31, 2006 and extended effective January 1, 2007 through December 31, 2010.

Exhibit F

Loan Documents

1. Gap Note dated May 30, 2003

2. Gap Mortgage dated May 30, 2003

3. Consolidation, Modification and Restatement of Notes dated May 30, 2003

4. Consolidation, Modification and Restatement of Mortgages and Security Agreement dated May 30, 2003

5. Assignment of Leases and Rents dated May 30, 2003

6. Indemnity Agreement

7. UCC-1 Financing Statements

8. Assignment of Agreements, Permits and Contracts

9. Cash Management Agreement

10. Clearing Account Agreement

11. Replacement Reserve and Security Agreement

12. Conditional Assignment of Management Agreement

13. All other documents referred to in the foregoing documents which evidence or secure the loan covered by the foregoing documents.

Exhibit G

TENANCY-IN-COMMON AGREEMENT

This TENANCY-IN-COMMON AGREEMENT (the "Agreement") made this _____ day of July, 2008 by and between GOLDBERG 34TH STREET, LLC, a Delaware limited liability company ("Goldberg") and 504-514 WEST 34TH STREET CORP., a Maryland corporation ("Corp").

R E C I T A L S:

WHEREAS, Goldberg and Corp each own an undivided fifty percent (50%) ownership interest as a tenant-in-common with respect to the land and the building located at 516 West 34th Street, New York, New York 10001 (Block 705, Lot 46) together with all of the rights, benefits and appurtenances thereto, as is more particularly described on Exhibit A attached hereto (the "Property"); and

WHEREAS, Goldberg and Corp desire to set forth the terms and conditions of their relationship as tenants-in-common with respect to the Property.

NOW, THEREFORE, in consideration of the foregoing premises and the representations, warranties, covenants and agreements of the parties set forth herein, the parties hereby agree as follows:

1. Purpose. The limited purpose of this agreement to document the relationship between Goldberg and Corp in their respective capacities as tenants-in-common with respect to the Property.

2. Management of Property. The management and control of the Property shall be vested in Goldberg and Corp, who shall have all of the rights and powers necessary, advisable and convenient for the management of the Property. All costs and expenses associated with the Property shall be paid by Goldberg and Corp fifty percent (50%) percent each. Fifty percent (50%) of the costs and expenses associated with the Debt Service Obligation (as defined herein) shall be borne by Goldberg and the remaining fifty percent (50%) of the costs and expenses associated with the Debt Service Obligation shall be borne by Corp. Goldberg and Corp may by unanimous agreement approve the appointment of a managing agent who shall supervise the day to day management of the Property. Goldberg and Corp hereby approve the continued retention of George M. Comfort & Sons as the manager of the Property.

3. Allocation and Distribution; Debt Obligation Matters.

(a) To the extent rental payments associated with the Property are received by either Goldberg or Corp, such amounts shall be transferred to Corp and Corp shall use all or a portion of such funds as necessary for the purpose of making principal and interest payments with respect to the debt obligation (the "Debt Service Obligation") owed to Bear Stearns Commercial Mortgage, Inc. (or any subsequent holder of such debt obligation, the "First Mortgagee"), the holder of the fee mortgage on the Property; provided, that, such funds shall be applied towards payment of the Debt Service Obligation in a manner so that fifty percent (50%) of such payment or payments shall come from funds that would otherwise be distributed to Goldberg and the remaining fifty percent (50%) of such payment or payments shall come from funds that would otherwise be distributed to Corp. To the extent any amounts remain following the satisfaction of such obligation, Corp shall distribute such amounts as between Goldberg and Corp promptly following receipt using the following allocation: fifty percent (50%) to Goldberg and fifty percent (50%) to Corp. Goldberg and Corp agree that, aside from Debt Service Obligation, the following costs and expenses owed to the First Mortgagee in its capacity as the holder of the fee mortgage on the Property shall be borne solely by the tenant under the Net Lease (as hereinafter defined) (the "Tenant"): tax escrow payment obligations, insurance escrow payment obligations and repair reserve payment obligations. Any interest payable by the First Mortgagee with respect to rental income shall be allocated such that fifty percent (50%) of such amounts shall be distributed to Goldberg and fifty percent (50%) of such amounts shall be distributed to Corp. All interest payable by First Mortgagee with respect to reserves and escrows maintained for the benefit of First Mortgagee shall be allocated and distributed fifty percent (50%) to Goldberg and fifty percent (50%) to Corp, provided, however, that if said reserves and escrows are funded by the Tenant, all interest payable by First Mortgagee with respect to the reserves and escrows shall be payable to Tenant. The parties acknowledge that the aforementioned payments are currently required pursuant to the Debt Service Obligation to be paid through a lockbox which is maintained by the First Mortgagee.

(b) This Agreement is and shall be subject and subordinate at all times to any mortgage and the lien, and rights of the holder thereof (in any amounts and all advances thereon, which may now or hereafter affect this Agreement or the Property), and to all renewals, modifications, consolidations, participations, replacements, and extensions thereof. The term "mortgage" as used herein shall be deemed to include trust indenture(s), deed(s) of trust, and security deed(s). Goldberg and Corp agree to attorn to the holder thereof, its affiliates, successors and assigns or any purchaser of the Property in a foreclosure proceeding or by a deed in lieu of foreclosure (a "Mortgagee Party") who shall succeed to Goldberg's and Corp's respective interests in this Agreement upon request of such Mortgagee Party. Upon request of the holder thereof, Goldberg and Corp shall promptly execute and acknowledge, without charge therefore, an agreement acknowledging such subordination and agreeing to attorn to any Mortgagee Party who shall succeed to Goldberg's and Corp's respective interests in this Agreement.

4. Representations and Warranties.

(a) Representations and Warranties of Corp. Corp represents and warrants to Goldberg as of the date of this Agreement as follows:

(i) Organization, Good Standing, Power and Qualification. Corp is a corporation duly organized, validly existing and in good standing under the laws of the State of Maryland and has all requisite corporate power and authority to carry on its business as presently conducted and as proposed to be conducted. Corp is duly qualified to transact business and is in good standing in each jurisdiction in which the failure to so qualify would have a material adverse effect.

(ii) Authorization. Corp has full power and authority to enter into this Agreement. This Agreement, when executed and delivered by Corp, will constitute valid and legally binding obligations of Corp, enforceable in accordance with their terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, and any other laws of general application affecting enforcement of creditors' rights generally, and as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

(iii) No Conflict. Neither the execution and delivery of this Agreement by Corp, nor the consummation of the transactions contemplated hereby, shall conflict with, result in a termination, breach, impairment or violation of (with or without notice or lapse of time, or both), or constitute a default, or require the consent, release, waiver or approval of any third party, under: (a) any provision of the certificate of incorporation or bylaws of Corp, as currently in effect; (b) any federal, state, provincial, local or municipal laws, statutes, ordinances, regulations, and rules, and all orders, writs, injunctions, awards, judgments and decrees applicable to the assets, properties and business (and any regulations promulgated thereunder) of Corp; or (c) any contract or agreement to which Corp is a party or to which Corp or any of its assets or properties is bound.

(b) Representations and Warranties of Goldberg. Goldberg represents and warrants to Corp as of the date of this Agreement as follows:

(i) Organization, Good Standing, Power and Qualification. Goldberg is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite company power and authority to carry on its business as presently conducted and as proposed to be conducted. Goldberg is duly qualified to transact business and is in good standing in each jurisdiction in which the failure to so qualify would have a material adverse effect.

(ii) Authorization. Goldberg has full power and authority to enter into this Agreement. This Agreement, when executed and delivered by Goldberg, will constitute valid and legally binding obligations of Goldberg, enforceable in accordance with their terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, and any other laws of general application affecting enforcement of creditors' rights generally, and as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

(iii) No Conflict. Neither the execution and delivery of this Agreement by Goldberg, nor the consummation of the transactions contemplated hereby, shall conflict with, result in a termination, breach, impairment or violation of (with or without notice or lapse of time, or both), or constitute a default, or require the consent, release, waiver or approval of any third party, under: (a) any provision of the certificate of formation or operating agreement of Goldberg, as currently in effect; (b) any federal, state, provincial, local or municipal laws, statutes, ordinances, regulations, and rules, and all orders, writs, injunctions, awards, judgments and decrees applicable to the assets, properties and business (and any regulations promulgated thereunder) of Goldberg; or (c) any contract or agreement to which Goldberg is a party or to which Goldberg or any of its assets or properties is bound.

5. Representatives of Parties.

(a) Representative of Corp.

(i) Corp hereby irrevocably nominates, constitutes and appoints Coach, Inc. ("Coach") as the agent and true and lawful attorney-in-fact of Corp (the "Corp Representative"), with full power of substitution, to act in the name, place and stead of Corp for purposes of executing any documents and taking any actions that the Corp Representative may, in his sole discretion, determine to be appropriate in connection with any matters arising in connection with this Agreement. Todd Kahn, Senior Vice President and General Counsel of Coach and Michael F. Devine, III, Executive Vice President and Chief Financial Officer of Coach, each acting alone, are designated as authorized agents on behalf of Coach, in its capacity as Corp Representative.

(ii) Corp hereby grants to the Corp Representative full authority to execute, deliver, acknowledge, certify, file and record on behalf of Corp (in the name of Corp) any and all documents that the Corp Representative may, in his sole discretion, determine to be appropriate, in such forms and containing such provisions as the Corp Representative may, in his sole discretion, determine to be appropriate (including any amendment to or waiver of rights under this Agreement). Notwithstanding anything to the contrary contained in this Agreement:

(A) Goldberg and the Goldberg Representative shall be entitled to deal exclusively with the Corp Representative on all matters relating to this Agreement; and

(B) Goldberg and the Goldberg Representative shall be entitled to rely conclusively (without further evidence of any kind whatsoever) on any document executed or purported to be executed on behalf of Corp by the Corp Representative, and on any other action taken or purported to be taken on behalf of Corp by the Corp Representative, as fully binding upon Corp.

(iii) Corp recognizes and intends that the power of attorney granted herein: (A) is coupled with an interest and is irrevocable; (B) may be delegated by the Corp Representative; and (C) shall survive the death or incapacity of the shareholders of Corp and any dissolution of Corp.

(iv) Corp shall be entitled to change the Corp Representative and such change shall be effective upon providing written notice to the Goldberg Representative of the name and contact information for the new Corp Representative (the "Change of Corp Representative Notice"). Following the receipt of a Change of Corp Representative Notice, Goldberg shall send all future notices to the Corp Representative pursuant to Section 9 of this Agreement using the contact information reflected in the most recent Change of Corp Representative Notice.

(v) Corp represents and warrants to Goldberg as of the date of this Agreement that Coach shall act as the exclusive Corp Representative and shall have the power and authority to execute any and all documents and take any and all actions as may be necessary on behalf of Corp. Todd Kahn, Senior Vice President and General Counsel of Coach and Michael F. Devine, III, Executive Vice President and Chief Financial Officer of Coach, each acting alone, are designated as authorized agents on behalf of Coach, in its capacity as Corp Representative.

(b) Representative of Goldberg.

(i) Goldberg hereby irrevocably nominates, constitutes and appoints Jack Anfang as the agent and true and lawful attorney-in-fact of Goldberg, with full power of substitution, to act in the name, place and stead of Goldberg for purposes of executing any documents and taking any actions that the Goldberg Representative may, in his sole discretion, determine to be appropriate in connection with any matters arising in connection with this Agreement. In addition, Goldberg agrees prior to the First Closing under the Contract of Sale (as hereinafter defined) to cause an additional individual to be designated as an additional agent and true and lawful attorney-in-fact of Goldberg (Jack Anfang and said additional individual are herein referred to as the "Goldberg Representative"). The individuals constituting the Goldberg Representative, each acting alone, are designated as authorized agents on behalf of Goldberg, in their capacity as Goldberg Representative.

(ii) Goldberg hereby grants to the Goldberg Representative full authority to execute, deliver, acknowledge, certify, file and record on behalf of Goldberg (in the name of Goldberg) any and all documents that the Goldberg Representative may, in his sole discretion, determine to be appropriate, in such forms and containing such provisions as the Goldberg Representative may, in his sole discretion, determine to be appropriate (including any amendment to or waiver of rights under this Agreement). Notwithstanding anything to the contrary contained in this Agreement:

(A) Corp and the Corp Representative shall be entitled to deal exclusively with the Goldberg Representative on all matters relating to this Agreement; and

(B) Corp and the Corp Representative shall be entitled to rely conclusively (without further evidence of any kind whatsoever) on any document executed or purported to be executed on behalf of Goldberg by the Goldberg Representative, and on any other action taken or purported to be taken on behalf of Goldberg by the Goldberg Representative, as fully binding upon Goldberg.

(iii) Goldberg recognizes and intends that the power of attorney granted herein: (A) is coupled with an interest and is irrevocable; (B) may be delegated by the Goldberg Representative; and (C) shall survive the death or incapacity of the members of Goldberg and any dissolution of Goldberg.

(iv) Goldberg shall be entitled to change the Goldberg Representative and such change shall be effective upon providing written notice to the Corp Representative of the name and contact information for the new Goldberg Representative (the "Change of Goldberg Representative Notice"). Following the receipt of a Change of Goldberg Representative Notice, Corp shall send all future notices to the Goldberg Representative pursuant to Section 9 of this Agreement using the contact information reflected in the most recent Change of Goldberg Representative Notice.

(v) Goldberg represents and warrants to Corp as of the date of this Agreement that Jack Anfang shall act as the exclusive Goldberg Representative and shall have the power and authority to execute any and all documents and take any and all actions as may be necessary on behalf of Goldberg. Jack Anfang and the second individual once designated pursuant to paragraph 5(b)(i) above, each acting alone, shall be designated as authorized agents on behalf of Goldberg, in its capacity as Goldberg Representative.

6. Restriction on Transfer of Tenant-In-Common Interest. Goldberg and Corp agree that none of them will, either directly or indirectly, make application to or petition any court for partition of the Property, or transfer its undivided tenant-in-common interest in the Property other than in accordance with the terms of that certain Agreement, dated of even date, between Bauman 34th Street, LLC and Goldberg 34th Street, LLC, each as sellers, and Corp as buyer (the "Contract of Sale").

7. Term. The parties agree that this Agreement shall remain in full force and effect until such time as (i) either party hereto transfers its tenant-in-common interest in the Property or (ii) it is terminated by the mutual written consent of the parties hereto. Notwithstanding the foregoing, the parties hereto agree that this Agreement shall remain valid and in effect to the extent a party hereto transfers its tenant-in-common interest in the Property in violation of the terms of this Agreement.

8. Indemnification.

(a) Indemnification by Corp. Corp agrees to defend, indemnify and hold Goldberg, its affiliates and their respective direct and indirect partners, members, shareholders, directors, officers, employees, agents and representatives (collectively, the "Goldberg Indemnified Parties") harmless from and against any and all losses, claims, damages, obligations, liens, assessments, judgments, fines, liabilities and other costs and expenses, including without limitation, interest, penalties and any investigation, reasonable legal fees and disbursements and other expenses incurred in connection with, and any amount paid in settlement of, any action, suit or proceeding or any claim asserted, as the same are actually incurred by the Goldberg Indemnified Parties, of any kind or nature whatsoever which may be sustained or suffered by any such Goldberg Indemnified Party (collectively, "Goldberg Losses") relating to or arising out of (i) any breach by Corp of any covenant or agreement contained in this Agreement or (ii) any breach or inaccuracy in any representation or warranty of Corp set forth in this Agreement; provided, that, Corp shall not be liable to the extent such Goldberg Losses arise from and are based on (A) a knowing and willful violation of any law or laws by a Goldberg Indemnified Party as finally determined by a court of competent jurisdiction or (B) a fraudulent act or omission by the Goldberg Indemnified Party as finally determined by a court of competent jurisdiction.

(b) Indemnification by Goldberg. Goldberg agrees to defend, indemnify and hold Corp, its affiliates and their respective direct and indirect partners, members, shareholders, directors, officers, employees, agents and representatives (collectively, the "Corp Indemnified Parties") harmless from and against any and all losses, claims, damages, obligations, liens, assessments, judgments, fines, liabilities and other costs and expenses, including without limitation, interest, penalties and any investigation, reasonable legal fees and disbursements and other expenses incurred in connection with, and any amount paid in settlement of, any action, suit or proceeding or any claim asserted, as the same are actually incurred by the Corp Indemnified Parties, of any kind or nature whatsoever which may be sustained or suffered by any such Corp Indemnified Party (collectively, "Corp Losses") relating to or arising out of (i) any breach by Goldberg of any covenant or agreement contained in this Agreement or (ii) any breach or inaccuracy in any representation or warranty of Goldberg set forth in this Agreement; provided, that, Goldberg shall not be liable to the extent such Corp Losses arise from and are based on (A) a knowing and willful violation of any law or laws by a Corp Indemnified Party as finally determined by a court of competent jurisdiction or (B) a fraudulent act or omission by the Corp Indemnified Party as finally determined by a court of competent jurisdiction.

9. Notices. All notices, demands and communications of any kind which either party may be required or may desire to serve upon the other party under the terms of this Agreement shall be made in writing to the Goldberg Representative or the Corp Representative as applicable and, except as otherwise contemplated pursuant to Sections 5(a)(iv) and 5(b)(iv) of this Agreement, shall be served upon the Goldberg Representative or the Corp Representative as applicable at the corresponding address set forth below.

If to the Goldberg Representative, to:

Jack Anfang
6140 Evian Place
Boynton Beach, FL 33437

and to:

Jack Anfang
139 Haddon Road
New Hyde Park, NY 11040

and a copy to:

Graubard Miller
405 Lexington Avenue
New York, NY 10174
Attention: Lester N. Henner, Esq.
Elaine M. Reich, Esq.

If to the Corp Representative, to:

Coach, Inc.
516 West 34th Street
New York, NY 10001
Attention: Michael F. Devine, III, Executive Vice President and Chief Financial Officer
Todd Kahn, Senior Vice President and General Counsel

with a copy to:

Phillips Lytle LLP
437 Madison Avenue, 34th Floor
New York, NY 10022
Attention: Kenneth R. Crystal, Esq.

The attorneys for the respective parties herein may, but shall not be obligated to, give notices on behalf of their respective clients.

10. Limitation on Fiduciary Duties; No Limitation on Pursuit of Other Business Opportunities. The parties hereto disclaim and waive any and all fiduciary duties that may be owed to the other party to this Agreement in connection with matters contemplated in this Agreement. Further, the parties hereto agree that neither Goldberg nor Corp shall have any duties to the other party hereto with respect to any business opportunities that may come before Goldberg or Corp from time to time, regardless of whether or not such business opportunities relate in any way to the Property or are competitive in any way with the ownership and/or management and operation of the Property.

11. General Provisions.

(a) Entire Agreement. This Agreement is the entire agreement among the parties with respect to the subject matter hereof and supersedes all prior agreements between them with respect thereto.

(b) Amendment. This Agreement may not be altered or amended except by a written agreement duly executed by the parties.

(c) Agreement Binding. The provisions of this Agreement shall be binding upon and shall inure to the benefit of the parties and their respective heirs, successors and assign, subject, however, to the provisions regarding assignment hereinabove set forth.

(d) Headings. The headings of the several sections of this Agreement are inserted solely for convenience of reference, and in no way define, describe, limit, extend or aid in the construction of the scope, extent or intent of this Agreement or of any term or provision thereof.

(e) Severability. In the event that any provision or any portion of any provision contained in this Agreement is unenforceable, the remaining provisions and, in the even that a portion of any provision is unenforceable, the remaining portion of such provision, shall nevertheless be carried into effect.

(f) Governing Law. This Agreement is to be governed by and constructed in accordance with the laws of the State of New York. Any suit brought hereon, whether in contract, tort, equity or otherwise, shall be brought in the Supreme Court of the State of New York and County of New York, the parties hereby waiving any claim or defense that such forum is not convenient or proper. Each party hereby agrees that any such court shall have jurisdiction over such party, consents to service of process in any manner authorized by New York law, and agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner specified by law.

(g) No Waiver. The failure of either party to enforce at any time or for any period of time the provisions of this Agreement shall not be construed as a waiver of such provisions or of the right of such party thereafter to enforce each and every such provision of this Agreement.

(h) Attorneys' Fees. If any legal action or other proceeding is brought for the enforcement of this Agreement or because of an alleged dispute, breach, default or misrepresentation in connection with any of the provisions hereof, the successful or prevailing party shall be entitled to recover from the unsuccessful or nonprevailing party all attorneys' fees, court costs and other costs actually incurred in such action or proceeding, in addition to any other relief to which it may be entitled. As used herein, "actual attorneys' fees" or "attorneys' fees actually incurred" means the full and actual costs of any legal services actually performed in connection with the matter for which such fees are sought calculated on the basis of the usual fees charged by the attorneys performing such services, and shall not be limited to "reasonable attorneys' fees" as that term may be defined in statutory or decisional authority.

(i) Further Assurances. Each party shall perform all such acts and execute and deliver all such instruments, documents and writings as may be reasonably required to give full effect to this Agreement.

(j) Survival of Representations and Warranties. Notwithstanding knowledge of facts determined or determinable by the parties pursuant to investigation or right of investigation, all representations and warranties of the parties contained in this Agreement shall survive execution, delivery and performance of this Agreement.

(k) Counterparts. This Agreement may be executed by facsimile signatures and in separate counterparts, each of which when so executed and delivered shall be an original for all purposes, but all such counterparts shall together constitute but one and the same instrument.

(l) Default by Corp. Any default or breach by Corp as Buyer under the Contract of Sale or a default by Corp as Tenant under the Net Lease among Goldberg and Corp as Landlord, and Corp as Tenant ("Net Lease") that is uncured within the periods set forth in such agreements shall constitute a default by Corp under this Agreement, and any default by Corp under this Agreement that is uncured within the periods set forth herein shall constitute a default by Corp as Buyer under the Contract of Sale and by Corp as Tenant under the Net Lease.

(m) Default by Goldberg. Any default or breach by Goldberg as Seller under the Contract of Sale or as a Landlord under the Net Lease that is uncured within the periods set forth in such agreements shall constitute a default by Goldberg under this Agreement, and any default by Goldberg under this Agreement that is uncured within the periods set forth herein shall constitute a default by Goldberg as Seller under the Contract of Sale and by Goldberg as a Landlord under the Net Lease.

(n) Closing Under Contract of Sale. The terms and conditions of this Agreement to the contrary notwithstanding, no default or breach by the Corp or Goldberg, as the case may be, shall relieve the other party of the obligation to sell and purchase (respectively) the Premises pursuant to the Contract of Sale or deprive either party (A) of the remedy of specific performance under the Contract of Sale, provided, however, that the consummation of said closing shall not relieve the defaulting party of any liability for damages as a result of such default or breach, which liability shall survive the closing under the Contract of Sale, (B) all amounts due and payable hereunder which shall not then have been paid shall be paid at said closing, except that if said amounts are in dispute, the defaulting party shall deposit in escrow with the attorneys for the non-defaulting party the amount so in dispute pending the resolution or final adjudication of said dispute.

(o) In addition to any other remedies either party may have with this Agreement, if either party fails to pay to the other party any amount due hereunder, the failing party shall also pay interest at the lower (i) three percent (3%) per annum above the prime rate published in the Wall Street Journal, or (ii) the highest rate permitted by law on any amounts paid more than ten (10) days after same is due, which interest shall be paid for the period commencing on the date such amount is due and ending on the date same is paid. In addition, if any amounts due and payable hereunder shall remain past due for more than thirty (30) days, the defaulting party shall pay to the other interest equal to double the aforementioned amount.

IN WITNESS WHEREOF, this Agreement is made on the day and year first above written.

GOLDBERG 34TH STREET, LLC

By: _____
Name:
Title:

504-514 WEST 34TH STREET CORP.

By: _____
Name:
Title:

EXHIBIT A

DESCRIPTION OF PROPERTY

ALL that certain plot, piece or parcel of land, situate, lying and being in the Borough of MANHATTAN, City, County and State of NEW YORK, bounded and described as follows:

BEGINNING at a point on the northerly side of WEST 33RD STREET, distant 205 feet westerly from the corner formed by the intersection of the northerly side of WEST 33RD STREET with the westerly side of TENTH AVENUE;

RUNNING THENCE northerly and parallel with the westerly side of TENTH AVENUE, 197 feet 6 inches to the southerly side of WEST 34TH STREET;

THENCE westerly along the said southerly side of WEST 34TH STREET, 145 FEET;

THENCE southerly and again parallel with the westerly side of TENTH AVENUE, 197 feet 6 inches to the northerly side of WEST 33RD STREET; and

THENCE easterly along the northerly side of 33RD STREET, 145 feet to the point or place of BEGINNING.

Exhibit H

NET LEASE AGREEMENT
By and Between
GOLDBERG 34TH STREET LLC AND 504-514 WEST 34TH STREET CORP.
as Tenants-in-Common
and
504-514 WEST 34TH STREET CORP.
as Tenant

Dated as of: July __, 2008

Property Location: 516 West 34th Street

NET LEASE AGREEMENT

This NET LEASE AGREEMENT (this "Lease") is made as of the ____ day of July, 2008 by and between GOLDBERG, 34TH STREET LLC ("Goldberg") and 504-514 WEST 34TH STREET CORP. ("504"), as tenants-in-common, having an address at 516 West 34th Street, New York, NY 10001 ("Landlord") and 504-514 WEST 34TH STREET CORP., having an office at 516 West 34th Street, New York, NY 10001 ("Tenant").

DEMISE AND PREMISES

Demise. Landlord hereby leases to Tenant, and Tenant leases from Landlord, the land and the building located at 516 West 34th Street (Block 705, Lot 46), together with the improvements thereon (the "Building"), and all the rights, benefits and appurtenances thereto (collectively, the "Premises"). The land is more particularly described in Exhibit A attached hereto.

LEASE TERM/USE

Term. The term of this Lease ("Term") shall commence upon the date of the First Closing, as such term is defined in the Contract of Sale (as hereinafter defined) (the "Commencement Date") and shall expire, unless extended (as set forth herein) or until such term shall sooner cease and expire as hereinafter provided, on June 30, 2015 ("Expiration Date").

Use of Premises. The Premises may be occupied and used by Tenant for any lawful use, subject, however, to the provisions of this Lease.

RENT

Rent Tenant shall pay to Landlord rent ("Rent") commencing on the Commencement Date as set forth on the rent schedule attached as Exhibit B (the "Rent Schedule"). At the direction of Landlord, Tenant may pay the Rent in two equal, separate payments to each of Goldberg 34th Street, LLC and 504-514 West 34th Street Corp.

Section 3.2 Triple Net Lease. **(a) Commencing on the Commencement Date, Tenant shall be responsible for all costs of every nature and kind relating to the ownership, maintenance, repair, replacement, and operation of the building, and all other similar costs, including, without limitation the following:**

(i) Tenant shall be required to arrange and pay for directly to the provider thereof any and all electricity, steam, gas, water and/or other utilities desired by Tenant. Tenant may discontinue, add or change any utility services in its sole discretion from time to time.

(ii) (I) Tenant, at its expense, shall maintain at all times during the term of this Lease and at all times when Tenant is in possession of the Premises (and cause its subtenants or any other occupant of any portion of the Premises by, through or under Tenant to maintain) (i) public liability insurance in respect of the Premises and the conduct or operation of Tenant's business therein, with Landlord and Landlord's managing agent, if any, as additional insureds, with a combined single limit (annually and per occurrence) of not less than $5,000,000 (with a deductible not exceeding $500,000), (ii) insurance (with a deductible not exceeding $500,000) covering all of Tenant's property, including, without limitation, Tenant's furniture, fixtures, machinery, equipment and other personal property and any property of third parties located in the Premises ("Tenant's Property") against all risks and perils for physical loss and damage, including, without limitation, additional expenses coverage, in an amount equal to the full replacement value of Tenant's Property (as increased from time to time); and (iii) insurance (with a deductible not exceeding $500,000) covering the Building, including, without limitation, fixtures, machinery and equipment therein against all risks and perils for physical loss and damage, in the amount equal to the full replacement value of the Building (as increased from time to time).

(II) Tenant shall deliver to Landlord such policies or certificates of such policies (in form reasonably acceptable to landlord) prior to the commencement of the term of this Lease. Tenant shall procure and pay for renewals of such insurance from time to time before the expiration thereof, and Tenant shall deliver to Landlord and any additional insureds such renewal policy or certificate at least 30 days before the expiration of any existing policy. All such policies shall name as additional insureds Landlord, Landlord's managing agent and the holder of the existing mortgage encumbering the Premises (the "Mortgagee"), if required by Mortgagee, shall be issued by companies reasonably satisfactory to Landlord and all such policies shall contain a provision whereby the same cannot be canceled or modified unless Landlord and any additional insureds are given at least 30 days' prior notice of such cancellation or modification, including, without limitation, any cancellation resulting from the non-payment of premiums. Landlord shall have the right at any time and from time to time, but not more frequently than once every two years, to require Tenant to increase the amount of the insurance maintained by Tenant under this provision, as reasonably determined by Landlord, provided that such amount shall not exceed the amount which is comparable to the amount then generally required of tenants in similar space in similar buildings in the general vicinity of the building.

(b) It is the purpose and intent of the Landlord and Tenant that the rent payable hereunder shall be absolutely net to the Landlord so that this Lease shall yield, net to the Landlord, the rents specified in this Article 3 in each year during the term of this lease.

(c) For the purpose of this Article:

(i) The term "Taxes" shall mean (1) the real estate taxes, assessments and special assessments imposed on the Building and/or the land on which the Building is erected (including, without limitation, business improvement district charges), and (2) any reasonable expenses incurred in contesting the same. If at any time during the term of this Lease the methods of taxation prevailing on the date hereof shall be altered so that in lieu of, or as an addition to, or as a substitute for, the whole or any part of such real estate taxes, assessments and special assessments now imposed on real estate, there shall be levied, assessed and imposed (x) a tax, assessment, levy, imposition, license fee or charge wholly or partially as a capital levy or otherwise on the rents received therefrom, or (y) any other additional or substitute tax, assessment, levy, imposition , fee or charge, then all such taxes, assessments, levies, impositions, fees or charges shall be deemed to be included within the term "Taxes" for the purposes hereof (in no event, however, shall Taxes include any income, estate or inheritance tax of Landlord, or any transfer taxes).

(ii) If a Tax year ends after the expiration of the term of this Lease, the Tax payment therefor shall be prorated to correspond to the expiration or termination of the term of this Lease, the Tax payment therefor shall be prorated to correspond to that portion of such Tax Year occurring within the term of this Lease. In addition, the Tax payment shall be prorated for the Tax Year in which the payment of additional rent under this Article commences. If the real estate fiscal tax year of the City of New York shall be changed during the term of this Lease, any Taxes for a real estate fiscal tax year, a part of which is included within a particular Tax year and a part of which is not so included, shall be apportioned on the basis of the number of days in the real estate fiscal Tax year included in the particular Tax year for the purpose of making the computations under this Article.

(iii) The Tax Payment shall be payable by Tenant within thirty (30) days after receipt of a demand from Landlord (but not more than 30 days before the tax is due), which demand shall be accompanied by Landlord's computation of the Tax payment (a copy of the relevant tax bills shall be sent by Landlord to Tenant with each such demand).

(d) In the event the Mortgagee requires the payment of any escrows or reserves for insurance, Taxes or other reserves, same shall be deposited with Mortgagee by Tenant.

(e) The term "additional rent" shall also include all sums of money other than Rent as shall become due and payable by Tenant to Landlord hereunder. Each and every payment and expenditure, other than Rent and other than costs for any additions, alterations, repairs, replacements and improvements to the Building, which are required to be paid by Tenant under this Lease, shall be deemed to be additional rent hereunder, whether or not the provisions requiring payment of such amounts specifically so state, and shall be payable, unless otherwise provided in this Lease, on demand by Landlord and in the case of the non-payment of any such amounts, Landlord shall have, in addition to all of its other rights and remedies, all of the rights and remedies available to Landlord hereunder or by laws in the case of non-payment of Rent. Unless expressly otherwise provided in this Lease, the performance and observance by Tenant of all the terms, covenants and conditions of this Lease to be performed and observed by Tenant hereunder shall be performed and observed by Tenant at Tenant's sole cost and expense. In the event of Tenant's default in the payment of additional rent, Landlord shall have the same remedies as for a default in the payment of Rent.

Section 3.3 Discretion Over Premises

To the extent not otherwise set forth in this Lease (but subject to the provisions of this Lease), Tenant has complete, discretion to make any use of the Premises, including, but not limited to, the complete, absolute and sole authority and discretion over all matters relating to maintenance, alteration, repair, management and operation of the Premises. Tenant may, but need not, renovate, construct, reconstruct, demolish, repair and/or alter from time to time the present or future structural or other portions of the Premises, at its sole cost and expense. Tenant shall be solely responsible for the maintenance, repair, upkeep and renovation of the Premises. Tenant shall have the sole right to any signage or other uses of the Premises during the term hereof.

Section 3.4 Closing of Sale Reference is made to the Agreement dated of even date between Bauman 34th Street, LLC and Goldberg 34th Street, LLC, each as sellers and 504-514 West 34th Street Corp., as buyer (the "Contract of Sale"). Anything herein to the contrary notwithstanding, if, following the First Closing (as such term is defined in the Contract of Sale), the Closing by Goldberg 34th Street, LLC fails to occur on or before the date which is 730 days following the date of the First Closing solely as a result of the default of Goldberg 34th Street, LLC (and Tenant as Buyer under the Contract of Sale is then ready, willing and able to close in accordance with the terms of the Contract of Sale), then twenty-five percent (25%) of Tenant's rent under Section 3.1 above shall be abated, which abatement shall be applied against the portion of the rent under Section 3.1 which is allocated to Goldberg.

AS IS

As Is. Landlord shall deliver and Tenant shall accept the Premises in "as is" condition, it being understood and agreed that Landlord has no obligations with respect to the construction of, or any improvements to, the Premises. Landlord makes no representation or warranty with respect to the condition of the Premises or its fitness or availability for any particular use, and Landlord shall not be liable for any latent or patent defect therein.

Violations. Tenant, at its sole cost and expense, shall, throughout the term of this Lease, comply in all respects with (i) all laws and/or requirements of public authorities, whether present or future, foreseen or unforeseen, ordinary or extraordinary, and whether or not the same shall be presently within the contemplation of Landlord and Tenant or shall involve any change of governmental policy, or require structural or nonstructural repairs or alterations or additions, and irrespective to the cost thereof, which may be applicable to the Premises or the use and occupancy thereof, (ii) any agreements, contracts, easements and restrictions affecting the Premises or any part thereof or the ownership, occupancy or use thereof existing on the date hereof or hereafter created by Tenant, or consented to or requested by Tenant.

Repairs and Maintenance. Subject to Section 3.3 above, (a) Tenant, at its sole cost and expense, shall be solely responsible for the Premises and all fixtures, equipment, machinery and apparatus (including but not limited to heating, air-conditioning, plumbing, electrical, sanitary and other systems) in or servicing the Premises and entrance and exit doors to and from the Building or other areas of the Premises; as well as all personal property and trade fixtures therein, and all roadways, sidewalks, curbs and trackage rights, if any (to the extent the same are subject to Tenant's control), on, adjacent and appurtenant thereto.

(b) Throughout the Term, Tenant, at its sole cost and expense, shall be solely responsible for any periodic inspection, maintenance, repair and replacement of the heating, air-conditioning, plumbing, electrical, sanitary and other equipment and systems located in or to be located in the Premises.

(c) Tenant shall not commit or suffer to be committed any waste upon or about the Premises. Tenant shall not make any claim or demand upon or bring any action against Landlord for any loss, cost, injury, damage or other expense caused by any failure or defect, structural or non-structural, of the Premises or any part thereof.

(d) Landlord shall not under any circumstances be required to build any improvements on the Premises, or to make any repairs, replacements, alterations or renewals of any nature or description to the Premises or to any of the improvements, whether interior or exterior, ordinary or extraordinary, structural or non-structural, foreseen or unforeseen, or to make any expenditure whatsoever in connection with this Lease or to inspect or maintain the Premises in any way. Tenant hereby waives the right to make repairs, replacements, renewals or restorations at the expense of Landlord pursuant to any laws.

Services and Utilities. Landlord shall have no obligation whatsoever to furnish any utilities or building services of any kind. Tenant shall furnish, at its own expenses, all utilities of every type and nature required by it and make its own arrangements with the public utility company servicing the Premises for the furnishing of, and payment of all charges for all utilities of every kind consumed by Tenant in the Premises. All electricity consumed by any of the foregoing utilities or systems shall be paid for by Tenant.

ARTICLE 5. END OF TERM

Section 5.1 End of Term. At or before the end of the Term, Tenant will promptly quit and surrender the Premises to Landlord, free of all tenancies or other rights of occupancy, subject to Article 3 above and subject to the Contract of Sale.

ARTICLE 6. MECHANIC'S LIENS

Section 6.1 Mechanic's Liens. Tenant will pay or cause to be paid all costs and charges for work done by or for Tenant in or to the Premises, and for all materials furnished for or in connection with such work. Tenant will indemnify Landlord against, and hold Landlord harmless of and from, all mechanics' liens and claims of liens, and all other liabilities, claims and demands on account of such work by or on behalf of Tenant. If any such lien is filed against the Premises or the Building, Tenant will cause such lien to be discharged of record, by bond, payment of money into court, or otherwise, within sixty (60) days of Tenant's receipt of notice of the filing of the notice of lien for same. If any such lien cannot be removed or discharged within sixty (60) days, Tenant shall not be deemed in default provided Tenant is diligently pursuing such discharge or removal.

ARTICLE 7. SUBORDINATION AND NON-DISTURBANCE

Section 7.1 Subordination and Non-Disturbance.

(a) Without the necessity of any additional document being executed by Tenant for the purpose of effecting a subordination, this Lease shall be subject and subordinate at all times to any mortgage and the lien, and the rights of the holder thereof (in any amounts and all advances thereon, which may now or hereafter affect this Agreement or the Premises, and to all renewals, modifications, consolidations, participations, replacements, and extensions thereof. The term "mortgage" as used herein shall be deemed to include trust indenture(s), deed(s) of trust, and security deed(s). Tenant agrees to attorn to the holder thereof, its affiliates, successors and assigns or any purchaser of the Premises in a foreclosure proceeding or by a deed in lieu of foreclosure (a "Mortgagee Party") who shall succeed to the Landlord's interest in the Premises upon request of such Mortgagee Party. Upon request of the holder thereof, the parties shall promptly execute and acknowledge, without charge therefor, an agreement acknowledging such subordination and agreeing to attorn to any Mortgagee Party who shall succeed to Landlord's interest in the Premises.

Landlord represents and warrants that as of the date hereof there are no ground or underlying leases covering the whole or any portion of the Building.

Intentionally Omitted.

Landlord covenants that, during the term of this Lease, it will not encumber the property with any mortgages, liens, ground leases, security interests or encumbrances other than the Mortgage and will take no action to increase the its obligations under the Mortgage.

ARTICLE 8. EMINENT DOMAIN/DAMAGE AND DESTRUCTION

Section 8.1 Taking/Damage and Destruction. If all or part of the Premises are taken by the exercise of the power of eminent domain, Tenant shall be entitled to claim all awards or compensation which are due from the applicable governmental organization that exercised the power of eminent domain or provides compensation for the exercise of such eminent domain power. If all or part of the Building shall be damaged or destroyed by fire or other casualty, Tenant shall be entitled to claim all insurance proceeds, awards or compensation with respect to said damage or destruction. In the case of a taking or damage and destruction, this Lease and the Tenant's obligations hereunder shall not be affected hereby. Tenant may, but need not, rebuild, repair, alter, demolish or otherwise deal with the Building as it shall deem appropriate in each instance.

ARTICLE 9. CROSS DEFAULT

Section 9.1 Default by Tenant. Any default or breach by Tenant as buyer under the Contract of Sale or a default by Tenant as a tenant-in-common under the TIC Agreement (as hereinafter defined) that is uncured within the periods set forth in such agreements shall constitute a default by Tenant under this Lease, and any default by Tenant under this Lease that is uncured within the periods set forth herein shall constitute a default by Tenant as buyer under the Contract of Sale and by Tenant as a tenant-in-common under the TIC Agreement.

Section 9.2 Default by Landlord. Any default or breach by Goldberg as Seller under the Contract of Sale or a default by Goldberg as a tenant-in-common under the TIC Agreement that is uncured within the periods set forth in such agreements shall constitute a default by Goldberg under this Lease, and any default by Landlord under this Lease that is uncured within the periods set forth herein shall constitute a default by Goldberg under the Contract of Sale and by Goldberg as a tenant-in-common under the TIC Agreement.

Section 9.3 Closing Under Contract of Sale. The terms and conditions of this Article 9 to the contrary notwithstanding, no default or breach by the Tenant or Landlord, as the case may be, shall relieve the other party of the obligation to sell and purchase (respectively) the Premises pursuant to the Contract of Sale or deprive either party of the remedy of specific performance under the Contract of Sale, provided, however, that (A) the consummation of said closing shall not relieve the defaulting party of any liability for damages as a result of such default or breach, which liability shall survive the closing under the Contract of Sale, (B) all amounts of Rent due and payable pursuant to Section 3.1 hereunder which shall not then have been paid shall be paid at said closing, and (C) all amounts of additional rent which shall not then have been paid shall be paid at said closing except that if said amounts are in dispute, the defaulting party shall deposit in escrow with the attorneys for the non-defaulting party the amount so in dispute pending the resolution or final adjudication of said dispute.

ARTICLE 10. QUIET ENJOYMENT

Section 10.1 Quiet Enjoyment. Landlord covenants and agrees with Tenant, that upon Tenant paying the rent and additional rent and observing and performing all of the terms, covenants and conditions on Tenant's part to be observed and performed, Tenant may peaceably and quietly enjoy the Premises, subject nevertheless to the terms and conditions of this Lease and the Mortgage.

ARTICLE 11. DEFAULT

Section 11.1 Default by Tenant, Remedies.

(a) If Tenant defaults in fulfilling any of the covenants of this Lease, or if the Premises becomes vacant or deserted, or if this Lease be rejected under §365 of Title 11 of the U.S. Code (Bankruptcy Code); or if any execution or attachment shall be issued against Tenant or any of Tenant's property whereupon the Premises shall be taken or occupied by someone other than Tenant; then in any one or more of such events, upon Landlord serving a written 10 days notice with respect to a default in the payment of rent or additional rent or 30 days notice with respect to any other default notice upon Tenant specifying the nature of said default, and upon the expiration of said 10 or 30 days, as the case may be, if Tenant shall have failed to comply with or remedy such default, or if the said default or omission complained of shall be of a nature that the same cannot be completely cured or remedied within said 30 day period (it being intended that a default in the payment of rent or additional rent shall not have the benefit of this extension of the cure period), and if Tenant shall not have diligently commenced during such default within such 30 day period, and shall not thereafter with reasonable diligence and in good faith, proceed to remedy or cure such default, then Landlord may serve a written five (5) days notice of cancellation of this Lease upon Tenant, and upon the expiration of said five (5) days this Lease and the term thereunder shall end and expire as fully and completely as if the expiration of such five (5) day period were the day herein definitely fixed for the end and expiration of this Lease and the term thereof, and Tenant shall then quit and surrender the Premises to Landlord, but Tenant shall remain liable as hereinafter provided.

(b) In case of re-entry or dispossession by legal proceedings, or termination of this Lease by Landlord as in subparagraph (a) above provided, Tenant shall be liable to Landlord for all reasonable expenses Landlord incurs for: (i) legal fees and other expenses related to obtaining possession; and (ii) brokerage commissions in obtaining another tenant.

(c) In addition to any other remedies Landlord may have under this Lease, Tenant shall pay to Landlord interest at the lower of (i) 3% per annum above the prime rate published in the Wall Street Journal (or, if no longer published, then Landlord shall substitute a similar rate) or (ii) the highest rate permitted by law and on rent or additional rent paid more ten (10) days after same is due, which interest shall be paid for the period commencing on the date such rent or additional rent was first due and ending on the date same as paid. In addition, if any amounts of Rent due and payable under Section 3.1 hereof shall remain past due for more than thirty (30) days, Tenant shall pay to Landlord interest equal to double the aforesaid amount.

(d) If the Premises are not surrendered and vacated as and at the time required by this Lease (time being of the essence), Tenant shall be liable to Landlord for (a) all losses, costs, liabilities and damages which Landlord may incur by reason thereof, including, without limitation, reasonable attorneys' fees, and Tenant shall indemnify, defend and hold harmless Landlord against all claims made by any succeeding tenants against Landlord or otherwise arising out of or resulting from the failure of Tenant to timely surrender and vacate the Premises in accordance with the provisions of this Lease, and (b) per diem use and occupancy in respect of the Premises equal to two times the fixed rent and additional rent payable under this lease for the last year of the term of this Lease (which amount Landlord and Tenant presently agree is the minimum to which Landlord would be entitled, is presently contemplated by them as being fair and reasonable under such circumstances and is not a penalty). In no event, however, shall this paragraph be constructed as permitting Tenant to hold over in possession of the Premises after the expiration or termination of the term of this Lease.

(e) LANDLORD AND TENANT HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER AGAINST THE OTHER, OR AS TO ANY MATTERS ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS LEASE, OR THEIR RELATIONSHIP AS LANDLORD AND TENANT, OR TENANT'S USE OR OCCUPANCY.

ARTICLE 12 ASSIGNMENT AND SUBLETTING

Section 12.1 Tenant's Rights. (a) Tenant may assign this Lease or sublet any or all of the Premises without Landlord's consent upon thirty (30) days written notice to Landlord.

(b) Each assignment or subletting pursuant to this Article shall be subject to all of the terms of this Lease. Notwithstanding any such subletting or assignment and/or acceptance of rent or additional rent by Landlord from any subtenant or assignee, Tenant shall remain fully liable for (and any assignee shall assume the obligation for) the payment of the fixed rent and additional rent due and to become due under this Lease and for the performance of all Tenant's obligations under this Lease. All acts and omissions of any subtenant or assignee or anyone claiming under or through any subtenant or assignee which shall be in violation of any of the obligations of this Lease shall be deemed to be a violation by Tenant. Tenant further agrees that notwithstanding any such subletting or assignment, no further subletting or assignment by tenant or any person claiming through or under Tenant shall be made except upon compliance with and subject to the provisions of this Article.

ARTICLE 13 NOTICES

Section 13.1 Notices. All notices required or permitted by any provision of this Lease shall be directed as follows:

To Tenant:
Coach, Inc.
516 West 34th Street
New York, NY 10001
Attention: Todd Kahn, General Counsel

with a copy to:
Phillips Lytle LLP
437 Madison Avenue, 34th Floor
New York, NY 10022
Attention: Kenneth R. Crystal, Esq.

To Landlord:
504-514 West 34th Street Corp.
c/o Coach, Inc.
516 West 34th Street
New York, NY 10001
Attention: Todd Kahn, General Counsel

with a copy to:
Phillips Lytle LLP
437 Madison Avenue, 34th Floor
New York, NY 10022
Attention: Kenneth R. Crystal, Esq.

and:	Goldberg 34th Street, LLC c/o Jack Anfang 6140 Evian Place Boynton Beach, FL 33437
and	Goldberg 34th Street, LLC c/o Jack Anfang 139 Haddon Road New Hyde Park, NY 11040
with a copy to:	Graubard Miller 405 Lexington Avenue New York, NY 10174 Attention: Lester Henner, Esq.

All notices to be given hereunder by either party shall be written and sent by registered or certified mail, return receipt requested, postage prepaid, hand delivered or sent via a nationally recognized next day courier service (such as Federal Express, DHL, etc.) addressed to the party intended to be notified at the address set forth above. Either party may, at any time, or from time to time, notify the other in writing of a substitute address(es) for that given above, and thereafter notices shall be directed to the substitute address(es). Notice given by certified or registered mail or by next day courier service as aforesaid shall be deemed given on the date of deposit in the mail or with the next day courier service. Notices hand delivered shall be deemed given on the day delivered (or first refused for delivery).

The attorneys for the respective parties herein may, but shall not be obligated to, give notices on behalf of their respective clients.

ARTICLE 14. ESTOPPEL CERTIFICATES

Section 14.1 Estoppel Certificates. Within fifteen (15) days after receipt of Landlord's or Tenant's request ("Requesting Party"), Landlord or Tenant, as the case may be ("Answering Party"), shall execute and deliver to the Requesting Party a declaration to any person designated by such party: (i) stating the Commencement Date and Expiration Date of the Lease; and (ii) certifying (a) that this Lease is in full force and effect and has not been assigned, modified, supplemented or amended (except by such written instruments set forth therein), (b) that all conditions under this Lease to be performed by the Answering Party have been satisfied (stating exceptions, if any), (c) to the best knowledge of Answering Party, no defenses or offsets against the enforcement of this Lease by the Answering Party exist (or stating those claimed), (d) advance Rent, if any, paid by Tenant, (e) the date to which Rent has been paid, and (f) such other information as the Requesting Party reasonably requires.

ARTICLE 15. MISCELLANEOUS

Section 15.1 Waiver. No waiver by Landlord or Tenant of any breach of any term, covenant or condition hereof shall be deemed a waiver of the same or any subsequent breach of the same or any other term, covenant or condition. The acceptance of Rent by Landlord shall not be deemed a waiver of any earlier breach by Tenant of any term, covenant or condition hereof, regardless of Landlord's knowledge of such breach when such Rent is accepted. No covenant, term or condition of this Lease shall be deemed waived by Landlord or Tenant unless waived in writing.

Section 15.2 Entire Agreement. There are no representations, covenants, warranties, promises, agreements, conditions or undertakings, oral or written, between Landlord and Tenant other than herein set forth, set forth in the Contract of Sale or in that certain Tenancy-In-Common Agreement between Goldberg and 504 of even date (the "TIC Agreement"). Except as herein otherwise provided, no subsequent alteration, amendment, change or addition to this Lease shall be binding upon Landlord or Tenant unless in writing and signed by both parties.

Section 15.3 No Partnership.

Landlord does not, in any way or for any purpose, become a partner, employer, principal, master, agent or joint venturer of or with Tenant.

Section 15.4 Counterparts. This Lease may be executed by facsimile signatures and in separate counterparts, each of which when so executed and delivered shall be an original for all purposes, but all such counterparts shall together constitute but one and the same instrument.

Section 15.5 Captions and Section Numbers. This Lease shall be construed without reference to the titles of Articles and Sections, which are inserted only for convenience of reference.

Section 15.6 Number and Gender. The use herein of a singular term shall include the plural and use of the masculine, feminine or neuter genders shall include all others.

Section 15.7 Broker's Commission. Landlord and Tenant each represent to the other that they dealt with no broker in connection with this transaction. Landlord and Tenant shall each indemnify, defend and hold harmless the other from and against any claim by any broker or other person for a commission or other compensation in connection with that transaction if such claim is based in whole or in part upon any act of the indemnifying party or its representatives, and from all losses, liabilities, costs and expenses in connection with such claim, including reasonable attorneys fees. Landlord and Tenant agree to pay all amounts due to their respective consultants.

Section 15.8 Partial Invalidity. If any provision of this Lease or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby and each provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

Section 15.9 Intentionally Omitted.

Section 15.10 Applicable Law. This Lease shall be construed under the internal laws of the State of New York.

Section 15.11 Holding Over. **If Tenant remains in possession of all or any part of the Premises after the expiration of the Term: (a) such tenancy will be deemed to be a periodic tenancy from month-to-month only; (b) such tenancy will not constitute a renewal or extension of this Lease for any further term; and (c) such tenancy may be terminated by either party hereto upon thirty (30) days prior written notice by either party and Tenant shall pay two hundred (200%) percent of the Rent then otherwise due and payable hereunder. Tenant at any time or by Landlord at least twelve (12) months after the expiration of the Term. Such month-to-month tenancy will be subject to every other term, condition, and covenant contained in this Lease.**

Section 15.12 Signs. During the Term hereof and any renewals, Tenant shall have the sole and exclusive right to install signage on and in the Building and the Premises, subject only to obtaining all governmental and municipal approvals and permits required in connection with its signage.

Section 15.13 Landlord's Consent. Wherever in this Lease Tenant is required to, or desires to, obtain Landlord's consent or approval, Landlord agrees to not unreasonably withhold, delay or condition any such consent(s).

Section 15.14 Intentionally Omitted.

Section 15.15 Subleases. This Lease is subject to (a) that certain Lease Agreement between Forest Electric Corp. and the predecessors-in-interest to Landlord dated August 15, 2002, (b) that certain Lease Agreement between Coach, Inc. and the predecessors-in-interest to Landlord, dated July 1, 2000, and (c) that certain Signed Lease between Van Wagner Communications, LLC and the predecessors-in-interest to Landlord dated December 1, 2000, each as heretofore amended (collectively, the "Subleases") and the Contract of Sale. From and after the date hereof, Forest Electric Corp., Coach, Inc. and Van Wagner Communications, LLC shall be subtenants of Tenant, and Tenant is solely responsible for all obligations and entitled to all of the benefits of the landlord under the terms of the Subleases and shall have sole authority with respect to the exercise of any remedies with respect thereto, and the entering into of any amendments, modifications, extensions or terminations thereof**.** At the time of the First Closing (as such term is defined in the Contract of Sale), Goldberg 34th Street LLC shall execute an Assignment of the Landlord's interest in the Subleases to Tenant (the "Assignment of Subleases"), which Assignment of Subleases shall further provide that if Tenant shall fail to pay Rent hereunder after applicable notice and cure periods, said Assignment of Subleases shall be void and the landlord's interest in said Subleases shall revert to Landlord.

Section 15.16 Corporate Authority. Landlord and Tenant represent and warrant to each other that their respective Board of Directors have duly authorized the execution of this Lease.

Section 15.17 No Owner Liability. Landlord, its partners, members, officers, directors and principals, disclosed and undisclosed, shall have no personal liability under this Lease. Tenant shall look only to Landlord's interest in the land and the building for the satisfaction of Tenant's remedies for the collection of a judgment (or other judicial process) requiring the payment of money by Landlord in the event of any default by Landlord under this Lease, and no other property or assets of Landlord or its partners, members, officers, directors or principals, disclosed or undisclosed, shall be subject to lien, levy, execution or other enforcement procedure for the satisfaction of Tenant's remedies under or with respect to this Lease, the relationship of Landlord and Tenant under this Lease or Tenant's use or occupancy of the Premises. If Tenant shall acquire a lien on such other property or assets by judgment of otherwise, Tenant shall promptly release such lien by executing and delivering to Landlord any instrument, prepared by Landlord, required for such lien to be released.

Section 15.18 Hazardous Materials. In addition to any other restrictions set forth in this Lease, except as otherwise provided in this Lease, Tenant shall not cause or permit, as a result of any intentional act or omission on the part of Tenant, its agents, employees, tenants, subtenants or other occupants of the Premises to release Hazardous Substances (as defined in this Article) in or from any portion of the Premises in violation of any Environmental Laws. Tenant shall indemnify, defend and hold harmless Landlord, and its successors, assigns, and each of their partners, employees, agents, officers and directors from and against any claims, demands, penalties, fines, liabilities, settlements, damages, losses, costs or expenses of whatever kind or nature, known or unknown, contingent or otherwise, including, without limitation, reasonable attorneys' and consultants' fees and disbursements and investigation and laboratory fees arising out of (a) the presence, disposal, release or threat of release of any Hazardous Substance as a result of any act or omission of Tenant, its agents, employees, tenants, subtenants, invitees or other occupants of the Premises, in or from or affecting the Premises (b) any personal injury (including wrongful death) or property damage, real or personal arising out of any such Hazardous Substance, (c) any lawsuit brought, settlement reached, or government order relating to such Hazardous Substance, and (d) any violations of laws, order, regulations, requirements or demands or governmental authorities by Tenant. "Hazardous Substance" shall mean "solid waste" or "hazardous waste," "hazardous material," "hazardous substance" and "petroleum product" as defined in the Resource Conservation and Recovery Act, the Comprehensive Environmental Response, Compensation and Liability Act, the Hazardous Material Transportation Act, the Federal Water Pollution Control Act and the Superfund Amendments and Reauthorization Act of 1986, any laws relating to underground storage tanks and any similar or successor federal law, state law or local statutes and ordinances and any rules, regulations and policies promulgated thereunder, as any of such federal, state and local statutes, ordinances and regulations may be amended from time to time (collectively, "Environmental Laws").

Section 15.19 Net Lease; Non-Terminability. This is an absolutely net lease, and this Lease shall not terminate nor shall Tenant have any right to terminate this Lease; nor shall Tenant be entitled to any abatement, deduction, deferment, suspension or reduction of, or setoff, defense or counterclaim against, any rentals, charges, or other sums payable by Tenant under this Lease; nor shall the respective obligations of Landlord and Tenant be otherwise affected by reason of damage to or destruction of the Premises from whatever cause, any taking by condemnation, eminent domain or by agreement between Landlord and those authorized to exercise such rights, the lawful or unlawful prohibition of Tenant's use of the Premises, the interference with such use by any persons, corporations or other entities, or by reason of any default or breach of any warranty by Landlord under this Lease or any other agreement between Landlord and Tenant, or to which Landlord and Tenant are parties, or for any other cause whether similar or dissimilar to the foregoing, any laws to the contrary notwithstanding; it being the intention that the obligations of Landlord and Tenant hereunder shall be separate and independent covenants and agreements and that the Rent, additional rent and all other rents and charges and sums payable by Tenant hereunder shall continue to be payable in all events unless the obligations to pay the same shall be terminated pursuant to the express provisions of this Lease; and Tenant covenants and agrees that it will remain obligated under this Lease in accordance with its terms, and, except as may be expressly authorized by the terms of this Lease, that it will not take any action to terminate, cancel, rescind or void this Lease, notwithstanding the bankruptcy, insolvency, reorganization, composition, readjustment, liquidation, dissolution, winding up or other proceedings affecting Landlord or any assignee of, or successor to, Landlord, and notwithstanding any action with respect to this Lease that may be taken by a trustee or receiver of Landlord or any assignee of, or successor to, Landlord or by any court in any such proceeding.

Section 15.20 Attorneys Fees. If any legal action or other proceeding is brought for the enforcement of any provisions of this Lease or because of an alleged default hereunder, then the prevailing party shall be entitled to recover from the other party all attorney’s fees, court costs and other costs actually incurred in such action or proceeding, in addition to any other relief to which it may be entitled.

IN WITNESS WHEREOF, Landlord and Tenant have signed this Lease as of the date and year first above written.

LANDLORD:

GOLDBERG 34TH STREET LLC

By: _____
Name:
Title:

504-514 WEST 34TH STREET CORP.

By: _____
Name:
Title:

TENANT:

504-514 WEST 34TH STREET CORP.

By: _____
Name:
Title:

EXHIBIT A

The Land

ALL that certain plot, piece or parcel of land, situate, lying and being in the Borough of MANHATTAN, City, County and State of NEW YORK, bounded and described as follows:

BEGINNING at a point on the northerly side of WEST 33RD STREET, distant 205 feet westerly from the corner formed by the intersection of the northerly side of WEST 33RD STREET with the westerly side of TENTH AVENUE;

RUNNING THENCE northerly and parallel with the westerly side of TENTH AVENUE, 197 feet 6 inches to the southerly side of WEST 34TH STREET;

THENCE westerly along the said southerly side of WEST 34TH STREET, 145 FEET;

THENCE southerly and again parallel with the westerly side of TENTH AVENUE, 197 feet 6 inches to the northerly side of WEST 33RD STREET; and

THENCE easterly along the northerly side of 33RD STREET, 145 feet to the point or place of BEGINNING.

EXHIBIT B

With closing in September

Rent Schedule

Month	Rent
Month 1	$448,309
Month 2	$448,661
Month 3	$451,045
Month 4	$445,052
Month 5	$441,462
Month 6	$444,639
Month 7	$449,663
Month 8	$456,004
Month 9	$456,883
Month 10	$452,116
Month 11	$494,784
Month 12	$492,511
Month 13	$494,994
Month 14	$495,356
Month 15	$497,807
Month 16	$491,651
Month 17	$488,935
Month 18	$492,190
Month 19	$497,342
Month 20	$503,833
Month 21	$504,745
Month 22	$499,854
Month 23	$500,162
Month 24	$497,826
Month 25 and each month thereafter through June 30, 2015	$476,909

Exhibit I

Via Hand Delivery July __, 2008

504-514 West 34th Street Corp.
c/o Coach, Inc.
516 West 34th Street
New York, NY 10001
Attention: Todd Kahn, General Counsel

Re: Net Lease Agreement by and between Goldberg 34th Street LLC ("Goldberg") and 504-514 West 34th Street Corp. ("504-514 Corp.") as Tenants-in-Common and 504-514 West 34th Street Corp. as Tenant (the "Net Lease")

Ladies and Gentlemen:

Reference is made to the Net Lease. The parties to this letter agreement (the "Letter Agreement") hereby agree that:

1. Upon the effective date of the Net Lease, 504-514 Corp. shall have and may exercise all powers and rights necessary, proper, convenient or advisable to act with respect to any and all matters associated with the current debt obligation due and owing to Bear Stearns Commercial Mortgage, Inc., or any subsequent holder of such debt obligation (the "First Mortgagee") by 504-514 Corp. (the "Debt Obligation"). The foregoing authorization shall include without limitation the authority to negotiate, finalize, execute and deliver any amendment, restatement, restructuring, waiver or any other matter associated with the Debt Obligation and the applicable agreements and other documentation relating thereto; provided, however, that 504-514 Corp. shall not be entitled to perform any of the following actions without obtaining the prior consent of Goldberg: (i) any modification of the Debt Obligation which would result in an increase in the aggregate costs and expenses to be paid by Goldberg with respect to the Debt Obligation; or (ii) any action which would constitute an event of default under the existing agreements and other documentation associated with the Debt Obligation.

2. In the event that 504-514 Corp. shall take any action which would trigger or otherwise result in an obligation to prepay the Debt Obligation, then 504-514 Corp. shall be responsible for the prepayment of the Debt Obligation. If the Debt Obligation is so accelerated or if 504-514 Corp. elects to defease or otherwise acquire or prepay the Debt Obligation pursuant to the terms of the loan documents relating to the Debt Obligation, then 504-514 Corp. shall pay all costs in connection with such defeasance or prepayment, and 50% of the Debt Obligation shall be modified to constitute a mortgage debt (which 504-514 Corp. may, but is not required to, record) from Goldberg to 504-514 Corp. in an amount equal to 50% of the Debt Obligation, on similar and no less favorable terms to the Debt Obligation (the "Mortgage Debt"), which Mortgage Debt shall be prepayable at any time without premium or penalty.

Please acknowledge your agreement to the provisions of this Letter Agreement by signing this Letter Agreement where indicated below.

Very truly yours,

GOLDBERG 34TH STREET LLC

By: _____
Name:
Title:

Accepted and agreed this
____ day of July 2008:

504-514 WEST 34TH STREET CORP.

By: _____
Name:
Title

Exhibit 21.1

LIST OF SUBSIDIARIES OF COACH, INC.

1. Coach Services, Inc. (Maryland)
2. 504-514 West 34th Street Corp. (Maryland)
3. Coach Leatherware International, Inc. (Delaware)
4. Coach Stores Puerto Rico, Inc. (Delaware)
5. Coach Japan Holdings, Inc. (Delaware)
6. Coach Japan Investments, Inc. (Delaware)
7. Coach Stores Canada Inc. (Canada)
8. Coach International Holdings, Inc. (Cayman Islands)
9. Coach Consulting (Shenzhen) Co. Limited (China)
10. Coach Shanghai Limited (China)
11. Coach International Limited (Hong Kong)
12. Coach Manufacturing Limited (Hong Kong)
13. Coach Hong Kong Limited (Hong Kong)
14. Coach Europe Services S.r.l. (Italy)
15. Coach Japan, Inc. (Japan)

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-51706 and 333-82102 on Form S-8 of our reports dated August 21, 2008, relating to the consolidated financial statements and consolidated financial statement schedule of Coach, Inc. and subsidiaries (the "Company") (which report expresses an unqualified opinion and includes an explanatory paragraph referring to the Company's adoption of Financial Accounting Standards Board Interpretation No. 48, "Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement 109") and the effectiveness of Coach, Inc. and subsidiaries' internal control over financial reporting, appearing in this Annual Report on Form 10-K of Coach, Inc. and subsidiaries for the year ended June 28, 2008.

/s/ Deloitte & Touche LLP

New York, New York
August 21, 2008

Exhibit 31.1

I, Lew Frankfort, certify that:

1. I have reviewed this Annual Report on Form 10-K of Coach, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

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

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

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

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

Date: August 21, 2008

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

I, Michael F. Devine III, certify that:

1. I have reviewed this Annual Report on Form 10-K of Coach, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

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

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

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

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

Date: August 21, 2008

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

Exhibit 32.1

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Coach, Inc. (the "Company") hereby certifies, to such officer's knowledge, that:

(i) the accompanying Annual Report on Form 10-K of the Company for the fiscal year ended June 28, 2008 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 21, 2008

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

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Coach, Inc. (the "Company") hereby certifies, to such officer's knowledge, that:

(i) the accompanying Annual Report on Form 10-K of the Company for the fiscal year ended June 28, 2008 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 21, 2008

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