UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

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

For the Quarterly Period Ended December 31, 2005

or

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

Commission file number: 1-16153

COACH, INC.

(Exact name of registrant as specified in its charter)

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

516 West 34th Street, New York, NY 10001

(Address of principal executive offices); (Zip Code)

(212) 594-1850

(Registrant's telephone number, including area code)

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

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

On February 3, 2006, the Registrant had 383,358,779 outstanding shares of common stock, which is the Registrant's only class of common stock.

The document contains 29 pages excluding exhibits.

COACH, INC.

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SPECIAL NOTE ON FORWARD-LOOKING INFORMATION

This Form 10-Q contains certain ‘‘forward-looking statements’’, based on current expectations, that involve risks and uncertainties that could cause our actual results to differ materially from management’s current expectations. These forward-looking statements can be identified by the use of forward-looking terminology such as ‘‘may’’, ‘‘will’’, ‘‘should’’, ‘‘expect’’, ‘‘intend’’, ‘‘estimate’’, ‘‘are positioned to’’, ‘‘continue’’, ‘‘project’’, ‘‘guidance’’, ‘‘forecast’’, ‘‘anticipated’’ or comparable terms. Future results will vary from historical results and historical growth is not indicative of future trends, which will depend upon a number of factors, including but not limited to: (i) the successful implementation of our growth strategies; (ii) the effect of existing and new competition in the marketplace; (iii) our ability to successfully anticipate consumer preferences for accessories and fashion trends; (iv) our ability to control costs; (v) the effect of seasonal and quarterly fluctuations in our sales on our operating results; (vi) our exposure to international risks, including currency fluctuations; (vii) changes in economic or political conditions in the markets where we sell or source our products; (viii) our ability to protect against infringement of our trademarks and other proprietary rights; and such other risk factors as set forth in the Company’s Annual Report on Form 10-K for the fiscal year ended July 2, 2005. Coach, Inc. assumes no obligation to update or revise any such forward-looking statements, which speak only as of their date, even if experience, future events or changes make it clear that any projected financial or operating results will not be realized.

WHERE YOU CAN FIND MORE INFORMATION

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

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

PART I

ITEM 1. Financial Statements

COACH, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)

	December 31, 2005	July 2, 2005
	(amounts in thousands)	
ASSETS		
Cash and cash equivalents	$ 185,125	$ 154,566
Short-term investments	560,887	228,485
Trade accounts receivable, less allowances of $7,660 and $4,124, respectively	123,045	65,399
Inventories	205,042	184,419
Other current assets	106,883	76,491
Total current assets	1,180,982	709,360
Property and equipment, net	229,614	203,862
Long-term investments	25,546	122,065
Goodwill	223,211	238,711
Indefinite life intangibles	9,788	9,788
Other noncurrent assets	90,022	86,371
Total assets	$ 1,759,163	$ 1,370,157
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	$ 87,732	$ 64,985
Accrued liabilities	246,514	188,234
Revolving credit facility	13,237	12,292
Current portion of long-term debt	170	150
Total current liabilities	347,653	265,661
Long-term debt	3,100	3,270
Other liabilities	48,434	45,306
Total liabilities	399,187	314,237
Commitments and contingencies (Note 7)		
Stockholders' equity		
Preferred stock: (authorized 25,000,000 shares; $0.01 par value) none issued	—	—
Common stock: (authorized 500,000,000 shares; $0.01 par value) issued	3,827	3,784

and outstanding – 382,663,137 and 378,429,710 shares, respectively		
Capital in excess of par value	717,804	579,329
Retained earnings	663,191	484,971
Accumulated other comprehensive (loss) income	(7,208)	903
Unearned compensation	(17,638)	(13,067)
Total stockholders' equity	1,359,976	1,055,920
Total liabilities and stockholders' equity	$ 1,759,163	$ 1,370,157

See accompanying Notes to Condensed Consolidated Financial Statements

COACH, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(amounts in thousands, except per share data)
(unaudited)

	Quarter Ended		Six Months Ended	
	December 31, 2005	January 1, 2005	December 31, 2005	January 1, 2005
Net sales	$ 650,336	$ 531,759	$ 1,099,287	$ 875,824
Cost of sales	145,660	128,791	253,250	214,682
Gross profit	504,676	402,968	846,037	661,142
Selling, general and administrative expenses	230,734	191,478	426,986	349,095
Operating income	273,942	211,490	419,051	312,047
Interest income, net	6,990	3,469	12,877	5,979
Income before provision for income taxes and minority interest	280,932	214,959	431,928	318,026
Provision for income taxes	106,758	81,684	164,139	120,849
Minority interest, net of tax	—	6,372	—	9,293
Net income	$ 174,174	$ 126,903	$ 267,789	$ 187,884
Net income per share				
Basic	$ 0.46	$ 0.33	$ 0.70	$ 0.50
Diluted	$ 0.45	$ 0.32	$ 0.69	$ 0.48
Shares used in computing net income per share				
Basic	380,837	379,354	380,144	378,866
Diluted	390,620	390,513	390,247	390,201

See accompanying Notes to Condensed Consolidated Financial Statements

COACH, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(amounts in thousands)
(unaudited)

	Total Stockholders' Equity	Preferred Stockholders' Equity	Common Stockholders' Equity	Capital in Excess of Par	Retained Earnings	Accumulated Other Comprehensive Income (loss)	Unearned Compensation	Comprehensive Income (loss)	Shares of Common Stock
Balances at July 3, 2004	$ 796,036	$ —	$ 3,792	$ 430,010	$ 369,331	$ 2,195	$ (9,292)		379,236
Net income	358,612	—	—	—	358,612	—	—	$ 358,612	
Shares issued for stock options and employee benefit plans	42,988	—	102	42,886	—	—	—		10,194
Excess tax benefit from exercise of stock options	68,667	—	—	68,667	—	—	—		
Repurchase of common stock	(264,971)	—	(110)	(21,889)	(242,972)	—	—		(11,000)
Share-based compensation	55,880	—	—	49,247	—	—	6,633		—
Grant of restricted stock awards	—	—	—	10,408	—	—	(10,408)		—
Unrealized gain on cash flow hedging derivatives, net	1,229	—	—	—	—	1,229	—	1,229	
Translation adjustments	(2,331)	—	—	—	—	(2,331)	—	(2,331)	
Minimum pension liability	(190)					(190)		(190)	
Comprehensive income								$ 357,320	
Balances at July 2, 2005	1,055,920	—	3,784	579,329	484,971	903	(13,067)		378,430
Net income	267,789	—	—	—	267,789	—	—	267,789	
Shares issued for stock options and employee benefit plans	52,512	—	73	52,439	—	—	—		7,197
Excess tax benefit from exercise of stock options	57,284	—	—	57,284	—	—	—		
Repurchase of common stock	(95,498)	—	(30)	(5,899)	(89,569)	—	—		(2,964)
Share-based compensation	30,080	—	—	25,681	—	—	4,399		—
Grant of restricted stock awards	—	—	—	8,970	—	—	(8,970)		—
Changes in derivative balances	(1,811)	—	—	—	—	(1,811)	—	(1,811)	

Translation adjustments	(6,300)	—	—	—	—	(6,300)	—	(6,300)
Comprehensive income								$ 259,678
Balances at December 31, 2005	$ 1,359,976	$ —	$ 3,827	$ 717,804	$ 663,191	$ (7,208)	$ (17,638)	382,663

See accompanying Notes to Condensed Consolidated Financial Statements

COACH, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(amounts in thousands)
(unaudited)

	Six Months Ended	
	December 31, 2005	January 1, 2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 267,789	$ 187,884
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	31,625	25,806
Share-based compensation	30,080	25,409
Minority interest	—	9,293
Excess tax benefit from exercise of stock options	(57,284)	(49,776)
Increase in deferred tax assets	(7,341)	(8,389)
(Decrease) increase in deferred tax liabilities	(583)	6,673
Other noncash credits, net	(6,685)	1,747
Changes in assets and liabilities:		
Increase in trade accounts receivable	(57,646)	(66,025)
Increase in inventories	(20,623)	(28,943)
Increase in other assets	(11,619)	(18,809)
Increase in other liabilities	3,128	4,839
Increase in accounts payable	22,747	23,718
Increase in accrued liabilities	110,060	129,324
Net cash provided by operating activities	303,648	242,751
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(50,822)	(46,457)
Proceeds from dispositions of property and equipment	—	18
Purchases of investments	(453,662)	(333,217)
Proceeds from maturities of investments	215,500	130,000
Net cash used in investing activities	(288,984)	(249,656)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repurchase of common stock	(95,498)	(94,927)
Repayment of long-term debt	(150)	(115)
Borrowings on revolving credit facility	45,048	344,696
Repayments of revolving credit facility	(44,103)	(295,934)
Proceeds from exercise of stock options	53,314	37,427
Excess tax benefit from exercise of stock options	57,284	49,766
Net cash provided by financing activities	15,895	40,913
Increase in cash and cash equivalents	30,559	34,008
Cash and cash equivalents at beginning of period	154,566	262,720
Cash and cash equivalents at end of period	$ 185,125	$ 296,728
Cash paid for income taxes	$ 85,508	$ 25,833
Cash paid for interest	$ 94	$ 116
Noncash investing activity – property and equipment obligations incurred	$ 6,087	$ —

See accompanying Notes to Condensed Consolidated Financial Statements

COACH, INC.

Notes to Condensed Consolidated Financial Statements
Quarters and Six Months Ended December 31, 2005 and January 1, 2005
(dollars and shares in thousands, except per share data)
(unaudited)

1. Basis of Presentation and Organization

The accompanying unaudited condensed consolidated financial statements include the accounts of Coach, Inc. (‘‘Coach’’ or the ‘‘Company’’) and all 100% owned subsidiaries, including Coach Japan, Inc. These condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the

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

Securities and Exchange Commission (''SEC''). Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted from this report as is permitted by SEC rules and regulations. However, the Company believes that the disclosures are adequate to make the information presented not misleading. This report should be read in conjunction with the audited consolidated financial statements and notes thereto, included in the Company's Annual Report on Form 10-K filed with the SEC for the year ended July 2, 2005 (''fiscal 2005'').

In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all normal and recurring adjustments necessary to present fairly the consolidated financial condition, results of operations and changes in cash flows of the Company for the interim periods presented. The results of operations for the quarter and six months ended December 31, 2005 are not necessarily indicative of results to be expected for the entire fiscal year, which will end on July 1, 2006 (''fiscal 2006'').

Reclassifications

Certain prior year amounts have been reclassified to conform to the current period presentation. Specifically, as a result of Coach's acquisition of Sumitomo's 50% interest in Coach Japan, the Company reevaluated the composition of its reportable segments and determined that Coach Japan should be a component of the Direct to Consumer segment. Previously, Coach Japan was included in the Indirect segment. All prior period information has been reclassified to include Coach Japan as a component of the Direct to Consumer segment. See Note 6 for segment disclosures.

Change in Accounting Principle

As more fully discussed below in Note 2, the Company adopted Statement of Financial Accounting Standards (''SFAS'') No. 123R, ''Share-Based Payment'' effective July 3, 2005. In accordance with the modified retrospective application method, all financial statement amounts for the prior periods presented have been adjusted to reflect the grant-date fair value method of expensing stock options as prescribed by SFAS 123R.

2. Share-Based Payment

During the first quarter of fiscal 2006, the Company adopted SFAS No. 123R, ''Share-Based Payment'', which requires an entity to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. Previously, the Company accounted for stock-based compensation plans and the employee stock purchase plan in accordance with Accounting Principles Board (''APB'') Opinion No. 25, ''Accounting for Stock Issued to Employees'' and related Interpretations and provided the required pro forma disclosures of SFAS No. 123, ''Accounting for Stock-Based Compensation''. The Company elected to adopt the modified retrospective application method as provided by SFAS 123R and accordingly, all financial statement amounts for the prior periods presented have been adjusted to reflect the cost of such awards based on the grant-date fair value of the awards.

The Company maintains several share-based compensation plans which are more fully described below. During the second quarters of fiscal 2006 and fiscal 2005, total compensation cost charged against income for these plans was $17,079 and $13,224, respectively and total income tax benefit recognized in the income statement from these plans was $6,839 and $5,025, respectively. During the first six months of fiscal 2006 and fiscal 2005, total compensation cost charged against income for these plans was $30,080 and $25,409, respectively and total income tax benefit recognized in the income statement from these plans was $12,045 and $9,655, respectively.

The following table details the modified retrospective application impact of SFAS 123R on previously reported amounts:

Quarter ended January 1, 2005	Adjusted	As Previously Reported
Selling, general and administrative expenses	$ 191,478	$ 179,833
Operating income	211,490	223,135
Income before provision for income taxes and minority interest	214,959	226,604
Provision for income taxes	81,684	86,109
Net income	126,903	134,123
Earnings per share:		
Basic	0.33	0.35
Diluted	0.32	0.34
Six months ended January 1, 2005		
Selling, general and administrative expenses	$ 349,095	$ 326,572
Operating income	312,047	334,570
Income before provision for income taxes and minority interest	318,026	340,549
Provision for income taxes	120,849	129,408
Net income	187,884	201,848
Earnings per share:		
Basic	0.50	0.53
Diluted	0.48	0.52
Net cash provided by operating activities	242,751	292,517
Net cash provided by (used in) financing activities	40,913	(8,853)
At July 2, 2005		
Deferred income taxes	$ 54,545	$ 31,520
Total assets	1,370,157	1,347,132

Accrued liabilities	188,234	188,353
Total current liabilities	265,661	265,780
Total liabilities	314,237	314,356
Capital in excess of par value	579,329	465,015
Retained earnings	484,971	576,141
Total stockholders' equity	1,055,920	1,032,776
Total liabilities and stockholders' equity	1,370,157	1,347,132

COACH, INC.

Notes to Condensed Consolidated Financial Statements - (Continued)
Quarters and Six Months Ended December 31, 2005 and January 1, 2005
(dollars and shares in thousands, except per share data)
(unaudited)

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 other forms of equity compensation to certain members of Coach management and the outside members of its Board of Directors. The 2000 Stock Incentive Plan and the 2000 Non-Employee Director Stock Plan were approved by Coach's stockholders during fiscal 2002. The 2004 Stock Incentive Plan was approved by Coach's stockholders during fiscal 2005. The exercise price of each stock option equals 100% of the market price of Coach's stock on the date of grant and generally has a maximum term of 10 years. Options generally vest ratably over three years.

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 is 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.

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

	Number of Coach Outstanding Options	Weighted-Average Exercise Price	Exercisable Options	Weighted-Average Exercise Price
Outstanding at July 2, 2005	31,554	$ 16.17	11,178	$ 16.48
Granted	12,836	34.14		
Exercised	(10,204)	18.43		
Canceled/expired	(503)	18.38		
Outstanding at December 31, 2005	33,683	$ 22.30	10,722	$ 14.11

The following table summarizes information about stock options under the Coach option plans at December 31, 2005:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding at December 31, 2005	Weighted-Average Remaining Contractual Life (Years)	Weighted-Average Exercise Price	Number Exercisable at December 31, 2005	Weighted-Average Exercise Price
$2.00 - 5.00	1,818	5.10	$ 3.94	1,818	$ 3.94
$5.01 - 10.00	2,600	6.41	6.73	2,266	6.48
$10.01 - 20.00	13,350	7.96	15.50	4,163	14.99
$20.01 - 35.75	15,915	7.47	32.64	2,475	27.09
	33,683	7.46	$ 22.30	10,722	$ 14.11

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:

	Quarter Ended	
	December 31, 2005	January 1, 2005
Expected lives (years)	2.83	1.50
Risk-free interest rate	4.20%	2.50%
Expected volatility	35.18%	30.23%
Dividend yield	—%	—%

COACH, INC.

Notes to Condensed Consolidated Financial Statements - (Continued)
Quarters and Six Months Ended December 31, 2005 and January 1, 2005
(dollars and shares in thousands, except per share data)
(unaudited)

During the first six months of fiscal 2006 and fiscal 2005, the weighted-average grant-date fair value of individual options granted was $8.92 and $3.21, respectively. At December 31, 2005, $109,891 of total unrecognized compensation cost related to non-vested awards is expected to be recognized over a weighted-average period of 1.8 years.

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

During the first six months of fiscal 2006 and fiscal 2005, the total intrinsic value of options exercised was $162,549 and $144,191 respectively. The total cash received from these option exercises was $53,314 and $37,427, respectively, and the actual tax benefit realized for the tax deductions from these option exercises was $64,572 and $54,793, respectively.

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. Compensation expense is calculated for the fair value of employees' purchase rights using the Black-Scholes model.

Stock Unit Awards. Restricted stock unit awards of Coach common stock have been granted to employees as retention awards. The value of retention awards is determined based upon the fair value of Coach stock at the grant date. Stock awards are restricted and subject to forfeiture until the retention period is completed. The retention period is generally three years.

3. Goodwill and Other Intangible Assets

The carrying value of goodwill as of December 31, 2005 and July 2, 2005, by operating segment, is as follows:

	Direct to Consumer	Indirect	Total
Balance at July 2, 2005	$ 237,195	$ 1,516	$ 238,711
Coach Japan acquisition	(2,666)	—	(2,666)
Foreign exchange impact	(12,834)	—	(12,834)
Balance at December 31, 2005	$ 221,695	$ 1,516	$ 223,211

See Note 13, ''Acquisition of Coach Japan, Inc.'' for additional information.

4. Debt

Coach's revolving credit facility (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 the first six months of fiscal 2006 and fiscal 2005 there were no borrowings under the Fleet facility. Accordingly, as of December 31, 2005 and July 2, 2005, there were no outstanding borrowings under the Bank of America facility.

Coach pays a commitment fee of 10 to 25 basis points on any unused amounts of the Bank of America facility. Coach also pays interest of LIBOR plus 45 to 100 basis points on any outstanding borrowings. Both the commitment fee and the LIBOR margin are based on the Company's fixed charge coverage ratio. At December 31, 2005, the commitment fee was 10 basis points and the LIBOR margin was 45 basis points.

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

Coach Japan has available credit facilities with several Japanese financial institutions. These facilities contain various covenants and customary events of default. Coach Japan has been in compliance with all covenants since the inception of the facilities. Coach, Inc. is not a guarantor on any of these facilities.

During the first six months of fiscal 2006 and fiscal 2005, the peak borrowings under the Japanese credit facilities were $21,568 and $50,461, respectively. As of December 31, 2005 and July 2, 2005, the outstanding borrowings under the Japanese facilities were $13,237 and $12,292, respectively.

5. Earnings Per Share

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

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

	Quarter Ended		Six Months Ended	
	December 31, 2005	January 1, 2005	December 31, 2005	January 1, 2005
Net earnings	$ 174,174	$ 126,903	$ 267,789	$ 187,884
Total weighted-average basic shares	380,837	379,354	380,144	378,866
Dilutive securities:				
Employee benefit and stock award plans	1,900	2,959	1,824	2,887
Stock option programs	7,883	8,200	8,279	8,448
Total weighted-average diluted shares	390,620	390,513	390,247	390,201
Earnings per share:				
Basic	$ 0.46	$ 0.33	$ 0.70	$ 0.50
Diluted	$ 0.45	$ 0.32	$ 0.69	$ 0.48

At December 31, 2005, options to purchase 9,626 shares of common stock were outstanding but not included in the computation of diluted earnings per share, as these options' exercise prices, ranging from $33.77 to $35.75, were greater than the average market price of the common shares.

At January 1, 2005, options to purchase 4,024 shares of common stock were outstanding but not included in the computation of diluted earnings per share, as these options' exercise prices, ranging from $24.46 to $28.03, were greater than the average market price of the common shares.

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

6. 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. Indirect refers to sales of Coach products to other retailers. 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 customer service expenses.

As a result of Coach's acquisition of Sumitomo's 50% interest in Coach Japan, the Company reevaluated the composition of its reportable segments and determined that Coach Japan should be a component of the Direct to Consumer segment. Previously, Coach Japan was included in the Indirect segment. All prior period information has been reclassified to include Coach Japan as a component of the Direct to Consumer segment.

Quarter Ended December 31, 2005	Direct to Consumer	Indirect	Corporate Unallocated	Total
Net sales	$ 503,807	$ 146,529	$ —	$ 650,336
Operating income (loss)	245,275	94,070	(65,403)	273,942
Interest income, net	—	—	6,990	6,990
Income (loss) before provision for income taxes and minority interest	245,275	94,070	(58,413)	280,932
Provision for income taxes	—	—	106,758	106,758
Minority interest, net of tax	—	—	—	—
Depreciation and amortization	10,790	1,524	5,322	17,636
Total assets	702,074	103,194	953,895	1,759,163
Additions to long-lived assets	25,774	4,117	5,133	35,024

Quarter Ended January 1, 2005	Direct to Consumer	Indirect	Corporate Unallocated	Total
Net sales	$ 5,959	$ 115,800	$ —	$ 531,759
Operating income (loss)	196,474	71,757	(56,741)	211,490
Interest income, net	—	—	3,469	3,469
Income (loss) before provision for income taxes and minority interest	196,474	71,757	(53,272)	214,959
Provision for income taxes	—	—	81,684	81,684
Minority interest, net of tax	—	—	6,372	6,372
Depreciation and amortization	9,808	1,091	2,306	13,205
Total assets	458,296	83,685	897,537	1,439,518
Additions to long-lived assets	23,842	1,695	4,133	29,670

Six Months Ended December 31, 2005	Direct to Consumer	Indirect	Corporate Unallocated	Total
Net sales	$ 8,352	$ 280,935	$ —	$ 1,099,287
Operating income (loss)	368,850	177,492	(127,291)	419,051
Interest income, net	—	—	12,877	12,877
Income (loss) before provision for income taxes and minority interest	368,850	177,492	(114,414)	431,928
Provision for income taxes	—	—	164,139	164,139
Minority interest, net of tax	—	—	—	—
Depreciation and amortization	20,933	2,767	7,925	31,625
Total assets	702,074	103,194	953,895	1,759,163
Additions to long-lived assets	41,486	5,728	9,695	56,909

Six Months Ended January 1, 2005	Direct to Consumer	Indirect	Corporate Unallocated	Total
Net sales	$ 659,573	$ 216,251	$ —	$ 875,824
Operating income (loss)	286,804	131,735	(106,492)	312,047
Interest income, net	—	—	5,979	5,979
Income (loss) before provision for income taxes	286,804	131,735	(100,513)	318,026

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

and minority interest				
Provision for income taxes	—	—	120,849	120,849
Minority interest, net of tax	—	—	9,293	9,293
Depreciation and amortization	19,002	2,228	4,576	25,806
Total assets	458,296	83,685	897,537	1,439,518
Additions to long-lived assets	37,891	2,700	5,866	46,457

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

	Quarter Ended		Six Months Ended	
	December 31, 2005	January 1, 2005	December 31, 2005	January 1, 2005
Production variances	$ 2,654	$ 1,331	$ 4,047	$ 2,567
Advertising, marketing and design	(25,030)	(20,612)	(44,968)	(35,729)
Administration and information systems	(31,615)	(28,096)	(65,691)	(56,025)
Distribution and customer service	(11,412)	(9,364)	(20,679)	(17,305)
Total corporate unallocated	$ (65,403)	$ (56,741)	$ (127,291)	$ (106,492)

Geographic Area Information

As of December 31, 2005, Coach operated 203 retail stores and 84 factory stores in North America and 109 department store shop-in-shops, retail stores and factory stores in Japan, as well as 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 the customer. Geographic long-lived asset information is based on the physical location of the assets at the end of each period.

Quarter Ended December 31, 2005	United States	Japan	Other International	Total
Net sales	$ 500,384	$ 116,212	$ 33,740	$ 650,336
Long-lived assets	233,667	282,516	3,159	519,342

Quarter Ended January 1, 2005	United States	Japan	Other International	Total
Net sales	$ 394,655	$ 108,751	$ 28,353	$ 531,759
Long-lived assets	436,821	71,733	2,495	511,049

Six Months Ended December 31, 2005	United States	Japan	Other International	Total
Net sales	$ 831,694	$ 200,237	$ 67,356	$ 1,099,287
Long-lived assets	233,667	282,516	3,159	519,342

Six Months Ended January 1, 2005	United States	Japan	Other International	Total
Net sales	$ 649,360	$ 177,674	$ 48,790	$ 875,824
Long-lived assets	436,821	71,733	2,495	511,049

7. Commitments and Contingencies

At December 31, 2005, the Company had outstanding letters of credit totaling $78,191. Of this amount, $15,122 relates to the letter of credit obtained in connection with leases transferred to the Company by the Sara Lee Corporation, for which Sara Lee retains contingent liability. The remaining letters of credit were issued for purchases of inventory and lease guarantees.

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 should not have a material effect on Coach's financial position, results of operations or cash flows.

Coach is also a party to employment agreements with certain key executives, which provide for compensation and other benefits as well as severance payments under certain circumstances. On August 22, 2005, the Company entered into three-year extensions to the employment agreements of three key executives: Lew Frankfort, Chairman and Chief Executive Officer; Reed Krakoff, President and Executive Creative Director; and Keith Monda, President and Chief Operation Officer. These amendments extend the terms of the executives' employment agreements from July 2008 through August 2011. On November 8, 2005, Coach entered into five-year employment agreements with two key executives: Michael Tucci, President, North America Retail Division, and Michael F. Devine, III, Senior Vice President and Chief Financial Officer. The terms of these employment agreements run through June 30, 2010.

8. Derivative Instruments and Hedging Activities

Coach is exposed to market risk from foreign currency exchange rate fluctuations with respect to Coach Japan as a result of its U.S. dollar denominated inventory purchases. Coach Japan enters into certain foreign currency derivative contracts, primarily foreign exchange forward contracts, to manage these risks. These transactions are in accordance with Company risk management policies. Coach does not enter into derivative transactions for speculative or trading purposes.

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.

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

The fair value of open foreign currency derivatives included in current assets at December 31, 2005 and July 2, 2005 was $10,349 and $1,535, respectively. For the six months ended December 31, 2005 and January 1, 2005, changes in the fair value of contracts designated and effective as cash flow hedges resulted in a reduction to equity as a charge to other comprehensive income of $1,811 and $703, respectively, net of taxes.

9. Stock Repurchase Program

On May 11, 2005, the Coach Board of Directors approved a common stock repurchase program to acquire up to $250,000 of Coach's outstanding common stock. Purchases of Coach stock may be made from time to time, subject to market conditions and at prevailing market prices, through open market purchases. Repurchased shares 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 the second quarter of fiscal 2006, the Company repurchased and retired 2,043 shares at an average cost of $32.07 per share. The Company did not repurchase any shares during the second quarter of fiscal 2005.

During the first six months of fiscal 2006 and fiscal 2005, the Company repurchased and retired 2,964 and 4,860 shares, respectively, of common stock, at an average cost of $32.22 and $19.53, respectively, per share.

As of December 31, 2005, approximately $154,000 remained available for future repurchases under the existing program.

10. 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 attack. Inventory and fixed asset losses were filed with the Company's insurers and fully recovered. Losses covered under the Company's business interruption insurance program were also filed with the insurers. During the quarters ended December 31, 2005 and January 1, 2005, Coach received $1,825 and $1,027, respectively, under its business interruption coverage. For the six months ended December 31, 2005 and January 1, 2005, Coach received $2,025 and $2,204, respectively, under its business interruption coverage. These amounts are included as a reduction of selling, general and administrative expenses.

During the second quarter of 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 does not expect to receive any business interruption proceeds related to the World Trade Center location in the future.

11. Retirement Plans

The components of net periodic pension cost for the Coach Leatherware Company, Inc. Supplemental Pension Plan are:

	Quarter Ended		Six Months Ended	
	December 31, 2005	January 1, 2005	December 31, 2005	January 1, 2005
Service cost	$ 3	$ 3	$ 6	$ 7
Interest cost	81	77	163	154
Expected return on plan assets	(63)	(45)	(127)	(90)
Recognized actuarial loss	57	48	114	95
Net periodic pension cost	$ 78	$ 83	$ 156	$ 166

12. Hurricane Losses

During the first quarter of fiscal 2006, three Coach locations in the Gulf Coast area were damaged and temporarily closed as a result of Hurricane Katrina. The Company is currently evaluating the damage to its property at these stores. During the second quarter, Coach notified its insurer of the Company's intent to file insurance claims for any property losses as well as losses related to business interruption. Coach expects to file these claims with the insurer in the third quarter of fiscal 2006. The Company expects to substantially recover any losses, net of policy deductibles and does not believe that these losses will have a material impact on the consolidated financial statements.

13. Acquisition of Coach Japan, Inc.

During the second quarter of fiscal 2006, the Company completed its purchase price allocation related to the July 1, 2005 acquisition of Sumitomo's 50% interest in Coach Japan, Inc. At the time of the acquisition, Coach recorded the 50% interest in the assets and liabilities that were acquired through the transaction at fair values. The initial recorded fair values, purchase price allocation adjustments and final purchase price allocations are as follows:

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

Assets and liabilities acquired	As Previously Reported	Adjustments	Final Purchase PriceAllocation
Trade accounts receivable	$ 15,369	$ —	$ 15,369
Inventory	43,089	2,666	45,755
Property and equipment	21,848	—	21,848
Customer list	250	—	250
Goodwill	225,263	(2,666)	222,597
Other assets	24,969	—	24,969
Other liabilities	30,672	—	30,672

14. Recent Accounting Developments

In November 2004, the Financial Accounting Standards Board (''FASB'') issued SFAS No. 151, ''Inventory Costs – an amendment of ARB No. 43, Chapter 4''. SFAS 151 is an amendment of Accounting Research Board Opinion No. 43 and sets standards for the treatment of abnormal amounts of idle facility expense, freight, handling costs and spoilage. SFAS 151 is effective for fiscal years beginning after June 15, 2005. The adoption of SFAS 151 did not have a material impact on the Company's financial statements.

In December 2004, the FASB issued Staff Position No. 109-2, ''Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004'' (''FSP 109-2''). FSP 109-2 provides guidance under SFAS 109, ''Accounting for Income Taxes,'' with respect to recording the potential impact of the repatriation provisions of the American Jobs Creation Act of 2004 (the ''Jobs Act'') on enterprises' income tax expense and deferred tax liability. FSP 109-2 states that an enterprise is allowed time beyond the financial reporting period of enactment to evaluate the effect of the Jobs Act on its plan for reinvestment or repatriation of foreign earnings for purposes of applying SFAS 109. As the Company does not plan to make any dividends under this provision, FSP 109-2 is not expected to have a material impact on the Company's consolidated financial statements.

In December 2004, the FASB issued SFAS No. 153, ''Exchanges of Nonmonetary Assets – an amendment of APB Opinion No. 29'', which eliminates certain narrow differences between APB 29 and international accounting standards. SFAS 153 is effective for fiscal periods beginning on or after June 15, 2005. The adoption of SFAS 153 did not have a material impact on the Company's consolidated financial statements.

In March 2005, the SEC issued Staff Accounting Bulletin (''SAB'') No. 107 ''Share-Based Payment''. SAB 107 expresses views of the SEC staff regarding the interaction between SFAS 123R and certain SEC rules and regulations and provides the staff's views regarding the valuation of share-based payment arrangements. The Company adopted SFAS 123R effective July 3, 2005. See Footnote 2 for further information.

In March 2005, the FASB issued SFAS Interpretation Number 47 (''FIN 47''), ''Accounting for Conditional Asset Retirement Obligations''. FIN 47 provides clarification regarding the meaning of the

term ''conditional asset retirement obligation'' as used in FASB 143, ''Accounting for Asset Retirement Obligations''. This Interpretation is effective no later than the end of fiscal years ending after December 15, 2005. The Company is currently evaluating the impact of FIN 47 on the consolidated financial statements.

In May 2005, the FASB issued SFAS No. 154, ''Accounting Changes and Error Corrections – a replacement of APB Opinion No. 20 and FASB Statement No. 3''. SFAS 154 provides guidance on the accounting for and reporting of accounting changes and error corrections. This statement is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. The Company does not expect the adoption of SFAS 154 to have a material impact on the Company's consolidated financial statements.

In June 2005, the Emerging Issues Task Force (''EITF'') reached consensus on EITF 05-6, ''Determining the Amortization Period for Leasehold Improvements''. Under EITF 05-6, leasehold improvements placed in service significantly after and not contemplated at or near the beginning of the lease term, should be amortized over the lesser of the useful life of the assets or a term that includes renewals that are reasonably assured at the date the leasehold improvements are purchased. EITF 05-6 is effective for periods beginning after June 29, 2005. The adoption of EITF 05-6 did not have a material impact on the consolidated financial statements.

ITEM 2. 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 our condensed consolidated financial statements and related notes thereto which are included herein.

Executive Overview

Founded in 1941, Coach is a designer and marketer of high-quality, modern American classic accessories. Coach's primary product offerings include handbags, accessories, business cases, outerwear and related accessories and weekend and travel accessories. Coach generates revenue by selling its products directly to consumers, indirectly through wholesale customers and by licensing its brand name to select manufacturers. Direct to consumer sales consists of sales of Coach products in Company operated stores in North America and Japan, Coach's online store and our catalogs. Indirect sales consist of sales of Coach products to department store locations in the United States as well as international department stores, freestanding retail locations and specialty retailers. Coach generates additional wholesale sales through business-to-business programs, in which companies purchase Coach products to use as gifts or incentive awards. Licensing revenues consist of royalties paid to Coach under licensing arrangements with select partners for the sale of Coach branded watches, footwear, eyewear and office furniture.

During the quarter ended December 31, 2005, net sales increased 22.3% to $650.3 million from $531.8 million during the same period of fiscal 2005. The increase in net sales is attributable to growth across all distribution channels and key categories. Operating income for the quarter ended December 31, 2005 increased 29.5% to $274.0 million from $211.5 million generated in the same period of fiscal 2005, driven by these increases in net sales and improved gross margins, partially offset by an increase in selling, general and administrative expenses. Net income for the quarter ended December 31, 2005 increased 37.2% to $174.2 million from $126.9 million generated in the same period of fiscal 2005. The increase in net income is attributable to this increased operating income and the elimination of minority interest expense, partially offset by a higher provision for income taxes.

During the six months ended December 31, 2005, net sales increased 25.5% to $1,099.3 million from $875.8 million during the same period of fiscal 2005. The increase in net sales is attributable to growth across all distribution channels and key categories. Operating income for the six months ended December 31, 2005 increased 34.3% to $419.0 million from $312.0 million generated in the same period of fiscal 2005, driven by these increases in net sales and improved gross margins, partially offset by an increase in selling, general and administrative expenses. Net income for the six months ended December 31, 2005 increased 42.5% to $267.8 million from $187.9 million generated in the same period of fiscal 2005. The increase in net income is attributable to this increased operating income and the elimination of minority interest expense, partially offset by a higher provision for income taxes.

Results of Operations

The following is a discussion of the results of operations for the second quarter and first six months of fiscal 2006 compared to the second quarter and first six months of fiscal 2005 and a discussion of the changes in financial condition during the first six months of fiscal 2006.

Second Quarter Fiscal 2006 Compared to Second Quarter Fiscal 2005

Consolidated statements of income for the second quarter of fiscal 2006 compared to the second quarter of fiscal 2005 are as follows:

	Quarter Ended			
	December 31, 2005		January 1, 2005	
	(amounts in millions, except per share data) (unaudited)			
	$	% of net sales	$	% of net sales
Net sales	$ 648.0	99.6%	$ 530.4	99.7%
Licensing revenue	2.3	0.4	1.4	0.3
Total net sales	650.3	100.0	531.8	100.0
Cost of sales	145.6	22.4	128.8	24.2
Gross profit	504.7	77.6	403.0	75.8
Selling, general and administrative expenses	230.7	35.5	191.5	36.0
Operating income	274.0	42.1	211.5	39.8
Interest income, net	7.0	1.1	3.5	0.7
Income before provision for income taxes and minority interest	281.0	43.2	215.0	40.4
Provision for income taxes	106.8	16.4	81.7	15.4
Minority interest, net of tax	—	0.0	6.4	1.2
Net income	$ 174.2	26.8%	$ 126.9	23.9%
Net income per share:				
Basic	$ 0.46		$ 0.33	
Diluted	$ 0.45		$ 0.32	
Weighted-average number of shares:				
Basic	380.8		379.4	
Diluted	390.6		390.5	

Net Sales

Net sales by business segment in the second quarter of fiscal 2006 compared to the second quarter of fiscal 2005 are as follows:

	Quarter Ended (unaudited)				
	Net Sales			Percentage of Total Net Sales	
	December 31, 2005	January 1, 2005	Rate of Increase	December 31, 2005	January 1, 2005
	(dollars in millions)		(FY06 v. FY05)		
Direct to consumer	$ 503.8	$ 416.0	21.1%	77.5%	78.2%
Indirect	146.5	115.8	26.5%	22.5	21.8
Total net sales	$ 650.3	$ 531.8	22.3%	100.0%	100.0%

As a result of Coach's acquisition of Sumitomo's 50% interest in Coach Japan, the Company reevaluated the composition of its reportable segments and determined that Coach Japan should be a component of the

Direct to Consumer segment. Previously, Coach Japan was included in the Indirect segment. All prior period information has been reclassified to include Coach Japan as a component of the Direct to Consumer segment.

Direct to Consumer. Net sales increased 21.1% to $503.8 million during the second quarter of fiscal 2006 from $416.0 million during the same period in fiscal 2005, driven by increased comparable store sales, new store sales and expanded store sales in our North America and Japan stores.

In North America, sales growth in comparable stores, defined as those stores open for at least the previous twelve months, was 12.8% for retail stores and 30.2% for factory stores. Comparable store sales growth for the entire North America store chain was 19.9%, which accounted for $54.6 million of the net sales increase. Since the end of the second quarter of fiscal 2005, Coach has opened 18 retail stores and five factory stores. Sales from these new stores, as well as the non-comparable portion of sales from stores opened during the second quarter of fiscal 2005, accounted for $19.7 million of the net sales increase.

In Japan, we opened 10 new locations since the end of the second quarter of fiscal 2005. Sales from these new stores, as well as the non-comparable portion of sales from stores opened during the second quarter of fiscal 2005, accounted for $11.0 million of the net sales increase. In addition, sales growth in comparable stores accounted for $7.5 million of the net sales increase.

Since the end of the second quarter of fiscal 2005, Coach also expanded seven locations in North America and nine locations in Japan. Sales from these expanded stores, as well as the non-comparable portion of sales from stores expanded during the second quarter of fiscal 2005, accounted for $4.4 million and $3.0 million, respectively, of the net sales increase.

Sales growth in the Internet business accounted for the remaining sales increase. These increases were slightly offset by store closures and the impact of foreign currency exchange rates. Since the end of the second quarter of fiscal 2005, Coach has closed two factory stores in North America and five locations in Japan. The impact of foreign currency exchange rates resulted in a decrease in Coach Japan's reported net sales of $12.1 million.

Indirect. Net sales increased 26.5% to $146.5 million in the second quarter of fiscal 2006 from $115.8 million during the same period of fiscal 2005. This increase was driven by growth primarily in the U.S. wholesale, business-to-business and international wholesale divisions, which contributed increased sales of $16.3 million, $9.0 million and $5.8 million, respectively, as compared to the same period in the prior year. These increases were slightly offset by decreases in other indirect channels.

Gross Profit

Gross profit increased 25.2% to $504.7 million in the second quarter of fiscal 2006 from $403.0 million during the same period of fiscal 2005. Gross margin increased 180 basis points to 77.6% in the second quarter of fiscal 2006 from 75.8% during the same period of fiscal 2005. This improvement was driven by the continuing impact of sourcing cost benefits and a shift in product mix, reflecting increased penetration of higher margin collections, slightly offset by a shift in channel mix, as our lower gross margin channels grew faster than the business as a whole.

The following chart illustrates the gross margin performance Coach has experienced over the last six quarters.

	Fiscal Year Ended July 2, 2005				Fiscal Year Ending July 1, 2006			
	Q1	Q2	Q3	Q4	Q1	Q2		
Gross margin	75.0%	75.8%	78.1%	77.6%	76.0%	77.6%		

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased 20.5% to $230.7 million in the second quarter of fiscal 2006 from $191.5 million during the same period of fiscal 2005. As a percentage of net sales, selling, general and administrative expenses during the second quarter of fiscal 2006 were 35.5% compared to 36.0%

during the second quarter of fiscal 2005. This improvement is attributable to leveraging our expense base on higher sales.

Selling expenses increased 22.4% to $158.7 million, or 24.4% of net sales, in the second quarter of fiscal 2006 from $129.7 million, or 24.4% of net sales, during the same period of fiscal 2005. The dollar increase in these expenses was primarily due to an increase in operating expenses associated with North American retail stores and Coach Japan. The $21.9 million increase in North American retail stores operating expenses is attributable to increased variable expenses to support sales growth and operating expenses associated with new and expanded stores. Domestically, Coach opened 18 new retail stores and five new factory stores since the end of the second quarter of fiscal 2005. Expenses from these new stores, as well as the non-comparable portion of expenses from stores opened during the second quarter of fiscal 2005, increased total expenses by $6.3 million. Coach also expanded seven domestic locations since the end of the second quarter of fiscal 2005. Expenses from these expanded stores, as well as the non-comparable portion of expenses from stores expanded during the second quarter of fiscal 2005, increased total expenses by $3.3 million. The increase in Coach Japan expenses was $4.8 million, driven by operating expenses of new stores and increased variable expenses related to higher sales. In addition, the impact of foreign currency exchange rates decreased reported expenses by $6.5 million. The remaining increase in selling expenses was due to increased variable expenses to support sales growth.

Advertising, marketing, and design costs increased 19.2% to $28.5 million, or 4.4% of net sales, in the second quarter of fiscal 2006, from $23.9 million, or 4.5% of net sales, during the same period of fiscal 2005. The dollar increase was primarily due to increased staffing costs and design expenditures.

Distribution and customer service expenses increased to $11.9 million in the second quarter of fiscal 2006 from $9.9 million during the same period of fiscal 2005. The dollar increase in these expenses was primarily due to higher sales volumes. However, efficiency gains at the distribution and customer service facility resulted in an improvement in the ratio of these expenses to net sales from 1.9% in the second quarter of fiscal 2005 to 1.8% in the second quarter of fiscal 2006.

Administrative expenses increased 12.9% to $31.6 million, or 4.9% of net sales, in the second quarter of fiscal 2006 from $28.0 million, or 5.2% of net sales, during the same period of fiscal 2005. The dollar increase in these expenses was primarily due to increased share-based compensation costs and employee staffing costs, offset by an increase in the receipt of business interruption insurance proceeds.

Interest Income, Net

Interest income, net was $7.0 million in the second quarter of fiscal 2006 as compared to $3.5 million in the second quarter of fiscal 2005. The dollar increase was primarily due to higher returns on our investments.

Income Taxes

The effective tax rate was 38.0% in the second quarter of fiscal 2006 and fiscal 2005.

Minority Interest, Net of Tax

Minority interest expense was $0 in the second quarter of fiscal 2006 as compared to $6.4 million, or 1.2% of net sales, in the second quarter of fiscal 2005. This decrease was due to Coach's purchase of Sumitomo's 50% interest in Coach Japan on July 1, 2005, which eliminated minority interest in the first quarter of fiscal 2006 onward.

First Six Months Fiscal 2006 Compared to First Six Months Fiscal 2005

Consolidated statements of income for the first six months of fiscal 2006 compared to the first six months of fiscal 2005 are as follows:

	Six Months Ended (amounts in millions, except per share data) (unaudited)			
	December 31, 2005		January 1, 2005	
	$	% of net sales	$	% of net sales
Net sales	$ 1,095.0	99.6%	$ 872.9	99.7%
Licensing revenue	4.3	0.4	2.9	0.3
Total net sales	1,099.3	100.0	875.8	100.0
Cost of sales	253.3	23.0	214.7	24.5
Gross profit	846.0	77.0	661.1	75.5
Selling, general and administrative expenses	427.0	38.8	349.1	39.9
Operating income	419.0	38.1	312.0	35.6
Interest income, net	12.9	1.2	6.0	0.7
Income before provision for income taxes and minority interest	431.9	39.3	318.0	36.3
Provision for income taxes	164.1	14.9	120.8	13.8
Minority interest, net of tax	—	0.0	9.3	1.1
Net income	$ 267.8	24.4%	$ 187.9	21.5%
Net income per share:				
Basic	$ 0.70		$ 0.50	
Diluted	$ 0.69		$ 0.48	
Weighted-average number of shares:				
Basic	380.1		378.9	
Diluted	390.2		390.2	

Net Sales

Net sales by business segment in the first six months of fiscal 2006 compared to the first six months of fiscal 2005 are as follows:

	Six Months Ended (unaudited)				
	Net Sales			Percentage of Total Net Sales	
	December 31, 2005	January 1, 2005	Rate of Increase	December 31, 2005	January 1, 2005
	(dollars in millions)		(FY06 v. FY05)		
Direct to consumer	$ 818.4	$ 659.6	24.1%	74.4%	75.3%
Indirect	280.9	216.2	29.9%	25.6	24.7
Total net sales	$ 1,099.3	$ 875.8	25.5%	100.0%	100.0%

Direct to Consumer. Net sales increased 24.1% to $818.4 million during the first six months of fiscal 2006 from $659.6 million during the same period in fiscal 2005, driven by increased comparable store sales, new store sales and expanded store sales in our North America and Japan stores.

In North America, sales growth in comparable stores, defined as those stores open for at least the previous twelve months, was 13.3% for retail stores and 32.4% for factory stores. Comparable store sales growth for the entire North America store chain was 21.7%, which accounted for $90.5 million of the net sales increase. Since the end of the first six months of fiscal 2005, Coach has opened 18 retail stores and five factory stores. Sales

from these new stores, as well as the non-comparable portion of sales from stores opened during the first six months of fiscal 2005, accounted for $36.5 million of the net sales increase.

In Japan, we opened 10 new locations since the end of the first six months of fiscal 2005. Sales from these new stores, as well as the non-comparable portion of sales from stores opened during the first six months of fiscal 2005, accounted for $20.9 million of the net sales increase. In addition, sales growth in comparable stores accounted for $12.5 million of the net sales increase.

Since the end of the first six months of fiscal 2005, Coach also expanded seven locations in North America and nine locations in Japan. Sales from these expanded stores, as well as the non-comparable portion of sales from stores expanded during the first six months of fiscal 2005, accounted for $7.6 million and $5.9 million, respectively, of the net sales increase.

Sales growth in the Internet business accounted for the remaining sales increase. These increases were slightly offset by store closures and the impact of foreign currency exchange rates. Since the end of the first six months of fiscal 2005, Coach has closed two factory stores in North America and five locations in Japan. The impact of foreign currency exchange rates resulted in a decrease in Coach Japan's reported net sales of $12.7 million.

Indirect. Net sales increased 29.9% to $280.9 million in the first six months of fiscal 2006 from $216.2 million during the same period of fiscal 2005. This increase was driven by growth primarily in the U.S. wholesale, international wholesale and business-to-business divisions, which contributed increased sales of $33.7 million, $19.3 million and $9.9 million, respectively, as compared to the same period in the prior year. The remaining net sales increase is attributable to increases in other indirect channels.

Gross Profit

Gross profit increased 28.0% to $846.0 million in the first six months of fiscal 2006 from $661.1 million during the same period of fiscal 2005. Gross margin increased 150 basis points to 77.0% in the first six months of fiscal 2006 from 75.5% during the same period of fiscal 2005. This improvement was driven by the continuing impact of sourcing cost benefits and a shift in product mix, reflecting increased penetration of higher margin collections, slightly offset by a shift in channel mix, as our lower gross margin channels grew faster than the business as a whole.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased 22.3% to $427.0 million in the first six months of fiscal 2006 from $349.1 million during the same period of fiscal 2005. As a percentage of net sales, selling, general and administrative expenses during the first six months of fiscal 2006 were 38.8% compared to 39.9% during the first six months of fiscal 2005. This improvement is attributable to leveraging our expense base on higher sales.

Selling expenses increased 23.5% to $289.1 million, or 26.3% of net sales, in the first six months of fiscal 2006 from $234.0 million, or 26.7% of net sales, during the same period of fiscal 2005. The dollar increase in these expenses was primarily due to an increase in operating costs associated with North American retail stores and Coach Japan. The $38.9 million increase in North American retail stores operating expenses is attributable to increased variable expenses to support sales growth and operating expenses associated with new stores. Domestically, Coach opened 18 new retail stores and five new factory stores since the end of the first six months of fiscal 2005. Expenses from these new stores, as well as the non-comparable portion of expenses from stores opened during the first six months of fiscal 2005, increased total expenses by $11.8 million. Coach also expanded seven domestic locations since the end of the second quarter of fiscal 2005. Expenses from these expanded stores, as well as the non-comparable portion of expenses from stores expanded during the second quarter of fiscal 2005, increased total expenses by $5.0 million. The increase in Coach Japan expenses was $12.0 million, driven by operating expenses of new stores and increased variable expenses related to higher sales. In addition, the impact of foreign currency exchange rates decreased reported expenses by $6.8 million. The remaining increase in selling expenses was due to increased variable expenses to support sales growth.

Advertising, marketing, and design costs increased 23.5% to $50.4 million, or 4.6% of net sales, in the first six months of fiscal 2006 from $40.8 million, or 4.7% of net sales, during the same period of fiscal 2005. The dollar increase was primarily due to increased employee staffing costs and design expenditures.

Distribution and customer service expenses increased to $21.8 million in the first six months of fiscal 2006 from $18.3 million during the same period of fiscal 2005. The dollar increase in these expenses was primarily due to higher sales volumes. However, efficiency gains at the distribution and customer service facility resulted in an improvement in the ratio of these expenses to net sales from 2.1% in the first six months of fiscal 2005 to 2.0% in the first six months of fiscal 2006.

Administrative expenses increased by 17.3% to $65.7 million, or 6.0% of net sales, in the first six months of fiscal 2006 from $56.0 million, or 6.4% of net sales, during the same period of fiscal 2005. The dollar increase in these expenses was primarily due to increased share-based compensation costs, employee staffing costs and professional fees.

Interest Income, Net

Interest income, net was $12.9 million in the first six months of fiscal 2006 as compared to $6.0 million in the first six months of fiscal 2005. The dollar increase was primarily due to higher returns on our investments.

Income Taxes

The effective tax rate was 38.0% in the first six months of fiscal 2006 and fiscal 2005.

Minority Interest, Net of Tax

Minority interest expense was $0 in the first six months of fiscal 2006 as compared to $9.3 million, or 1.1% of net sales, in the first six months of fiscal 2005. This decrease was due to Coach's purchase of Sumitomo's 50% interest in Coach Japan on July 1, 2005, which eliminated minority interest in the first quarter of fiscal 2006 onward.

FINANCIAL CONDITION

Liquidity and Capital Resources

Net cash provided by operating activities was $303.6 million for the first six months of fiscal 2006 compared to $242.8 million in the first six months of fiscal 2005. The year-to-year improvement of $60.8 million was primarily the result of a $79.9 million increase in earnings during the first six months of fiscal 2006. This increase in earnings was offset by a $9.3 decrease in minority interest expense, as a result of Coach's acquisition of Sumitomo's 50% interest in Coach Japan on July 1, 2005 as well as other changes in assets and liabilities as a result of normal operating fluctuations.

Net cash used in investing activities was $289.0 million in the first six months of fiscal 2006 compared to $249.7 million in the first six months of fiscal 2005. The increase in net cash used is primarily attributable to an additional $34.9 million of net purchases of investments. In addition, capital expenditures, which related primarily to new and renovated retail stores in the United States and Japan, increased by $4.4 million.

Net cash provided by financing activities was $15.9 million in the first six months of fiscal 2006 compared to $40.9 million provided in the comparable period of fiscal 2005. The decrease in net cash provided primarily

resulted from a $47.8 million decrease in borrowings on our Japanese credit facilities, offset by a $15.9 increase in proceeds from the exercise of stock options and a $7.5 million increase in excess tax benefit from stock options.

Coach's revolving credit facility (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 the first six

months of fiscal 2006 and fiscal 2005 there were no borrowings under the Bank of America facility. Accordingly, as of December 31, 2005 and July 2, 2005, there were no outstanding borrowings under the Bank of America facility.

Coach pays a commitment fee of 10 to 25 basis points on any unused amounts of the Bank of America facility. Coach also pays interest of LIBOR plus 45 to 100 basis points on any outstanding borrowings. Both the commitment fee and the LIBOR margin are based on the Company's fixed charge coverage ratio. At December 31, 2005, the commitment fee was 10 basis points and the LIBOR margin was 45 basis points.

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

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 7.6 billion yen or approximately $65 million at December 31, 2005. Interest is based on the Tokyo Interbank rate plus a margin of up to 50 basis points.

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

During the first six months of fiscal 2006 and fiscal 2005, the peak borrowings under the Japanese credit facilities were $21.6 million and $50.5 million, respectively. As of December 31, 2005 and July 2, 2005, the outstanding borrowings under the Japanese facilities were $13.2 million and $12.3 million, respectively.

On May 11, 2005, the Coach Board of Directors approved a common stock repurchase program to acquire up to $250 million of Coach's outstanding common stock. Purchases of Coach stock may be made from time to time, subject to market conditions and at prevailing market prices, through open market purchases. Repurchased shares become authorized but unissued shares and may be issued in the future for general corporate and other uses. Coach may terminate or limit the stock repurchase program at any time.

During the first six months of fiscal 2006 and fiscal 2005, the Company repurchased 3.0 million and 4.9 million shares, respectively, of common stock, at an average cost of $32.22 and $19.53, respectively, per share.

As of December 31, 2005, approximately $154 million remained available for future repurchases under the existing program.

We expect that fiscal 2006 capital expenditures will be approximately $120 million and will relate to the following: new retail and factory stores as well as store expansions both in the United States and Japan, corporate facilities, department store and distributor location renovations and information systems. In the U.S., we plan to open about 30 new stores, of which 13 were opened by the end of the first six months of fiscal 2006. In Japan, we plan to open about 12 new locations, of which six were opened by the end of the first six months of fiscal 2006. We intend to finance these investments from internally generated cash flows, on hand cash, or by using funds from our Japanese revolving credit facilities.

Coach experiences significant seasonal variations in its working capital requirements. During the first fiscal quarter Coach builds inventory for the holiday selling season, opens new retail stores and generates higher levels of trade receivables. In the second fiscal quarter its working capital requirements are reduced substantially as Coach generates greater consumer sales and collects wholesale accounts receivable. During the first six months of fiscal 2006, Coach purchased approximately $274 million of inventory, which was funded by operating cash flow and by using funds from our Japanese revolving credit facilities.

Management believes that cash flow from 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 and there can be no assurance that any such capital will be available to Coach on acceptable terms or at all. Coach's ability to fund its working capital needs, planned capital expenditures and scheduled debt payments, and to comply with all of the financial covenants under its debt agreements, depends on its future operating performance and cash flow, which in turn are subject to prevailing economic conditions and to financial, business and other factors, some of which are beyond Coach's control.

Reference should be made to our most recent Annual Report on Form 10-K for additional information regarding liquidity and capital resources.

Seasonality

Because Coach products are frequently given as gifts, the Company 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 these trends to continue.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our discussion of results of operations and financial condition relies on our consolidated financial statements that are prepared based on certain critical accounting policies that require management to make judgements and estimates that are subject to varying degrees of uncertainty. We believe that investors need to be aware of these policies and how they impact our financial statements as a whole, as well as our related discussion and analysis presented herein. While we believe that these accounting policies are based on sound measurement criteria, actual future events can and often do result in outcomes that can be materially different from these

estimates or forecasts. The accounting policies and related risks described in our Annual Report on Form 10-K for the year ended July 2, 2005 are those that depend most heavily on these judgements and estimates. As of December 31, 2005, there have been no material changes to any of the critical accounting policies contained therein with the exception of the adoption of Statement of Financial Accounting Standards (''SFAS'') No. 123R.

Change in Accounting Principle

Effective July 3, 2005, the Company adopted SFAS No. 123R, ''Share-Based Payment'', which supersedes Accounting Principles Board (''APB'') Opinion No. 25, ''Accounting for Stock Issued to Employees''. The pronouncement requires an entity to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. That cost will be recognized over the period during which an employee is required to provide service in exchange for the award – the requisite service period (typically the vesting period). The Company elected to adopt the modified retrospective application method as provided by SFAS 123R and accordingly, all financial statement amounts for the prior periods presented have been adjusted to reflect the cost of such awards based on the grant-date fair value of the awards. See Note 2 for additional disclosures.

Recent Accounting Developments

In November 2004, the Financial Accounting Standards Board (''FASB'') issued SFAS No. 151, ''Inventory Costs – an amendment of ARB No. 43, Chapter 4''. SFAS 151 is an amendment of Accounting Research Board Opinion No. 43 and sets standards for the treatment of abnormal amounts of idle facility expense, freight, handling costs and spoilage. SFAS 151 is effective for fiscal years beginning after June 15, 2005. The adoption of SFAS 151 did not have a material impact on the Company's financial statements.

In December 2004, the FASB issued Staff Position No. 109-2, ''Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004'' (''FSP 109-2''). FSP 109-2 provides guidance under SFAS 109, ''Accounting for Income Taxes'', with respect to recording the potential impact of the repatriation provisions of the American Jobs Creation Act of 2004 (the ''Jobs Act'') on enterprises' income tax expense and deferred tax liability. FSP 109-2 states that an enterprise is allowed time beyond the financial reporting period of enactment to evaluate the effect of the Jobs Act on its plan for reinvestment or repatriation of foreign earnings for purposes of applying SFAS 109. As the Company does not plan to make any dividends under this provision, FSP 109-2 is not expected to have a material impact on the Company's consolidated financial statements.

In December 2004, the FASB issued SFAS No. 153, ''Exchanges of Nonmonetary Assets – an amendment of APB Opinion No. 29'', which eliminates certain narrow differences between APB 29 and international accounting standards. SFAS 153 is effective for fiscal periods beginning on or after June 15, 2005. The adoption of SFAS 153 did not have a material impact on the Company's consolidated financial statements.

In March 2005, the SEC issued Staff Accounting Bulletin (''SAB'') No. 107 ''Share-Based Payment''. SAB 107 expresses views of the SEC staff regarding the interaction between SFAS 123R and certain SEC rules and regulations and provides the staff's views regarding the valuation of share-based payments arrangements. The Company adopted SFAS 123R effective July 3, 2005. See Note 2 for further information.

In March 2005, the FASB issued SFAS Interpretation Number 47 (''FIN 47''), ''Accounting for Conditional Asset Retirement Obligations''. FIN 47 provides clarification regarding the meaning of the term ''conditional asset retirement obligation'' as used in FASB 143, ''Accounting for Asset Retirement Obligations''. This Interpretation is effective no later than the end of fiscal years ending after December 15, 2005. The Company is currently evaluating the impact of FIN 47 on the consolidated financial statements.

In May 2005, the FASB issued SFAS No. 154, ''Accounting Changes and Error Corrections – a replacement of APB Opinion No. 20 and FASB Statement No. 3''. SFAS 154 provides guidance on the accounting for and reporting of accounting changes and error corrections. This statement is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. The Company does not expect the adoption of SFAS 154 to have a material impact on the Company's consolidated financial statements.

In June 2005, the Emerging Issues Task Force (''EITF'') reached consensus on EITF 05-6, ''Determining the Amortization Period for Leasehold Improvements''. Under EITF 05-6, leasehold improvements placed in service significantly after and not contemplated at, or near, the beginning of the lease term, should be amortized over the lesser of the useful life of the assets or a term that includes renewals that are reasonably assured at the date the leasehold improvements are purchased. EITF 05-6 is effective for periods beginning after June 29, 2005. The adoption of EITF 05-6 did not have a material impact on the consolidated financial statements.

ITEM 3. Quantitative and Qualitative Disclosures about Market Risk

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

Foreign Exchange

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

Substantially all of Coach's fiscal 2006 non-licensed product needs were purchased from independent manufacturers in countries other than the United States. These countries include China, Turkey, India, Costa Rica, Dominican Republic, Hungary, Indonesia, Italy, Korea, Philippines, Singapore, Spain, Taiwan and Thailand. Additionally, sales are made through international channels to third party distributors. Substantially all purchases

and sales involving international parties are denominated in U.S. dollars and therefore are not hedged by Coach using any derivative instruments.

Coach is exposed to market risk from foreign currency exchange rate fluctuations with respect to Coach Japan as a result of its U.S. dollar denominated inventory purchases. Coach Japan enters into certain foreign currency derivative contracts, primarily foreign exchange forward contracts, to manage these risks. These transactions are in accordance with Company risk management policies. Coach does not enter into derivative transactions for speculative or trading purposes.

Coach is also exposed to market risk from foreign currency exchange rate fluctuations with respect to Coach Japan as a result of its $231 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 value of open foreign currency derivatives included in current assets at December 31, 2005 and July 2, 2005 was $10.3 million and $1.5 million, respectively. For the six months ended December 31, 2005 and January 1, 2005, changes in the fair value of contracts designated and effective as cash flow hedges resulted in a reduction to equity as a charge to other comprehensive income of $1.8 million and $0.7 million, respectively, net of taxes.

Interest Rate

Coach faces minimal interest rate risk exposure in relation to its outstanding debt of $16.5 million at December 31, 2005. Of this amount, $13.2 million, under revolving credit facilities, is subject to interest rate fluctuations. As this level of debt and the resulting interest expense are not significant, any change in interest rates applied to the fair value of this debt would not have a material impact on the results of operations or cash flows of Coach.

ITEM 4. Controls and Procedures

Based on the evaluation of the Company's disclosure controls and procedures as of December 31, 2005, each of Lew Frankfort, the Chairman and Chief Executive Officer of the Company, and Michael F. Devine, III, the Chief Financial Officer of the Company, has concluded that the Company's disclosure controls and procedures are effective in ensuring that information required to be disclosed by the Company in the reports that it files or submits under the Securities and Exchange Act of 1934, as amended, is recorded, processed, summarized and reported, within the time periods specified by the Securities and Exchange Commission's rules and forms.

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

PART II

ITEM 1. Legal Proceedings

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

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

In connection with the 2005 Annual Meeting of Stockholders held on November 2, 2005, stockholders were asked to vote with respect to two proposals. A total of 330,871,621 votes were cast as follows:

Proposal Number 1 – Election of Directors – The following persons received that number of votes set forth next to their respective names:

	Votes For	Votes Withheld
Joseph Ellis	310,060,339	20,811,282
Lew Frankfort	315,719,927	15,151,694
Gary Loveman	301,095,811	29,775,810
Ivan Menezes	308,250,180	22,621,441
Irene Miller	300,724,524	30,147,097
Keith Monda	317,526,742	13,344,879
Michael Murphy	294,341,900	36,529,721

Proposal Number 2 – Amendment of the Coach, Inc. Performance-Based Annual Incentive Plan:

Votes For	Votes Against	Votes Abstaining
312,205,864	16,579,388	2,086,369

ITEM 6. Exhibits and Reports on Form 8-K

(a) Exhibits

10.1 Employment Agreement dated November 8, 2005 between Coach and Michael Tucci

10.2 Employment Agreement dated November 8, 2005 between Coach and Michael F. Devine, III

31.1 Rule 13(a) – 14(a)/15(d) – 14(a) Certifications

32.1 Section 1350 Certifications

(b) Reports on Form 8-K

Current report on Form 8-K, filed with the Commission on July 7, 2005. This report announced the completion of the Company's purchase of Sumitomo's 50% ownership interest in Coach Japan, Inc.

Current report on Form 8-K, filed with the Commission on August 16, 2005. This report announced that the Human Resources and Government Committee (''HRGC'') of the Board of Directors had determined the performance goals for the Company's fiscal year 2006 for purposes of determining bonuses to be paid under the Company's Performance-Based Annual Incentive Plan. This report also announced the HRGC's approval of the Company's annual grants of stock options and restricted stock units to the Company's management and employees.

Current report on Form 8-K, filed with the Commission on August 26, 2005. This report announced three-year extensions to the Company's employment agreements with three key executives: Lew Frankfort, Chairman and Chief Executive Officer; Reed Krakoff, President and Executive Creative Director and Keith Monda, President and Chief Operating Officer. This report also contained the Company's revised estimated financial results for the fiscal quarter ending October 1, 2005.

Current report on Form 8-K, filed with the Commission on October 27, 2005. This report contained the Company's preliminary earnings results for the first quarter of fiscal year 2006.

Current report on Form 8-K, filed with the Commission on November 10, 2005. This report announced that the Company entered into five-year employment agreements with two key executives: Michael Tucci, President North America Retail Division, and Michael F. Devine, III, Senior Vice President and Chief Financial Officer.

Current report on Form 8-K, filed with the Commission on December 9, 2005. This report announced that Lew Frankfort, Chairman and Chief Executive Officer, entered into a trading plan with Goldman, Sachs & Co. to comply with Rule 10b5-1 of the Securities Exchange Act of 1934.

Current report on Form 8-K, filed with the Commission on January 24, 2006. This report contained the Company's preliminary earnings results for the second quarter and first half of fiscal year 2006.

SIGNATURE

Pursuant to the requirements 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.
(Registrant)

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

Dated: February 9, 2006

EMPLOYMENT AGREEMENT

THIS AGREEMENT, effective as of November 8, 2005 (the "Effective Date"), but subject to the approval of the Committee (as defined below), is made by and between Coach, Inc., a Maryland corporation (the "Company") and Michael Tucci (the "Executive").

RECITALS:

A. It is the desire of the Company to assure itself of the services of the Executive by engaging the Executive as its President, North American Retail Division.

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

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

1. Certain Definitions

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

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

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

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

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

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

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

(ii) The Company consummates a reorganization, merger or consolidation of the Company (which prior to the date of such consummation has been approved by the Company's stockholders) or the Company sells, or otherwise disposes of, all or substantially all of the Company's property and

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

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

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

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

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

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

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

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

(m) "Contract Year" shall mean (i) the period beginning on November 8, 2005 and ending on June 30, 2006 and (ii) each twelve-month period beginning on July 1, 2006 or any anniversary thereof.

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

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

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

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

(iii) Has prevented the Executive from so

discharging his duties for any 180 days in any 365 day period.

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

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

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

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

(s) The Executive shall have "Good Reason" to resign his employment upon the occurrence of any of the following: (i) failure of the Company to continue the Executive in the position of President, North American Retail Division (or any other position not less senior to such position); (ii) a material diminution in the nature or scope of the Executive's responsibilities, duties or authority; (iii) relocation of the Company's executive offices more than 50 miles outside of New York, New York or relocation of Executive away from the executive offices; (iv) failure of the Company to timely make any material payment or provide any material benefit under this Agreement, or the Company's material reduction of any compensation, equity or benefits that the Executive is eligible to receive under this Agreement; or (v) the Company's material breach of this Agreement; provided, however, that notwithstanding the foregoing the Executive may not resign his employment for Good Reason unless: (x) the Executive provides the Company with at least 30 days prior written notice of his intent to resign for Good Reason (which notice is provided not later than the 60th day following the occurrence of the event constituting Good Reason) and (y) the Company does not remedy the alleged violation(s) within such 30-day period; and, provided, further, that Executive may resign his employment for Good Reason if in connection with any Change in Control the surviving entity does not assume this Agreement (or, with the written consent of the Executive, substitute a substantially identical agreement) with respect to the Executive in writing delivered to the Executive prior to, or as soon as reasonably practicable following, the occurrence of such Change in Control.

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

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

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

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

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

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

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

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

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

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

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

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

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

(gg) "Severance Amount" shall have the meaning set forth in Section 7(b)(i).

(hh) "Severance Commencement Date" shall mean the six-month anniversary of the Date of Termination.

(ii) "Stock Incentive Plans" shall mean the Company's 2000 Stock Incentive Plan and the Company's 2004 Stock Incentive Plan, each as amended from time to time.

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

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

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

2. Employment. The Company shall employ the Executive and the Executive shall continue in the employ of the Company, for the period set forth in this Section 2, in the positions set forth in the first sentence of Section 3 and upon the other terms and conditions herein provided. The initial term of employment under this Agreement (the "Initial Term") shall be for the period beginning on the Effective Date and ending on June 30, 2010, unless earlier terminated as provided in Section 6. The Initial Term shall automatically be extended for successive one-year periods (each, an "Extension Term") unless either party hereto gives written notice of non-extension to the other no later than 180 days prior to the scheduled expiration of the Initial Term or the then applicable Extension Term (the Initial Term and any Extension Term shall be collectively referred to hereunder as the "Term").

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

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

5. Compensation and Related Matters

(a) Annual Base Salary. Commencing September 1, 2005, the Executive shall receive a base salary at a rate of $650,000 per annum (the "Annual Base Salary"), paid in accordance with the Company's general payroll practices for executives, but no less frequently than monthly. No less frequently than annually during the Term, the Board and the Committee shall review the rate of Annual Base Salary payable to the Executive, and may, in their discretion, increase the rate of Annual Base Salary payable hereunder; provided, however, that any increased rate shall thereafter be the rate of "Annual Base Salary" hereunder.

(b) Bonus. Except as otherwise provided for herein, with respect to each Contract Year on which the Executive is employed hereunder on the last day, the Executive shall be eligible to receive a bonus (the "Bonus"), as determined pursuant to the Coach, Inc. Performance-Based Annual Incentive Plan or another "qualified performance-based compensation" bonus plan that has been approved by the stockholders of the Company in accordance with the provisions for such approval under Code Section

162(m) and the regulations promulgated thereunder (collectively, the "Bonus Plan"), and on the basis of the Executive's or the Company's attainment of objective financial or other operating criteria established by the Committee in its sole discretion and in

accordance with Code Section 162(m) and the regulations promulgated thereunder. With respect to each Contract Year (i) the Executive shall be eligible to receive a maximum Bonus (the "Maximum Bonus") in an amount equal to at least 125% of his Annual Base Salary and (ii) the Executive's target-level Bonus (the "Target Bonus") shall be equal to 75% of the amount of the Maximum Bonus. In addition, the Executive shall be eligible to participate in any other bonus plan or program that may be established by the Committee and that covers the Executive (even if such plan or program does not provide for qualified performance-based bonuses within the meaning of Code Section 162(m)). Notwithstanding anything to the contrary in the Bonus Plan, the parties acknowledge and agree that with respect to each Contract Year, the Company shall pay the Bonus to the Executive within the period required by Section 409A such that it qualifies as a "short-term deferral" pursuant to Section 1.409A-1(b)(4) of the Department of Treasury Regulations.

(c) Stock Options

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

(ii) In addition to any Options granted in accordance with subsection (i), as of the Effective Date the Executive shall be granted a non-qualified stock option (the "Retention Options") to purchase 252,658 shares of Common Stock pursuant to either or both of the Stock Incentive Plans, which Retention Option shall be evidenced by one or more written Retention Stock Option Agreements to be entered into by and between the Company and Executive as of the date hereof, each in substantially the form attached hereto as Exhibit B. The Retention Options shall have an exercise price equal to the fair market value per share of Common Stock as of the Effective 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 June 30, 2008, (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, 2009 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 30, 2010; provided, that, except as otherwise provided in Section 7 or in the Retention Stock Option Agreement, no portion of the Retention Options not then exercisable shall become exercisable following the Executive's termination of employment for any reason. In the event of the Executive's termination of employment for any reason other

than for Cause, the Retention Options to the extent then exercisable shall remain exercisable until the earlier of (x) the date provided in the Retention Stock Option Agreement or (y) the tenth anniversary of the Effective Date. The Company and the Executive acknowledge and agree that the Retention Options shall not provide for the grant of any "Restoration Options" as defined in the Company's 2000 Stock Incentive Plan.

(d) Restricted Stock Units

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

(ii) In addition to any RSUs awarded in accordance with subsection (i), as of the Effective Date the Executive shall be awarded 73,271 RSUs (the "Retention RSUs") pursuant to either or both of the Stock Incentive Plans, which Retention RSUs shall be evidenced by one or more written Retention RSU Agreements to be entered into by and between the Company and Executive as of the date hereof, each 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 June 30, 2008 and June 30, 2009 and with respect to 60% of the Retention RSUs on June 30, 2010; provided, that, except as otherwise provided in Section 7 or in the Retention RSU Agreement, no Retention RSUs not then vested shall become vested following the Executive's termination of employment.

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

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

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

time (but in no event shall the Executive be entitled to fewer than two personal days per Contract Year).

(h) Transportation Allowance. During the Term, the Company shall provide the Executive with a transportation allowance in accordance with the Company's applicable policies and procedures.

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

(a) Terminations

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

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

(iii) Cause. The Company may terminate the Executive's employment hereunder for Cause; provided, however, that, notwithstanding the foregoing, if (A) the Company terminates the Executive's employment for Cause pursuant to Section 1(e)(iii) and (B) the Executive (i) is not indicted for, or otherwise charged by any court or other governmental or regulatory authority with, any felony or any other crime involving fraud, embezzlement, material misconduct or misappropriation having a material adverse impact on the Company (which felony or other crime was the reason for such termination) within 18 months following the date of his termination of employment, or (ii) is not convicted of, does not plea no contest to, and does not receive unadjudicated probation for, any felony (or any other crime involving fraud, embezzlement, material misconduct or misappropriation having a material adverse impact on the Company) (which felony or other crime was the reason for such termination), then the Executive's termination of employment will be deemed to be without Cause and the Executive shall retroactively be eligible for severance payments to the extent provided by Section 7(b).

(iv) Good Reason. The Executive may terminate his employment for Good Reason.

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

(vi) Resignation without Good Reason. The Executive may resign his employment without Good Reason upon 180 days written notice to the Company.

(b) Notice of Termination. Any termination of the

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

7. Severance Payments and Benefits

(a) Termination for any Reason. In the event the Executive's employment with the Company is terminated for any reason, the Company shall pay the Executive (or his beneficiary in the event of his death) any unpaid Annual Base Salary that has accrued as of the Date of Termination, any unreimbursed expenses due to the Executive and an amount for any accrued but unused vacation days within 60 days following the Date of Termination, or such earlier time as may be required by applicable law. Any earned but unpaid Bonus for any fiscal year of the Company completed prior to the date of such termination shall be paid within 60 days following the date such Bonus is determined pursuant to the Bonus Plan or such earlier time as may be required to comply with Section 409A and thereby avoid the application of penalty taxes under such section. The Executive shall also be entitled to accrued, vested benefits under the Company's benefit plans and programs as provided therein. The Executive shall be entitled to the cash severance payments described below only as set forth herein and the provisions of this Section 7 shall supersede in their entirety any severance payment provisions in any severance plan, policy, program or arrangement maintained by the Company.

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

(i) Pay to the Executive an amount (the "Severance Amount") equal to the sum of his then current (A) Annual Base Salary and (B) Target Bonus for the year of termination; one half of which amount shall be paid in a cash lump-sum on the six month anniversary of the Date of Termination, with the other one-half of the Severance Amount payable to the Executive in accordance with the Company's customary payroll practices in equal monthly installments during

the period beginning on the six-month anniversary of the Date of Termination and ending on the 12-month anniversary thereof; and provided, further, that no amount shall be payable pursuant to this Section 7(b)(i) on or following the date the Executive first (i) violates any of the covenants set forth in Section 9(a) or 9(b), or (ii) materially violates any of the covenants set forth in Section 9(c), 9(e) or 9(f);

(ii) Continue to provide the Executive with all health and welfare benefits and perquisites which he was participating in or receiving as of the Date of Termination until the earlier of (A) the first anniversary of the Date of Termination or (B) the date the Executive first (i) violates any of the covenants set forth in Section 9(a) or 9(b), or (ii) materially violates any of the covenants set forth in Section 9(c), 9(e) or 9(f). If such benefits cannot be provided under the Company's programs, such benefits and perquisites will be provided on an individual basis to the Executive such that his after-tax costs will be no greater than the costs for such benefits and perquisites under the Company's programs. Notwithstanding the foregoing, the parties acknowledge and agree that no payment or benefit shall be made pursuant to this Section 7(b)(ii) to the extent that such payment or benefit would, pursuant to Section 1.409A-1(b)(9)(iv) of the Department of Treasury Regulations, constitute a deferral of compensation subject to Section 409A (and to the extent permissible any such payment or benefit shall be modified to comply with Section 1.409A-1(b)(9)(iv) of the Department of Treasury Regulations);

(iii) Notwithstanding any provision to the contrary in any Option or RSU agreement, cause all (A) Retention RSUs and Retention Options not vested or exercisable as of the Date of Termination to remain or become vested and remain exercisable in accordance with the terms and conditions of the applicable Retention Option or Retention RSU agreement and (B) Options and RSUs (other than the Retention Options and the

Retention RSUs) then held by the Executive to continue to become vested and exercisable in accordance with their terms as if the Executive had remained employed by the Company until the first anniversary of the Date of Termination (and all Options and RSUs (other than the Retention Options and the Retention RSUs) that do not become vested and exercisable on or prior to the first anniversary of the Date of Termination shall thereupon be forfeited). Notwithstanding the foregoing, the parties acknowledge and agree that no payment or benefit shall be made pursuant to this Section 7(b)(iii) to the extent that such payment or benefit would, pursuant to Section 1.409A-1(b)(5)(v) of the Department of Treasury Regulations, constitute a modification, extension or renewal of a stock right subject to Section 409A (and to the extent permissible any such payment or benefit shall be modified to comply with Section 1.409A-1(b)(5)(v) of the Department of Treasury Regulations);

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

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

(i) Pay to the Executive an amount equal to the Severance Amount; one half of which amount shall be paid in a cash lump-sum on the six month anniversary of the Date of Termination, with the other one-half of the Severance Amount payable to the Executive in accordance with the Company's customary payroll practices in equal monthly installments during the period beginning on the six-month anniversary of the Date of Termination and ending on the 12-month anniversary thereof; and provided, further, that no amount shall be payable pursuant to this Section 7(b)(i) on or following the date the Executive first (i) violates any of the covenants set forth in Section 9(a) or 9(b), or (ii) materially violates any of the covenants set forth in Section 9(c), 9(e) or 9(f);

(ii) Continue to provide the Executive with all health and welfare benefits and perquisites which he was participating in or receiving as of the Date of Termination until the earlier of (A) the first anniversary of the Date of Termination or (B) the date the Executive first (i) violates any of the covenants set forth in Section 9(a) or 9(b), or (ii) materially violates any of the covenants set forth in Section 9(c), 9(e) or 9(f). If such benefits cannot be provided under the Company's programs, such benefits and perquisites will be provided on an individual basis to the Executive such that his after-tax costs will be no greater than the costs for such benefits and perquisites under the Company's programs. Notwithstanding the foregoing, the parties acknowledge and agree that no payment or benefit shall be made pursuant to this Section 7(c)(ii) to the extent that such payment or benefit would, pursuant to Section 1.409A-1(b)(9)(iv) of the Department of Treasury Regulations, constitute a deferral of compensation subject to Section 409A (and to the extent permissible any such payment or benefit shall be modified to comply with Section 1.409A-1(b)(9)(iv) of the Department of Treasury Regulations);

(iii) Notwithstanding any provision to the contrary in any Option or RSU agreement, cause all Options (including without limitation the Retention Options), RSUs (including without limitation the Retention RSUs) and other equity based compensation awards then held by the Executive to become fully vested and exercisable with respect to all shares subject thereto effective immediately prior to the Date of Termination and all Options shall remain exercisable for the remainder of the 10 year term. Notwithstanding the foregoing, the parties acknowledge and agree that no payment or benefit shall be made pursuant to this Section 7(c)(iii) to the extent that such payment or benefit would, pursuant to Section 1.409A-1(b)(5)(v) of the Department of Treasury Regulations, constitute a modification, extension or renewal of a stock right subject to Section 409A (and to the extent permissible any such payment or benefit shall be

modified to comply with Section 1.409A-1(b)(5)(v) of the Department of Treasury Regulations); and

(iv) Pay to the Executive a Pro-Rata Bonus, as

defined in Section 7(d), within 10 days following the date of such termination.

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

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

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

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

8. Parachute Payments.

(a) If it is determined by a nationally recognized United States public accounting firm selected by the Company and approved in writing by the Executive (which approval shall not be unreasonably withheld) (the "Auditors") that any payment or benefit made or provided to the Executive in connection with this Agreement or otherwise (including without limitation any Option or RSU vesting) (collectively, a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Code (the "Parachute Tax"), then the Company shall pay to the Executive, prior to the time the

Parachute Tax is payable with respect to such Payment, an additional payment (a "Gross-Up Payment") in an amount such that, after payment by the Executive of all taxes (including any Parachute Tax) imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Parachute Tax imposed upon the Payment. The amount of any Gross-Up Payment shall be determined by the Auditors, subject to adjustment, as necessary, as a result of any Internal Revenue Service position. For purposes of making the calculations required by this Agreement, the Auditors may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code, provided that the Auditors' determinations must be made with substantial authority (within the meaning of Section 6662 of the Code).

(b) The federal tax returns filed by the Executive (and any filing made by a consolidated tax group which includes the Company) shall be prepared and filed on a basis consistent with the determination of the Auditors with respect to the Parachute Tax payable by the Executive. The Executive shall make proper payment of the amount of any Parachute Tax, and at the request of the Company, provide to the Company true and correct copies (with any amendments) of his federal income tax return as filed with the Internal Revenue Service, and such other documents reasonably requested by the Company, evidencing such payment. If, after the Company's payment to the Executive of the Gross-Up Payment, the Auditors determine in good faith that the amount of the Gross-Up Payment should be reduced or increased, or such determination is made by the Internal Revenue Service, then within ten business days of such determination, the Executive shall pay to the Company the amount of any such reduction, or the Company shall pay to the Executive the amount of any such increase; provided, however, that in no event shall the Executive have any such refund obligation if it is determined by the Company that to do so would be a violation of the Sarbanes-Oxley Act of 2002, as it may be amended from time to time; and provided, further,

that if the Executive has prior thereto paid such amounts to the Internal Revenue Service, such refund shall be due only to the extent that a refund of such amount is received by the Executive; and provided, further, that (i) the fees and expenses of the Auditors (and any other legal and accounting fees) incurred for services rendered in connection with the Auditor's determination of the Parachute Tax or any challenge by the Internal Revenue Service or other taxing authority relating to such determination shall be paid by the Company and (ii) the Company shall indemnify and hold the Executive harmless on an after-tax basis for any interest and penalties imposed upon the Executive to the extent that such interest and penalties are related to the Auditor's determination of the Parachute Tax or the Gross-Up Payment. Notwithstanding anything to the contrary herein, the Executive's rights under this Section 8 shall survive the termination of his employment for any reason and the termination or expiration of this Agreement for any reason.

9. Certain Restrictive Covenants

(a) The Executive shall not, at any time during the Term or during the 12-month period following the Date of Termination (the "Restricted Period") directly or indirectly engage in, have any equity interest in, or manage or operate any (i) Competitive Business, or (ii) new luxury accessories business that competes directly with

the existing or planned product lines of the Company; provided, however, that the Executive shall be permitted to acquire a passive stock or equity interest in such a business provided the stock or other equity interest acquired is not more than five percent (5%) of the outstanding interest in such business; and, provided, further, that this Section 9(a) shall not apply in the event that, prior to June 30, 2008 (A) the Executive's employment is terminated by reason of his voluntary resignation without Good Reason (pursuant to Section 6(a)(vi)), (B) the Executive's employment is terminated by the Company without Cause (pursuant to Section 6(a)(v)) or (C) the Executive's employment is terminated by the Executive for Good Reason (pursuant to Section 6(a)(iv)) and, in connection with such termination, the Executive agrees in writing to waive his right to receive all payments and benefits that he would otherwise be entitled to receive pursuant to Section 7(b) or 7(c), as applicable.

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

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

(d) Notwithstanding Section 9(c), the Executive may respond to a lawful and valid subpoena or other legal process or other government or regulatory inquiry but shall give the Company prompt notice thereof (except to the extent legally

prohibited), and shall, as much in advance of the return date as is reasonably practicable, make available to the Company and its counsel copies of any documents sought which are in the Executive's possession or to which the Executive otherwise has reasonable access. In addition, the Executive shall reasonably cooperate with and assist the Company and its counsel at any time and in any manner reasonably requested by the Company or its counsel (with due regard for the Executive's other commitments if he is not employed by the Company) in connection with any litigation or other legal process affecting the Company of which the Executive has knowledge as a result of his employment with the Company (other than any litigation with respect to this Agreement). In the event of such requested cooperation, the Company shall reimburse the Executive's reasonable out of pocket expenses.

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

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

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

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

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

11. Claw-Backs

(a) In the event that the Executive violates any of the covenants set forth in Section 9(a) or 9(b) or materially violates any of the covenants set forth in Section 9(c), 9(e) or 9(f), the Executive shall, in addition to any other remedy which may be available (i) at law or in equity, (ii) pursuant to Section 10 or

(iii) pursuant to any applicable Option or RSU agreement, be required to pay to the Company an amount equal to all Financial Gain that the Executive has received during the 12-month period immediately preceding (or at any time after) the date that the Executive first breaches such covenant. In addition, all Retention Options that have not been exercised prior to the date that the Executive violates any of the covenants set forth in Section 9(a) or 9(b), or materially violates any of the covenants set forth in Section 9(c), 9(e), or 9(f) and all Retention RSUs that have not become vested prior to the date of such breach shall thereupon be forfeited.

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

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

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

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

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

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

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

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

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

18. Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter described in this Agreement and supersedes all prior agreements, understandings and arrangements, both oral and written, between the parties with respect to such subject matter; provided, however, that any written agreements between the Executive and the Company concerning Options, RSUs or any other equity compensation awards shall remain in full force and effect in accordance with their terms. Subject to Section 27, this Agreement may not be modified, amended, altered or rescinded in any manner, except by written instrument signed by both of the parties hereto; provided, however, that the waiver by either party of a breach or compliance with any provision of this Agreement shall not operate nor be construed as a waiver of any subsequent breach or compliance.

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

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

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

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

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

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

25. Right of Offset. The Company may offset any payment to be made to the Executive pursuant to this Agreement by any amount that the Executive owes to the Company (including without limitation any amount that the Executive may be required to pay to the Company pursuant to Section 11) as of the time such payment would otherwise be made. This right of offset shall be cumulative (but not duplicative) with any similar obligation with respect to which the Executive may be subject under any other agreement with the Company. Notwithstanding the foregoing, no amount of (a) Annual Base Salary or Bonus deferred by the Executive on or following the Effective Date pursuant to any deferred compensation plan or arrangement maintained by the Company, or (b) compensation deferred by the Executive prior to the Effective Date pursuant to any deferred compensation plan or arrangement maintained by the Company shall be subject to the Company's right of offset described in this Section 25.

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

27. 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. 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 (a), 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 comply with the requirements of Section 409A and thereby avoid the application of penalty taxes under such Section.

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

COMPANY

By: ----------

Its: ----------

EXECUTIVE

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 the Effective Date: Burberry Limited; Cole Hahn; Dooney and Bourke; Ferragamo; GAP, Inc.; Gucci Group; Hermes International; J. Crew; Jones Apparel Group; Kate Spade; Kenneth Cole Productions; Limited Brands, Inc.; Liz Claiborne; LVMH; Prada; Polo Ralph Lauren; Timberland; Tod's S.p.A.; Tommy Hilfiger; Tumi.

EXHIBIT B

COACH
2000 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 NOVEMBER 8, 2005 (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 NOVEMBER 8, 2005 (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	252,658	$34.12

2. OPTION. This Option is a non-qualified stock option that is intended to conform in all respects with the Company's 2000 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) JUNE 30, 2008, this Option will vest with respect to 20% of the Option Shares as of such date, (b) JUNE 30, 2009, this Option will vest with respect to 20% of the Option Shares as of such date, and (c) JUNE 30, 2010, this Option will vest with respect to the remaining 60% of the Option Shares as of such 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 and Corporate Governance 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 30, 2010, then this Option shall terminate on the earlier of (x) the Expiration Date, or (y) the 90th 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 30, 2010, 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 (which in all cases must be at least the lesser of two-hundred and fifty (250) or the total number of shares outstanding under this Option) 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. Notwithstanding anything contained in this Agreement to the contrary, this Option shall not provide for the grant of any "RESTORATION OPTIONS" as defined in the Plan.

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"). 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 you under Section 409A, the Company may (a), 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 comply with the requirements of Section 409A and thereby avoid the application of penalty taxes under such Section.

[signature page follows]

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

COACH, INC.

Felice Schulaner
Senior Vice President of Human Resources

Date: November 8, 2005

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

SSN:

Date: November 8, 2005

EXHIBIT C

COACH
2000 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 NOVEMBER 8, 2005 (the "AWARD DATE"), as provided in this agreement (the "AGREEMENT") pursuant to the Coach, Inc. 2000 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 NOVEMBER 8, 2005 (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:

73,271 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 JUNE 30, 2008 AND JUNE 30, 2009 and (b) the remaining 60% of the RSUs shall become vested on JUNE 30, 2010. Each of June 30, 2008, June 30, 2009 and June 30, 2010 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 and Corporate Governance 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 not less than the amount of such taxes, and a stock certificate for the net number of shares of Coach, Inc. common stock distributed will be delivered to you; provided, that in the event that the Company is liquidated in bankruptcy, (a) the Committee will not release shares of Coach, Inc. common stock pursuant to the Award and (b) all payments made pursuant to the Award will be made in cash equal to the fair market value per share of Coach, Inc. common stock on the distribution date multiplied by the number of RSUs.

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 RSU 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"). 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 you under Section 409A, the Company may (a), 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 comply with the requirements of Section 409A and thereby avoid the application of penalty taxes under such Section.

[signature page follows]

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

COACH, INC.

Felice Schulaner
Senior Vice President of Human Resources

Date: November 8, 2005

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

SSN:

Date: November 8, 2005

EXHIBIT D

SEPARATION AND RELEASE AGREEMENT

Coach, Inc. and its subsidiaries (collectively, the "COMPANY") and Michael Tucci ("EXECUTIVE") enter into this Separation and Release Agreement ("AGREEMENT"), which was received by Executive on the _____ day of _____, 200__, signed by Executive on the date shown below Executive's signature on the last page of this Agreement and is effective eight days (8) after the date of execution by Executive unless employee revokes the agreement before that date, for and in consideration of the promises made among the parties and other good and valuable consideration as follows:

W I T N E S S E T H:

WHEREAS, Executive has been employed by the Coach, Inc. as President, North America Retail Division;

WHEREAS, Executive and the Company have agreed that Executive's employment with the Company [will terminate as of] [has terminated as of] [termdate;] and

WHEREAS, Executive and the Company have negotiated and reached an agreement with respect to all rights, duties and obligations arising between them, including, but in no way limited to, any rights, duties and obligations that have arisen or might arise out of or are in any way related to Executive's employment with the Company and the conclusion of that employment.

NOW, THEREFORE, in consideration of the covenants and mutual promises herein contained, it is agreed as follows:

1. Separation Date. Until [termdate,] (the "SEPARATION DATE"), Executive [shall continue][has continued] as an employee of the Company and shall receive the same compensation and benefits he presently receives. Executive agrees to resign his employment and all appointments he holds with the Company and its affiliates effective on the Separation Date. Executive understands and agrees that his employment with the Company will conclude on the close of business on the Separation Date.

2. Severance Payments and Benefits.

(a) The Company hereby agrees to pay Executive all amounts due and payable, and to provide the Executive with all benefits and perquisites required, pursuant to Section 7 of that certain Employment Agreement effective as of November 8, 2005 by and between Coach, Inc.

and the Executive (the "EMPLOYMENT AGREEMENT").

(b) In the event of the Executive's death prior to the payment of any amount payable pursuant to Section 7 of the Employment Agreement, such amount shall be payable to Executive's estate and, except to the extent benefits contemplated herein are provided by their terms to Executive's heirs and

beneficiaries, the Company shall have no further obligations to Executive's beneficiaries under this Agreement (other than Section 8 and 13 of the Employment Agreement).

(c) The severance payments shall cease if the Executive becomes reemployed by the Company or any enterprise in which Coach, Inc. owns a controlling interest.

3. Receipt of Other Compensation. Executive acknowledges and agrees that, other than as specifically set forth in this Agreement, including without limitation the provisions of the Employment Agreement set forth herein, Executive is not and will not be due any compensation, including, but not limited to, compensation for unpaid salary (except for amounts unpaid and owing for Executive's employment with the Company and its affiliates prior to the Separation Date), severance and unused vacation time or vacation pay from the Company or any of its affiliates, except for amounts unpaid but accrued in accordance with Section 7(a) of the Employment Agreement, and as of and after the Separation Date, except as provided herein and as set forth in accordance with Section 7, 8 or 13 of the Employment Agreement, Executive will not be eligible to participate in any of the benefit plans of the Company or any of its affiliates, including, without limitation, the Company's Savings and Profit Sharing Plan, travel accident insurance, personal accident insurance, accidental death and dismemberment insurance and short-term and long-term disability insurance. Executive will be entitled to receive benefits, which are vested and accrued prior to the Separation Date pursuant to the employee benefit plans of the Company. The Company shall promptly reimburse Executive for business expenses incurred in the ordinary course of Executive's employment on or before the Separation Date, but not previously reimbursed, provided the Company's policies of documentation and approval are satisfied.

4. Annual Bonus. Executive shall receive [INSERT PRO RATA PORTION] of Executive's bonus earned under the Performance-Based Annual Incentive Plan of the Company for the [####] fiscal year as a result of Executive's employment with the Company during the [####] fiscal year. For purposes of calculating the bonus, the Company will use Executive's actual financial or other quantitative performance criteria to determine the Executive's bonus. With respect to any discretionary, non-quantitative component of the bonus, the Company will assume a [SE/EE/ME] level of performance by the Executive. The bonus payment provided for in this Paragraph 4 shall be in lieu of, not in addition to, all bonuses payable to the Executive and shall be paid to Executive on the same date or dates on which active participants under such bonus plan are paid bonuses for the applicable bonus periods. The bonus payment, if any, made by the Company shall be reduced by applicable withholding and other customary payroll deductions. Executive shall not be entitled to participate in any annual bonus plan of the Company for any fiscal year ending after the [####] fiscal year.

5. Stock Options. Notwithstanding any other provision of this Agreement, Executive's Stock Options, Retention Stock Units and any other equity compensation awards shall be treated pursuant to the written terms and conditions of the applicable grant agreement and in accordance with Section 7 of the Employment Agreement

including without limitation any provisions therein with regard to termination, forfeiture, or claw back. Executive shall not be entitled to receive any new stock option grants, including Restoration stock options, after the Separation Date.

6. Health Insurance Continuation, Universal Life. Executive's participation in the employee benefit plans available to the Executives of Coach, Inc. shall cease as of the Separation Date except as continued in accordance with Section 7 of the Employment Agreement; however, Executive shall have the right, at Executive's expense, to exercise such conversion privileges as may be available under such plans. The Company shall cease paying premiums for the individual universal life insurance policy provided to Executive by the Company under the Executive Life Insurance Plan as of the Separation Date; however, Executive may, at Executive's election, keep the policy in effect after the Separation Date by paying the premiums therefor as they come due. The Company will continue to provide the Executive with all health and welfare benefits and perquisites which he was participating in for the duration stated in Section 7 of the Employment Agreement, as applicable. When such Company benefits cease, Executive shall be eligible to elect COBRA continuation coverage under the group medical and dental plan available to the Executives of Coach, Inc. The premium charged during the period stated in Section 7 of the Employment Agreement shall be at the same rate charged an active employee of the Company for similar coverage. The premium charged for COBRA continuation coverage after the end of the period stated in Section 7 of the Employment Agreement shall be entirely at Executive's expense and may be different from the premium charged during the period stated in Section 7 of the Employment Agreement. Executive's COBRA continuation coverage shall terminate in accordance with

the COBRA continuation of coverage provisions under the group medical and dental plans of the Company.

7. [Automobile. Executive may continue to use the automobile provided to Executive by the Company in accordance with the terms of the Company's leased automobile policy until the earlier of (i) the end of the period during which severance is payable pursuant to Section 7 of the Employment Agreement, (ii) the date on which Executive accepts full-time employment with another employer or (iii) the end of the lease term and provided further that the Company shall only be responsible for the lease payments and insurance; Executive shall be responsible for all other operating expenses, including all fuel and maintenance expenses related to the automobile. Executive shall have the option to purchase the automobile at any time during the term of this Agreement or upon the termination of this Agreement. In the event the Executive elects to purchase the automobile, the purchase price shall be determined in accordance with the Company's current policy. During the term of this lease, the Company shall continue to insure or provide insurance (including collision, comprehensive and liability) for the automobile.]

8. Other Benefits. Executive will be entitled to fulfillment of any matching grant obligations under the Company's Matching Grants Program with respect to commitments made by Executive prior to the Separation Date.

9. Non-Solicitation, Non-Competition, Confidentiality, Non-Disparagement. Section 9 of the Employment Agreement shall continue to apply and shall be deemed

made a part hereof as if set forth herein in full. In the event of a breach of such section, all provisions of the Employment Agreement concerning such a breach shall apply (including without limitation Sections 10 and 11).

10. Overpayments, Employee Reimbursements and Return of Company Property. Executive agrees to repay any overpayment of severance payments, vacation payments, or other amount miscalculated hereunder to which Employee is not expressly entitled under the terms of this Agreement ("SEVERANCE OVERPAYMENT"). Executive expressly agrees that the Company may reconcile or set off any Severance Overpayment against any remaining unpaid severance payments or other severance pay, including vacation, due under this Agreement, or against any amounts due to Executive under any Company non-qualified plans.

11. Employment Agreement Provisions. Sections 8, 9, 13 and 20 of the Employment Agreement shall continue to apply and shall be deemed made a part hereof as if set forth herein in full.

12. Release.

(a) Executive on behalf of himself, his heirs, executors, administrators and assigns, does hereby knowingly and voluntarily release, acquit and forever discharge the Company and any affiliates, successors, assigns and past, present and future directors, officers, employees, trustees and shareholders (the "RELEASED PARTIES") from and against any and all charges, complaints, claims, cross-claims, third-party claims, counterclaims, contribution claims, liabilities, obligations, promises, agreements, controversies, damages, actions, causes of action, suits, rights, demands, costs, losses, debts and expenses of any nature whatsoever, known or unknown, suspected or unsuspected, foreseen or unforeseen, matured or unmatured, which, at any time up to and including the date thereof, exists, have existed, or may arise from any matter whatsoever occurring, including, but not limited to, any claims arising out of or in any way related to Executive's employment with the Company or its affiliates and the conclusion thereof, which Executive, or any of his heirs, executors, administrators and assigns and affiliates and agents ever had, now has or at any time hereafter may have, own or hold against the Company or any affiliates, legal representatives, successors and assigns, past, present and future directors, officers, employees, trustees and shareholders. Executive acknowledges that in exchange for this release, the Company is providing Executive with total consideration, financial or otherwise, which exceeds what Executive would have been given without the release. By executing this Agreement, Executive is waiving all claims against the Company and its related persons arising under federal, state and local labor and antidiscrimination laws and any other restriction on the right to terminate employment, including, without limitation, Title VII of the Civil Rights Act of 1964, as amended, the Americans with Disabilities Act of 1990, as amended, and the Human Rights Act, as amended. Nothing herein shall release any party from any obligation under this Agreement. Notwithstanding anything herein to the contrary, Executive expressly reserves and does not release his rights of

indemnification to which he is entitled under Section 13 of the Employment Agreement, or any other rights of indemnification with regard to his service as an officer and director of the Company and its subsidiaries and its affiliates and any benefit plan, or his rights to, and under, director and officer liability insurance coverage.

(b) EXECUTIVE SPECIFICALLY WAIVES AND RELEASES THE COMPANY FROM ALL CLAIMS EXECUTIVE MAY HAVE AS OF THE DATE EXECUTIVE SIGNS THIS

AGREEMENT REGARDING CLAIMS OR RIGHTS ARISING UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967, AS AMENDED, 29 U.S.C. ss. 621 ("ADEA"). EXECUTIVE FURTHER AGREES: (A) THAT EXECUTIVE'S WAIVER OF RIGHTS UNDER THIS RELEASE IS KNOWING AND VOLUNTARY AND IN COMPLIANCE WITH THE OLDER WORKER'S BENEFIT PROTECTION ACT OF 1990; (B) THAT EXECUTIVE UNDERSTANDS THE TERMS OF THIS RELEASE; (C) THAT THE SEVERANCE PAYMENTS AND OTHER BENEFITS CALLED FOR IN THIS AGREEMENT WOULD NOT BE PROVIDED TO ANY EXECUTIVE TERMINATING HIS OR HER EMPLOYMENT WITH THE COMPANY WHO DID NOT SIGN A RELEASE SIMILAR TO THIS RELEASE, THAT SUCH PAYMENTS AND BENEFITS WOULD NOT HAVE BEEN PROVIDED HAD EXECUTIVE NOT SIGNED THIS RELEASE, AND THAT THE PAYMENTS AND BENEFITS ARE IN EXCHANGE FOR THE SIGNING OF THIS RELEASE; (D) THAT EXECUTIVE HAS BEEN ADVISED IN WRITING BY THE COMPANY TO CONSULT WITH AN ATTORNEY PRIOR TO EXECUTING THIS RELEASE; (E) THAT THE COMPANY HAS GIVEN EXECUTIVE A PERIOD OF AT LEAST TWENTY-ONE (21) DAYS WITHIN WHICH TO CONSIDER THIS RELEASE; (F) THAT EXECUTIVE REALIZES THAT FOLLOWING EXECUTIVE'S EXECUTION OF THIS RELEASE, EXECUTIVE HAS SEVEN (7) DAYS IN WHICH TO REVOKE THIS RELEASE BY WRITTEN NOTICE TO THE UNDERSIGNED, AND (G) THAT THIS ENTIRE AGREEMENT SHALL BE VOID AND OF NO FORCE AND EFFECT IF EXECUTIVE CHOOSES TO SO REVOKE, AND IF EXECUTIVE CHOOSES NOT TO SO REVOKE, THAT THIS AGREEMENT AND RELEASE THEN BECOME EFFECTIVE AND ENFORCEABLE.

13. Covenant Not to Sue. To the maximum extent permitted by law, Executive covenants not to sue or to institute or cause to be instituted any action in any federal, state, or local agency or court against any of the Released Parties, with regard to any of the claims released in paragraph 12 of this Agreement. In the event of Executive's breach of the terms of this provision, without prejudice to the Company's other rights and remedies available at law or in equity, except as prohibited by law, Executive shall be liable for all costs and expenses (including, without limitation, reasonable attorney's fees and legal expenses) incurred by the Company as a result of such breach. Notwithstanding the foregoing, nothing herein shall prevent Executive or the Company from instituting any action required to enforce the terms of this Agreement. In addition, nothing herein shall be construed to prevent Executive from enforcing any rights

Executive may have under the Executive Retirement Income Security Act of 1974, commonly known as ERISA.

14. Recommendations. The Company's executive officers will provide references for Executive to any prospective employer of the Executive who contacts the Company's executive officers in accordance with the Company's reference policy. The Company represents that it and its executive officers have no current knowledge concerning any issues that would affect the ability of the Company and its executive officers to provide such references.

15. Executive's Understanding. Executive acknowledges by signing this Agreement that Executive has read and understands this document, that Executive has had an opportunity to review 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.

16. Non-Reliance. Executive represents to the Company and the Company represents to Executive that in executing this Agreement they do not rely and have not relied upon any representation or statement not set forth herein made by the other or by any of the other's agents, representatives or attorneys with regard to the subject matter, basis or effect of this Agreement or otherwise.

17. Severability of Provisions. In the event that any one or more of the provisions of this Agreement is held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby. Moreover, if any one or more of the provisions contained in this Agreement are held to be excessively broad as to duration, scope, activity or subject, such provisions will be construed by limiting and reducing them so as to be enforceable to the maximum extent compatible with applicable law.

18. Non-Admission of Liability. Executive agrees that neither this Agreement nor the performance by the parties hereunder constitutes an admission by any of the Released Parties of any violation of any federal, state or local law, regulation, common law, breach of any contract, or any wrongdoing of any type.

19. Non-Assignability. The rights and benefits available under this Agreement are personal to Executive and such rights and benefits shall not be subject to assignment, alienation or transfer, except to the extent such rights and benefits are lawfully available to the estate or beneficiaries of Executive upon death.

20. Entire Agreement. This Agreement sets forth all the terms and conditions with respect to compensation, remuneration of payments and benefits due Executive from the Company and supersedes and replaces any and all other agreements or understandings Executive may have had with respect thereto. It may not be modified or amended except

in writing and signed by both the Executive and an authorized representative of the Company.

21. Notices. Any notice to be given hereunder shall be in writing and shall be deemed given when mailed by certified mail, return receipt requested, addressed as follows:

To Executive at:
Michael Tucci
at the last known address on Company record

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

IN WITNESS WHEREOF, the parties have executed this Agreement as of the
In witness whereof, the parties hereto have executed and delivered this agreement.

COACH, INC.

Date: _____

Accepted and agreed to.

EXECUTIVE:

Michael Tucci

SSN: _____

Date: _____

EMPLOYMENT AGREEMENT

THIS AGREEMENT, effective as of November 8, 2005 (the "Effective Date"), but subject to the approval of the Committee (as defined below), is made by and between Coach, Inc., a Maryland corporation (the "Company") and Michael F. Devine III (the "Executive").

RECITALS:

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

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

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

1. Certain Definitions

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

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

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

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

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

any time of any act of fraud, embezzlement, misappropriation, misconduct, or breach of fiduciary duty against the Company (or any predecessor thereto or successor thereof) having a material adverse impact on the Company.

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

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

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

stockholders approve a liquidation or dissolution of the Company; or

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

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

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

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

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

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

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

(m) "Contract Year" shall mean (i) the period beginning on November 8, 2005 and ending on June 30, 2006 and (ii) each twelve-month period beginning on July 1, 2006 or any anniversary thereof.

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

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

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

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

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

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

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

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

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

(s) The Executive shall have "Good Reason" to resign his employment upon the occurrence of any of the following: (i) failure of the Company to continue the Executive in the position of Senior Vice President and Chief Financial Officer (or any other position not less senior to such position); (ii) a material diminution in the nature or scope of the Executive's responsibilities, duties or authority; (iii) relocation of the Company's executive offices more than 50 miles outside of New York, New York or relocation of Executive away from the executive offices; (iv) failure of the Company to timely make any material payment or provide any

material benefit under this Agreement, or the Company's material reduction of any compensation, equity or benefits that the Executive is eligible to receive under this Agreement; or (v) the Company's material breach of this Agreement; provided, however, that notwithstanding the foregoing the Executive may not resign his employment for Good Reason unless: (x) the Executive provides the Company with at least 30 days prior written notice of his intent to resign for Good Reason (which notice is provided not later than the 60th day following the occurrence of the event constituting Good Reason) and (y) the Company does not remedy the alleged violation(s) within such 30-day period; and, provided, further, that Executive may resign his employment for Good Reason if in connection with any Change in Control the surviving entity does not assume this Agreement (or, with the written consent of the Executive, substitute a substantially identical agreement) with respect to the Executive in writing delivered to the Executive prior to, or as soon as reasonably practicable following, the occurrence of such Change in Control.

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

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

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

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

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

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

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

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

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

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

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

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

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

(gg) "Severance Amount" shall have the meaning set forth in Section 7(b)(i).

(hh) "Severance Commencement Date" shall mean the six-month anniversary of the Date of Termination.

(ii) "Stock Incentive Plans" shall mean the Company's 2000 Stock Incentive Plan and the Company's 2004 Stock Incentive Plan, each as amended from time to time.

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

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

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

2. Employment. The Company shall employ the Executive and the Executive shall continue in the employ of the Company, for the period set forth in this Section 2, in the positions set forth in the first sentence of Section 3 and upon the other terms and conditions herein provided. The initial term of

employment under this Agreement (the "Initial Term") shall be for the period beginning on the Effective Date and ending on June 30, 2010, unless earlier terminated as provided in Section 6. The Initial Term shall automatically be extended for successive one-year periods (each, an "Extension Term") unless either party hereto gives written notice of non-extension to the other no later than 180 days prior to the scheduled expiration of the Initial Term or the then applicable Extension Term (the Initial Term and any Extension Term shall be collectively referred to hereunder as the "Term").

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

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

5. Compensation and Related Matters

(a) Annual Base Salary. Commencing September 1, 2005, the Executive shall receive a base salary at a rate of $500,000 per annum (the "Annual Base Salary"), paid in accordance with the Company's general payroll practices for executives, but no less frequently than monthly. No less frequently than annually during the Term, the Board and the Committee shall review the rate of Annual Base Salary payable to the Executive, and may, in their discretion, increase the rate of Annual Base Salary payable hereunder; provided, however, that any increased rate shall thereafter be the rate of "Annual Base Salary" hereunder.

(b) Bonus. Except as otherwise provided for herein, with respect to each Contract Year on which the Executive is employed hereunder on the last day, the Executive shall be eligible to receive a bonus (the "Bonus"), as determined pursuant to the Coach, Inc. Performance-Based Annual Incentive Plan or another "qualified performance-based compensation" bonus plan that has been approved by the stockholders of the Company in accordance with the provisions for such approval under Code Section

162(m) and the regulations promulgated thereunder (collectively, the "Bonus Plan"), and on the basis of the Executive's or the Company's attainment of objective financial or other operating criteria established by the Committee in its sole discretion and in accordance with Code Section 162(m) and the regulations promulgated thereunder. With respect to each Contract Year (i) the Executive shall be eligible to receive a maximum Bonus (the "Maximum Bonus") in an amount equal to at least 75% of his Annual Base Salary and (ii) the Executive's target-level Bonus (the "Target Bonus") shall be equal to 75% of the amount of the Maximum Bonus. In addition, the Executive shall be eligible to participate in any other bonus plan or program that may be established by the Committee and that covers the Executive (even if such plan or program does not provide for qualified performance-based bonuses within the meaning of Code Section 162(m)). Notwithstanding anything to the contrary in the Bonus Plan, the parties acknowledge and agree that with respect to each Contract Year, the Company shall pay the Bonus to the Executive within the period required by Section 409A such that it qualifies as a "short-term deferral" pursuant to Section 1.409A-1(b)(4) of the Department of Treasury Regulations.

(c) Stock Options

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

(ii) In addition to any Options granted in accordance with subsection (i), as of the Effective Date the Executive shall be granted a non-qualified stock option (the "Retention Options") to purchase 136,435 shares of Common Stock pursuant to either or both of the Stock Incentive Plans, which Retention Option shall be evidenced by one or more written Retention Stock Option Agreements to be entered into by and between the Company and Executive as of the date hereof, each in substantially the form attached hereto as Exhibit B. The Retention Options shall have an exercise price equal to the fair market value per share of Common Stock as of the Effective 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 June 30, 2008, (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, 2009 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 30,

2010; provided, that, except as otherwise provided in Section 7 or in the Retention Stock Option Agreement, no portion of the Retention Options not then exercisable shall become exercisable following the Executive's termination of employment for any reason. In the event of the Executive's termination of employment for any reason other

than for Cause, the Retention Options to the extent then exercisable shall remain exercisable until the earlier of (x) the date provided in the Retention Stock Option Agreement or (y) the tenth anniversary of the Effective Date. The Company and the Executive acknowledge and agree that the Retention Options shall not provide for the grant of any "Restoration Options" as defined in the Company's 2000 Stock Incentive Plan.

(d) Restricted Stock Units

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

(ii) In addition to any RSUs awarded in accordance with subsection (i), as of the Effective Date the Executive shall be awarded 38,101 RSUs (the "Retention RSUs") pursuant to either or both of the Stock Incentive Plans, which Retention RSUs shall be evidenced by one or more written Retention RSU Agreements to be entered into by and between the Company and Executive as of the date hereof, each 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 June 30, 2008 and June 30, 2009 and with respect to 60% of the Retention RSUs on June 30, 2010; provided, that, except as otherwise provided in Section 7 or in the Retention RSU Agreement, no Retention RSUs not then vested shall become vested following the Executive's termination of employment.

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

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

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

time (but in no event shall the Executive be entitled to fewer than two personal days per Contract Year).

(h) Transportation Allowance. During the Term, the Company shall provide the Executive with a transportation allowance in accordance with the Company's applicable policies and procedures.

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

(a) Terminations

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

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

(iii) Cause. The Company may terminate the Executive's employment hereunder for Cause; provided, however, that, notwithstanding the foregoing, if (A) the Company terminates the Executive's employment for Cause pursuant to Section 1(e)(iii) and (B) the Executive (i) is not indicted for, or otherwise charged by any court or other governmental or regulatory authority with, any felony or any other crime involving fraud, embezzlement, material misconduct

or misappropriation having a material adverse impact on the Company (which felony or other crime was the reason for such termination) within 18 months following the date of his termination of employment, or (ii) is not convicted of, does not plea no contest to, and does not receive unadjudicated probation for, any felony (or any other crime involving fraud, embezzlement, material misconduct or misappropriation having a material adverse impact on the Company) (which felony or other crime was the reason for such termination), then the Executive's termination of employment will be deemed to be without Cause and the Executive shall retroactively be eligible for severance payments to the extent provided by Section 7(b).

(iv) Good Reason. The Executive may terminate his employment for Good Reason.

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

(vi) Resignation without Good Reason. The Executive may resign his employment without Good Reason upon 180 days written notice to the Company.

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

7. Severance Payments and Benefits

(a) Termination for any Reason. In the event the Executive's employment with the Company is terminated for any reason, the Company shall pay the Executive (or his beneficiary in the event of his death) any unpaid Annual Base Salary that has accrued as of the Date of Termination, any unreimbursed expenses due to the Executive and an amount for any accrued but unused vacation days within 60 days following the Date of Termination, or such earlier time as may be required by applicable law. Any earned but unpaid Bonus for any fiscal year of the Company completed prior to the date of such termination shall be paid within 60 days following the date such Bonus is determined pursuant to the Bonus Plan or such earlier time as may be required to comply with Section 409A and thereby avoid the application of penalty taxes under such section. The Executive shall also be entitled to accrued, vested benefits under the Company's benefit plans and programs as provided therein. The Executive shall be entitled to the cash severance payments described below only as set forth herein and the provisions of this Section 7 shall supersede in their entirety any severance payment provisions in any severance plan, policy, program or arrangement maintained by the Company.

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

(i) Pay to the Executive an amount (the "Severance Amount") equal to the sum of his then current (A) Annual Base Salary and (B) Target Bonus for the year of termination; one half of which amount shall be paid in a cash lump-sum on the six month anniversary of the Date of Termination, with the other one-half of the Severance Amount payable to the Executive in accordance with the Company's customary payroll practices in equal monthly installments during

the period beginning on the six-month anniversary of the Date of Termination and ending on the 12-month anniversary thereof; and provided, further, that no amount shall be payable pursuant to this Section 7(b)(i) on or following the date the Executive first (i) violates any of the covenants set forth in Section 9(a) or 9(b), or (ii) materially violates any of the covenants set forth in Section 9(c), 9(e) or 9(f);

(ii) Continue to provide the Executive with all health and welfare benefits and perquisites which he was participating in or receiving as of the Date of Termination until the earlier of (A) the first anniversary of the Date of Termination or (B) the date the Executive first (i) violates any of the covenants set forth in Section 9(a) or 9(b), or (ii) materially violates any of the covenants set forth in Section 9(c), 9(e) or 9(f). If such benefits cannot be

provided under the Company's programs, such benefits and perquisites will be provided on an individual basis to the Executive such that his after-tax costs will be no greater than the costs for such benefits and perquisites under the Company's programs. Notwithstanding the foregoing, the parties acknowledge and agree that no payment or benefit shall be made pursuant to this Section 7(b)(ii) to the extent that such payment or benefit would, pursuant to Section 1.409A-1(b)(9)(iv) of the Department of Treasury Regulations, constitute a deferral of compensation subject to Section 409A (and to the extent permissible any such payment or benefit shall be modified to comply with Section 1.409A-1(b)(9)(iv) of the Department of Treasury Regulations); ==

(iii) Notwithstanding any provision to the contrary in any Option or RSU agreement, cause all (A) Retention RSUs and Retention Options not vested or exercisable as of the Date of Termination to remain or become vested and remain exercisable in accordance with the terms and conditions of the applicable Retention Option or Retention RSU agreement and (B) Options and RSUs (other than the Retention Options and the Retention RSUs) then held by the Executive to continue to become vested and exercisable in accordance with their terms as if the Executive had remained employed by the Company until the first anniversary of the Date of Termination (and all Options and RSUs (other than the Retention Options and the Retention RSUs) that do not become vested and exercisable on or prior to the first anniversary of the Date of Termination shall thereupon be forfeited). Notwithstanding the foregoing, the parties acknowledge and agree that no payment or benefit shall be made pursuant to this Section 7(b)(iii) to the extent that such payment or benefit would, pursuant to Section 1.409A-1(b)(5)(v) of the Department of Treasury Regulations, constitute a modification, extension or renewal of a stock right subject to Section 409A (and to the extent permissible any such payment or benefit shall be modified to comply with Section 1.409A-1(b)(5)(v) of the Department of Treasury Regulations); =

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

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

(i) Pay to the Executive an amount equal to the Severance Amount; one half of which amount shall be paid in a cash lump-sum on the six month anniversary of the Date of Termination, with the other one-half of the Severance Amount payable to the Executive in accordance with the Company's customary payroll practices in equal monthly installments during the period beginning on the six-month anniversary of the Date of Termination and ending on the 12-month anniversary thereof; and provided, further, that no amount shall be payable pursuant to this Section 7(b)(i) on or following the date the Executive first (i) violates any of the covenants set forth in Section 9(a) or 9(b), or (ii) materially violates any of the covenants set forth in Section 9(c), 9(e) or 9(f);

(ii) Continue to provide the Executive with all health and welfare benefits and perquisites which he was participating in or receiving as of the Date of Termination until the earlier of (A) the first anniversary of the Date of Termination or (B) the date the Executive first (i) violates any of the covenants set forth in Section 9(a) or 9(b), or (ii) materially violates any of the covenants set forth in Section 9(c), 9(e) or 9(f). If such benefits cannot be provided under the Company's programs, such benefits and perquisites will be provided on an individual basis to the Executive such that his after-tax costs will be no greater than the costs for such benefits and perquisites under the Company's programs. Notwithstanding the foregoing, the parties acknowledge and agree that no payment or benefit shall be made pursuant to this Section 7(c)(ii) to the extent that such payment or benefit would, pursuant to Section 1.409A-1(b)(9)(iv) of the Department of Treasury Regulations, constitute a deferral of compensation subject to Section 409A (and to the extent permissible any such payment or benefit shall be modified to comply with Section 1.409A-1(b)(9)(iv) of the Department of Treasury Regulations);

(iii) Notwithstanding any provision to the contrary in any Option or RSU agreement, cause all Options (including without limitation the Retention Options), RSUs (including without limitation the Retention RSUs) and other equity based compensation awards then held by the Executive to become fully vested and exercisable with respect to all shares subject thereto effective immediately prior to the Date of Termination and all Options shall remain exercisable for the remainder of the 10 year term. Notwithstanding the foregoing, the parties acknowledge and agree that no payment or benefit shall be made pursuant to this Section 7(c)(iii) to the extent that such payment or benefit would, pursuant to Section 1.409A-1(b)(5)(v) of the Department of Treasury Regulations, constitute a modification, extension or renewal of a stock right subject to Section 409A (and to the extent permissible any such payment or benefit shall be

modified to comply with Section 1.409A-1(b)(5)(v) of the Department of Treasury Regulations); and

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

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

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

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

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

8. Parachute Payments.

(a) If it is determined by a nationally recognized United States public accounting firm selected by the Company and approved in writing by the Executive (which approval shall not be unreasonably withheld) (the "Auditors") that any payment or benefit made or provided to the Executive in connection with this Agreement or otherwise (including without limitation any Option or RSU vesting) (collectively, a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Code (the "Parachute Tax"), then the Company shall pay to the Executive, prior to the time the

Parachute Tax is payable with respect to such Payment, an additional payment (a "Gross-Up Payment") in an amount such that, after payment by the Executive of all taxes (including any Parachute Tax) imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Parachute Tax imposed upon the Payment. The amount of any Gross-Up Payment shall be determined by the Auditors, subject to adjustment, as necessary, as a result of any Internal Revenue Service position. For purposes of making the calculations required by this Agreement, the Auditors may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code, provided that the Auditors' determinations must be made with substantial authority (within the meaning of Section 6662 of the Code).

(b) The federal tax returns filed by the Executive (and any filing made by a consolidated tax group which includes the Company) shall be prepared and filed on a basis consistent with the determination of the Auditors with respect to the Parachute Tax payable by the Executive. The Executive shall make proper payment of the amount of any Parachute Tax, and at the request of the Company, provide to the Company true and correct copies (with any amendments) of his federal income tax return as filed with the Internal Revenue Service, and such other documents reasonably requested by the Company, evidencing such payment. If, after the Company's payment to the Executive of the Gross-Up Payment, the Auditors determine in good faith that the amount of the Gross-Up Payment should be reduced or increased, or such determination is made by the Internal Revenue Service, then within ten business days of such determination, the Executive shall pay to the Company the amount of any such reduction, or the Company shall pay to the Executive the amount of any such increase; provided, however, that in no event shall the Executive have any such refund obligation if it is determined by the Company that to do so would be a violation of the Sarbanes-Oxley Act of 2002, as it may be amended from time to time; and provided, further, that if the Executive has prior thereto paid such amounts to the Internal Revenue Service, such refund shall be due only to the extent that a refund

of such amount is received by the Executive; and provided, further, that (i) the fees and expenses of the Auditors (and any other legal and accounting fees) incurred for services rendered in connection with the Auditor's determination of the Parachute Tax or any challenge by the Internal Revenue Service or other taxing authority relating to such determination shall be paid by the Company and (ii) the Company shall indemnify and hold the Executive harmless on an after-tax basis for any interest and penalties imposed upon the Executive to the extent that such interest and penalties are related to the Auditor's determination of the Parachute Tax or the Gross-Up Payment. Notwithstanding anything to the contrary herein, the Executive's rights under this Section 8 shall survive the termination of his employment for any reason and the termination or expiration of this Agreement for any reason.

9. Certain Restrictive Covenants

(a) The Executive shall not, at any time during the Term or during the 12-month period following the Date of Termination (the "Restricted Period") directly or indirectly engage in, have any equity interest in, or manage or operate any (i) Competitive Business, or (ii) new luxury accessories business that competes directly with

the existing or planned product lines of the Company; provided, however, that the Executive shall be permitted to acquire a passive stock or equity interest in such a business provided the stock or other equity interest acquired is not more than five percent (5%) of the outstanding interest in such business; and, provided, further, that this Section 9(a) shall not apply in the event that, prior to June 30, 2008 (A) the Executive's employment is terminated by reason of his voluntary resignation without Good Reason (pursuant to Section 6(a)(vi)), (B) the Executive's employment is terminated by the Company without Cause (pursuant to Section 6(a)(v)) or (C) the Executive's employment is terminated by the Executive for Good Reason (pursuant to Section 6(a)(iv)) and, in connection with such termination, the Executive agrees in writing to waive his right to receive all payments and benefits that he would otherwise be entitled to receive pursuant to Section 7(b) or 7(c), as applicable.

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

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

(d) Notwithstanding Section 9(c), the Executive may respond to a lawful and valid subpoena or other legal process or other government or regulatory inquiry but shall give the Company prompt notice thereof (except to the extent legally

prohibited), and shall, as much in advance of the return date as is reasonably practicable, make available to the Company and its counsel copies of any documents sought which are in the Executive's possession or to which the Executive otherwise has reasonable access. In addition, the Executive shall reasonably cooperate with and assist the Company and its counsel at any time and in any manner reasonably requested by the Company or its counsel (with due regard for the Executive's other commitments if he is not employed by the Company) in connection with any litigation or other legal process affecting the Company of which the Executive has knowledge as a result of his employment with the Company (other than any litigation with respect to this Agreement). In the event of such requested cooperation, the Company shall reimburse the Executive's reasonable out of pocket expenses.

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

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

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

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

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

11. Claw-Backs

(a) In the event that the Executive violates any of the covenants set forth in Section 9(a) or 9(b) or materially violates any of the covenants set forth in Section 9(c), 9(e) or 9(f), the Executive shall, in addition to any other remedy which may be available (i) at law or in equity, (ii) pursuant to Section 10 or (iii) pursuant to any applicable Option or RSU agreement, be required to pay to the Company an amount equal to all Financial Gain that the Executive has received during the 12-month period immediately preceding (or at any time after) the date that the Executive first breaches such covenant. In addition, all Retention Options that have not been exercised prior to the date that the Executive violates any of the covenants set forth in Section 9(a) or 9(b), or materially violates any of the covenants set forth in Section 9(c), 9(e), or 9(f) and all Retention RSUs that have not become vested prior to the date of such breach shall thereupon be forfeited.

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

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

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

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

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

If to the Company: Coach, Inc.
516 West 34th Street
New York, New York 10001
Attn: General Counsel

with a copy to: Latham & Watkins LLP
885 Third Avenue, Suite 1000
New York, NY 10022
Attn: Bradd L. Williamson

If to the Executive: to him at the most recent address in the Company's records.

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

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

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

18. Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter described in this Agreement and supersedes all prior agreements, understandings and arrangements, both oral and written, between the parties with respect to such subject matter; provided, however, that any written agreements between the Executive and the Company concerning Options, RSUs or any other equity compensation awards shall remain in full force and effect in accordance with their terms. Subject to Section 27, this Agreement may not be modified, amended, altered or rescinded in any manner, except by written instrument signed by both of the parties hereto; provided, however, that the waiver by either party of a breach or compliance with any provision of this Agreement shall not operate nor be construed as a waiver of any subsequent breach or compliance.

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

20. Dispute Resolution and Arbitration. In the event that any dispute arises between the Company and the Executive regarding or relating to this Agreement and/or any aspect of the Executive's employment relationship with the Company, AND IN LIEU OF LITIGATION AND A TRIAL BY JURY, the parties consent to

resolve such dispute through mandatory arbitration under the Commercial Rules of the American Arbitration Association ("AAA"), before a single arbitrator in New York, New York. The parties hereby consent to the entry of judgment upon award rendered by the arbitrator in any court of competent jurisdiction. Notwithstanding the foregoing, however, should adequate grounds exist for seeking immediate injunctive or immediate equitable relief, any party may seek and obtain such relief. The parties hereby consent to the exclusive jurisdiction in the state and Federal courts of or in the State of New York for purposes of seeking such injunctive or equitable relief as set forth above. Any and all out-of-pocket costs and expenses incurred by the parties in connection with such arbitration (including attorneys' fees) shall be allocated by the arbitrator in substantial conformance with his or her decision on the merits of the arbitration.

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

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

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

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

25. Right of Offset. The Company may offset any payment to be made to the Executive pursuant to this Agreement by any amount that the Executive owes to the Company (including without limitation any amount that the Executive may be required to pay to the Company pursuant to Section 11) as of the time such payment would otherwise be made. This right of offset shall be cumulative (but not duplicative) with any similar obligation with respect to which the Executive may be subject under any other agreement with the Company. Notwithstanding the foregoing, no amount of (a) Annual Base Salary or Bonus deferred by the Executive on or following the Effective Date pursuant to any deferred compensation plan or arrangement maintained by the Company, or (b) compensation deferred by the Executive prior to the Effective Date pursuant to any deferred compensation plan or arrangement maintained by the Company shall be subject to the Company's right of offset described in this Section 25.

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

27. 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. 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 (a), 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 comply with the requirements of Section 409A and thereby avoid the application of penalty taxes under such Section.

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

COMPANY

By: ----------

Its: ----------

EXECUTIVE

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 the Effective Date: Burberry Limited; Cole Hahn; Dooney and Bourke; Ferragamo; GAP, Inc.; Gucci Group; Hermes International; J. Crew; Jones Apparel Group; Kate Spade; Kenneth Cole Productions; Limited Brands, Inc.; Liz Claiborne; LVMH; Prada; Polo Ralph Lauren; Timberland; Tod's S.p.A.; Tommy Hilfiger; Tumi.

EXHIBIT B

COACH
2000 STOCK INCENTIVE PLAN
RETENTION OPTION GRANT NOTICE AND AGREEMENT

Michael F. Devine, III

Coach, Inc. (the "COMPANY") is pleased to confirm that you have been granted a stock option (the "Option"), effective as of NOVEMBER 8, 2005 (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 NOVEMBER 8, 2005 (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	136,435	$34.12

2. OPTION. This Option is a non-qualified stock option that is intended to conform in all respects with the Company's 2000 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) JUNE 30, 2008, this Option will vest with respect to 20% of the Option Shares as of such date, (b) JUNE 30, 2009, this Option will vest with respect to 20% of the Option Shares as of such date, and (c) JUNE 30, 2010, this Option will vest with respect to the remaining 60% of the Option Shares as of such 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 and Corporate Governance 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 30, 2010, then this Option shall terminate on the earlier of (x) the Expiration Date, or (y) the 90th 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 30, 2010, 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 (which in all cases must be at least the lesser of two-hundred and fifty (250) or the total number of shares outstanding under this Option) 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. Notwithstanding anything contained in this Agreement to the contrary, this Option shall not provide for the grant of any "RESTORATION OPTIONS" as defined in the Plan.

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"). 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 you under Section 409A, the Company may (a), 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 comply with the requirements of Section 409A and thereby avoid the application of penalty taxes under such Section.

[signature page follows]

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

COACH, INC.

Felice Schulaner
Senior Vice President of Human Resources

Date: November 8, 2005

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 F. DEVINE, III

SSN:

Date: November 8, 2005

EXHIBIT C

COACH
2000 STOCK INCENTIVE PLAN
RETENTION RESTRICTED STOCK UNIT AWARD GRANT NOTICE AND AGREEMENT

Michael F. Devine, III

Coach, Inc. (the "COMPANY") is pleased to confirm that you have been granted a restricted stock unit award (the "AWARD"), effective as of NOVEMBER 8, 2005 (the "AWARD DATE"), as provided in this agreement (the "AGREEMENT") pursuant to the Coach, Inc. 2000 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 NOVEMBER 8, 2005 (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:

38,101 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 JUNE 30, 2008 AND JUNE 30, 2009 and (b) the remaining 60% of the RSUs shall become vested on JUNE 30, 2010. Each of June 30, 2008, June 30, 2009 and June 30, 2010 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 and Corporate Governance 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 not less than the amount of such taxes, and a stock certificate for the net number of shares of Coach, Inc. common stock distributed will be delivered to you; provided, that in the event that the Company is liquidated in bankruptcy, (a) the Committee will not release shares of Coach, Inc. common stock pursuant to the Award and (b) all payments made pursuant to the Award will be made in cash equal to the fair market value per share of Coach, Inc. common stock on the distribution date multiplied by the number of RSUs.

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 RSU 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"). 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 you under Section 409A, the Company may (a), 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 comply with the requirements of Section 409A and thereby avoid the application of penalty taxes under such Section.

[signature page follows]

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

COACH, INC.

Felice Schulaner
Senior Vice President of Human Resources
Date: November 8, 2005

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 F. DEVINE, III

SSN:

Date: November 8, 2005

EXHIBIT D

SEPARATION AND RELEASE AGREEMENT

Coach, Inc. and its subsidiaries (collectively, the "COMPANY") and Michael F. Devine, III ("EXECUTIVE") enter into this Separation and Release Agreement ("AGREEMENT"), which was received by Executive on the _____ day of _____, 200__, signed by Executive on the date shown below Executive's signature on the last page of this Agreement and is effective eight days (8) after the date of execution by Executive unless employee revokes the agreement before that date, for and in consideration of the promises made among the parties and other good and valuable consideration as follows:

W I T N E S S E T H:

WHEREAS, Executive has been employed by the Coach, Inc. as Senior Vice President and Chief Financial Officer;

WHEREAS, Executive and the Company have agreed that Executive's employment with the Company [will terminate as of] [has terminated as of] [termdate;] and

WHEREAS, Executive and the Company have negotiated and reached an agreement with respect to all rights, duties and obligations arising between them, including, but in no way limited to, any rights, duties and obligations that have arisen or might arise out of or are in any way related to Executive's employment with the Company and the conclusion of that employment.

NOW, THEREFORE, in consideration of the covenants and mutual promises herein contained, it is agreed as follows:

1. Separation Date. Until [termdate,] (the "SEPARATION DATE"), Executive [shall continue][has continued] as an employee of the Company and shall receive the same compensation and benefits he presently receives. Executive agrees to resign his employment and all appointments he holds with the Company and its affiliates effective on the Separation Date. Executive understands and agrees that his employment with the Company will conclude on the close of business on the Separation Date.

2. Severance Payments and Benefits.

(a) The Company hereby agrees to pay Executive all amounts due and payable, and to provide the Executive with all benefits and perquisites required, pursuant to Section 7 of that certain Employment Agreement effective as of November 8, 2005 by and between Coach, Inc. and the Executive (the "EMPLOYMENT AGREEMENT").

(b) In the event of the Executive's death prior to the payment of any amount payable pursuant to Section 7 of the Employment Agreement, such amount shall be payable to Executive's estate and, except to the extent benefits

contemplated herein are provided by their terms to Executive's heirs and beneficiaries, the Company shall have no further obligations to Executive's beneficiaries under this Agreement (other than Section 8 and 13 of the Employment Agreement).

(c) The severance payments shall cease if the Executive becomes reemployed by the Company or any enterprise in which Coach, Inc. owns a controlling interest.

3. Receipt of Other Compensation. Executive acknowledges and agrees that, other than as specifically set forth in this Agreement, including without limitation the provisions of the Employment Agreement set forth herein, Executive is not and will not be due any compensation, including, but not limited to, compensation for unpaid salary (except for amounts unpaid and owing for Executive's employment with the Company and its affiliates prior to the Separation Date), severance and unused vacation time or vacation pay from the Company or any of its affiliates, except for amounts unpaid but accrued in accordance with Section 7(a) of the Employment Agreement, and as of and after the Separation Date, except as provided herein and as set forth in accordance with Section 7, 8 or 13 of the Employment Agreement, Executive will not be eligible to participate in any of the benefit plans of the Company or any of its affiliates, including, without limitation, the Company's Savings and Profit Sharing Plan, travel accident insurance, personal accident insurance, accidental death and dismemberment insurance and short-term and long-term disability insurance. Executive will be entitled to receive benefits, which are vested and accrued prior to the Separation Date pursuant to the employee benefit plans of the Company. The Company shall promptly reimburse Executive for business expenses incurred in the ordinary course of Executive's employment on or before the Separation Date, but not previously reimbursed, provided the Company's policies of documentation and approval are satisfied.

4. Annual Bonus. Executive shall receive [INSERT PRO RATA PORTION] of Executive's bonus earned under the Performance-Based Annual Incentive Plan of the Company for the [####] fiscal year as a result of Executive's employment with the Company during the [####] fiscal year. For purposes of calculating the bonus, the Company will use Executive's actual financial or other quantitative performance criteria to determine the Executive's bonus. With respect to any discretionary, non-quantitative component of the bonus, the Company will assume a [SE/EE/ME] level of performance by the Executive. The bonus payment provided for in this Paragraph 4 shall be in lieu of, not in addition to, all bonuses payable to the Executive and shall be paid to Executive on the same date or dates on which active participants under such bonus plan are paid bonuses for the applicable bonus periods. The bonus payment, if any, made by the Company shall be reduced by applicable withholding and other customary payroll deductions. Executive shall not be entitled to participate in any annual bonus plan of the Company for any fiscal year ending after the [####] fiscal year.

5. Stock Options. Notwithstanding any other provision of this Agreement, Executive's Stock Options, Retention Stock Units and any other equity compensation awards shall be treated pursuant to the written terms and conditions of the applicable

grant agreement and in accordance with Section 7 of the Employment Agreement including without limitation any provisions therein with regard to termination, forfeiture, or claw back. Executive shall not be entitled to receive any new stock option grants, including Restoration stock options, after the Separation Date.

6. Health Insurance Continuation, Universal Life. Executive's participation in the employee benefit plans available to the Executives of Coach, Inc. shall cease as of the Separation Date except as continued in accordance with Section 7 of the Employment Agreement; however, Executive shall have the right, at Executive's expense, to exercise such conversion privileges as may be available under such plans. The Company shall cease paying premiums for the individual universal life insurance policy provided to Executive by the Company under the Executive Life Insurance Plan as of the Separation Date; however, Executive may, at Executive's election, keep the policy in effect after the Separation Date by paying the premiums therefor as they come due. The Company will continue to provide the Executive with all health and welfare benefits and perquisites which he was participating in for the duration stated in Section 7 of the Employment Agreement, as applicable. When such Company benefits cease, Executive shall be eligible to elect COBRA continuation coverage under the group medical and dental plan available to the Executives of Coach, Inc. The premium charged during the period stated in Section 7 of the Employment Agreement

shall be at the same rate charged an active employee of the Company for similar coverage. The premium charged for COBRA continuation coverage after the end of the period stated in Section 7 of the Employment Agreement shall be entirely at Executive's expense and may be different from the premium charged during the period stated in Section 7 of the Employment Agreement. Executive's COBRA continuation coverage shall terminate in accordance with the COBRA continuation of coverage provisions under the group medical and dental plans of the Company.

7. [Automobile. Executive may continue to use the automobile provided to Executive by the Company in accordance with the terms of the Company's leased automobile policy until the earlier of (i) the end of the period during which severance is payable pursuant to Section 7 of the Employment Agreement, (ii) the date on which Executive accepts full-time employment with another employer or (iii) the end of the lease term and provided further that the Company shall only be responsible for the lease payments and insurance; Executive shall be responsible for all other operating expenses, including all fuel and maintenance expenses related to the automobile. Executive shall have the option to purchase the automobile at any time during the term of this Agreement or upon the termination of this Agreement. In the event the Executive elects to purchase the automobile, the purchase price shall be determined in accordance with the Company's current policy. During the term of this lease, the Company shall continue to insure or provide insurance (including collision, comprehensive and liability) for the automobile.]

8. Other Benefits. Executive will be entitled to fulfillment of any matching grant obligations under the Company's Matching Grants Program with respect to commitments made by Executive prior to the Separation Date.

9. Non-Solicitation, Non-Competition, Confidentiality, Non-Disparagement. Section 9 of the Employment Agreement shall continue to apply and shall be deemed made a part hereof as if set forth herein in full. In the event of a breach of such section, all provisions of the Employment Agreement concerning such a breach shall apply (including without limitation Sections 10 and 11).

10. Overpayments, Employee Reimbursements and Return of Company Property. Executive agrees to repay any overpayment of severance payments, vacation payments, or other amount miscalculated hereunder to which Employee is not expressly entitled under the terms of this Agreement ("SEVERANCE OVERPAYMENT"). Executive expressly agrees that the Company may reconcile or set off any Severance Overpayment against any remaining unpaid severance payments or other severance pay, including vacation, due under this Agreement, or against any amounts due to Executive under any Company non-qualified plans.

11. Employment Agreement Provisions. Sections 8, 9, 13 and 20 of the Employment Agreement shall continue to apply and shall be deemed made a part hereof as if set forth herein in full.

12. Release.

(a) Executive on behalf of himself, his heirs, executors, administrators and assigns, does hereby knowingly and voluntarily release, acquit and forever discharge the Company and any affiliates, successors, assigns and past, present and future directors, officers, employees, trustees and shareholders (the "RELEASED PARTIES") from and against any and all charges, complaints, claims, cross-claims, third-party claims, counterclaims, contribution claims, liabilities, obligations, promises, agreements, controversies, damages, actions, causes of action, suits, rights, demands, costs, losses, debts and expenses of any nature whatsoever, known or unknown, suspected or unsuspected, foreseen or unforeseen, matured or unmatured, which, at any time up to and including the date thereof, exists, have existed, or may arise from any matter whatsoever occurring, including, but not limited to, any claims arising out of or in any way related to Executive's employment with the Company or its affiliates and the conclusion thereof, which Executive, or any of his heirs, executors, administrators and assigns and affiliates and agents ever had, now has or at any time hereafter may have, own or hold against the Company or any affiliates, legal representatives, successors and assigns, past, present and future directors, officers, employees, trustees and shareholders. Executive acknowledges that in exchange for this release, the Company is providing Executive with total consideration, financial or otherwise, which exceeds what Executive would have been given without the release. By executing this Agreement, Executive is waiving all claims against the Company and its related persons arising under federal, state and local labor and antidiscrimination laws and any other restriction on the right to terminate employment, including, without limitation, Title VII of the Civil Rights Act of 1964, as amended, the Americans with Disabilities Act of 1990, as amended, and the Human Rights Act, as amended. Nothing herein shall release any party from

any obligation under this Agreement. Notwithstanding anything herein to the contrary, Executive expressly reserves and does not release his rights of indemnification to which he is entitled under Section 13 of the Employment Agreement, or any other rights of indemnification with regard to his service as an officer and director of the Company and

its subsidiaries and its affiliates and any benefit plan, or his rights to, and under, director and officer liability insurance coverage.

(b) EXECUTIVE SPECIFICALLY WAIVES AND RELEASES THE COMPANY FROM ALL CLAIMS EXECUTIVE MAY HAVE AS OF THE DATE EXECUTIVE SIGNS THIS AGREEMENT REGARDING CLAIMS OR RIGHTS ARISING UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967, AS AMENDED, 29 U.S.C. ss. 621 ("ADEA"). EXECUTIVE FURTHER AGREES: (A) THAT EXECUTIVE'S WAIVER OF RIGHTS UNDER THIS RELEASE IS KNOWING AND VOLUNTARY AND IN COMPLIANCE WITH THE OLDER WORKER'S BENEFIT PROTECTION ACT OF 1990; (B) THAT EXECUTIVE UNDERSTANDS THE TERMS OF THIS RELEASE; (C) THAT THE SEVERANCE PAYMENTS AND OTHER BENEFITS CALLED FOR IN THIS AGREEMENT WOULD NOT BE PROVIDED TO ANY EXECUTIVE TERMINATING HIS OR HER EMPLOYMENT WITH THE COMPANY WHO DID NOT SIGN A RELEASE SIMILAR TO THIS RELEASE, THAT SUCH PAYMENTS AND BENEFITS WOULD NOT HAVE BEEN PROVIDED HAD EXECUTIVE NOT SIGNED THIS RELEASE, AND THAT THE PAYMENTS AND BENEFITS ARE IN EXCHANGE FOR THE SIGNING OF THIS RELEASE; (D) THAT EXECUTIVE HAS BEEN ADVISED IN WRITING BY THE COMPANY TO CONSULT WITH AN ATTORNEY PRIOR TO EXECUTING THIS RELEASE; (E) THAT THE COMPANY HAS GIVEN EXECUTIVE A PERIOD OF AT LEAST TWENTY-ONE (21) DAYS WITHIN WHICH TO CONSIDER THIS RELEASE; (F) THAT EXECUTIVE REALIZES THAT FOLLOWING EXECUTIVE'S EXECUTION OF THIS RELEASE, EXECUTIVE HAS SEVEN (7) DAYS IN WHICH TO REVOKE THIS RELEASE BY WRITTEN NOTICE TO THE UNDERSIGNED, AND (G) THAT THIS ENTIRE AGREEMENT SHALL BE VOID AND OF NO FORCE AND EFFECT IF EXECUTIVE CHOOSES TO SO REVOKE, AND IF EXECUTIVE CHOOSES NOT TO SO REVOKE, THAT THIS AGREEMENT AND RELEASE THEN BECOME EFFECTIVE AND ENFORCEABLE.

13. Covenant Not to Sue. To the maximum extent permitted by law, Executive covenants not to sue or to institute or cause to be instituted any action in any federal, state, or local agency or court against any of the Released Parties, with regard to any of the claims released in paragraph 12 of this Agreement. In the event of Executive's breach of the terms of this provision, without prejudice to the Company's other rights and remedies available at law or in equity, except as prohibited by law, Executive shall be liable for all costs and expenses (including, without limitation, reasonable attorney's fees and legal expenses) incurred by the Company as a result of such breach. Notwithstanding the foregoing, nothing herein shall prevent Executive or the Company

from instituting any action required to enforce the terms of this Agreement. In addition, nothing herein shall be construed to prevent Executive from enforcing any rights Executive may have under the Executive Retirement Income Security Act of 1974, commonly known as ERISA.

14. Recommendations. The Company's executive officers will provide references for Executive to any prospective employer of the Executive who contacts the Company's executive officers in accordance with the Company's reference policy. The Company represents that it and its executive officers have no current knowledge concerning any issues that would affect the ability of the Company and its executive officers to provide such references.

15. Executive's Understanding. Executive acknowledges by signing this Agreement that Executive has read and understands this document, that Executive has had an opportunity to review 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.

16. Non-Reliance. Executive represents to the Company and the Company represents to Executive that in executing this Agreement they do not rely and have not relied upon any representation or statement not set forth herein made by the other or by any of the other's agents, representatives or attorneys with regard to the subject matter, basis or effect of this Agreement or otherwise.

17. Severability of Provisions. In the event that any one or more of the provisions of this Agreement is held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby. Moreover, if any one or more of the provisions contained in this Agreement are held to be excessively broad as to duration, scope, activity or subject, such provisions will be construed by limiting and reducing them so as to be enforceable to the maximum extent compatible with applicable law.

18. Non-Admission of Liability. Executive agrees that neither this Agreement nor the performance by the parties hereunder constitutes an admission by any of the Released Parties of any violation of any federal, state or local law, regulation, common law, breach of any contract, or any wrongdoing of any type.

19. Non-Assignability. The rights and benefits available under this Agreement are personal to Executive and such rights and benefits shall not be subject to assignment, alienation or transfer, except to the extent such rights and benefits are lawfully available to the estate or beneficiaries of Executive upon death.

20. Entire Agreement. This Agreement sets forth all the terms and conditions with respect to compensation, remuneration of payments and benefits due Executive from

the Company and supersedes and replaces any and all other agreements or understandings Executive may have had with respect thereto. It may not be modified or amended except in writing and signed by both the Executive and an authorized representative of the Company.

21. Notices. Any notice to be given hereunder shall be in writing and shall be deemed given when mailed by certified mail, return receipt requested, addressed as follows:

To Executive at:
Michael F. Devine, III
at the last known address on Company record

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

IN WITNESS WHEREOF, the parties have executed this Agreement as of the
In witness whereof, the parties hereto have executed and delivered this agreement.

COACH, INC.

Date: _____

Accepted and agreed to.

EXECUTIVE:

Michael F. Devine, III

SSN: _____

Date: _____

EXHIBIT 31.1

I, Lew Frankfort, certify that,

1. I have reviewed this Quarterly Report on Form 10-Q of Coach, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

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

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

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

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

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

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

Date: February 9, 2006

By: /s/ Lew Frankfort

Name: Lew Frankfort

Title: Chairman and Chief Executive Officer

I, Michael F. Devine, III, certify that,

1. I have reviewed this Quarterly Report on Form 10-Q of Coach, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

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

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

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

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

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

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

Date: February 9, 2006

By: /s/ Michael F. Devine, III

Name: Michael F. Devine, III

Title: Senior Vice President and Chief Financial Officer

EXHIBIT 32.1

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Coach, Inc. (the ‘‘Company’’) hereby certifies, to such officer’s knowledge, that:

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended December 31, 2005 (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: February 9, 2006

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 Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended December 31, 2005 (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: February 9, 2006

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