UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended _______December 30, 2000______________

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 ___X____ No _______

On December 30, 2000, the Registrant had 43,513,333 outstanding shares of common stock, which is the Registrant's only class of common stock.

The document contains 27 pages excluding exhibits.

COAH, INC.

INDEX TO FORM 10-Q

ITEM 1.

COACH, INC. AND SUBSIDIARIES

PREFACE

The condensed consolidated and combined financial statements for the thirteen and twenty-six weeks ended December 30, 2000 and January 1, 2000 and the balance sheet as of December 30, 2000 included herein have not been audited by independent public accountants, but, in the opinion of Coach, Inc. ("Company"), all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position at December 30, 2000 and the results of operations and the cash flows for the periods presented herein have been made. In the opinion of management, the information furnished reflects all adjustments, all of which are of a normal recurring nature, necessary for a fair presentation of the results for the reported interim periods. The results of operations for the thirteen and twenty-six weeks ended December 30, 2000 are not necessarily indicative of the operating results to be expected for the full fiscal year ending June 30, 2001.

The consolidated financial statements included herein have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Although the Company believes that the disclosures made are adequate to make the information presented not misleading, certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such regulations. These consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Form S-1 for the fiscal year ended July 1, 2000.

COACH, INC.
CONDENSED CONSOLIDATED AND COMBINED BALANCE SHEETS
AT DECEMBER 30, 2000 AND JULY 1, 2000
(IN THOUSANDS)

	DECEMBER 30, 2000 (unaudited)	JULY 1, 2000
ASSETS		
Cash	$ 5,331	$ 162
Short term investments with Sara Lee	31,895	-
Receivables	28,698	15,567
Inventories	101,373	102,097
Other current assets	18,794	15,862
Total current assets	186,091	133,688
Receivable from Sara Lee	-	63,783
Property, net	69,383	65,184
Trademarks and other assets	28,558	33,998
Total assets	$ 284,032	$ 296,653
LIABILITIES AND STOCKHOLDERS' EQUITY		
Bank overdrafts	$ 12,378	$ 4,940
Accounts payable	756	2,926
Accrued liabilities	90,974	71,693
Revolving credit facility	-	-
Long-term debt, classified as current	46,045	40
Total current liabilities	150,153	79,599
Long-term debt	3,730	3,735
Other liabilities	2,275	511
Stockholders' equity	127,874	212,808
Total liabilities and stockholders' equity	$ 284,032	$ 296,653

The accompanying Notes to Consolidated and Combined Financial Statements are an integral part of these statements.

COACH, INC.
CONDENSED CONSOLIDATED AND COMBINED STATEMENTS OF INCOME FOR THE
THIRTEEN AND TWENTY-SIX WEEKS ENDED DECEMBER 30, 2000 AND JANUARY 1, 2000
(IN THOUSANDS, EXCEPT PER SHARE DATA)
(UNAUDITED)

	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
	DECEMBER 30, 2000	JANUARY 1, 2000	DECEMBER 30, 2000	JANUARY 1, 2000
Net sales	$214,158	$194,128	$348,710	$312,160
Cost of sales	74,146	73,641	123,710	128,368
Gross profit	140,012	120,487	225,000	183,792
Selling, general and administrative expenses	78,300	79,666	146,546	139,922
Reorganization costs	--	--	4,950	--
Operating income	61,712	40,821	73,504	43,870
Interest expense, net	1,399	97	1,512	194
Income before income taxes	60,313	40,724	71,992	43,676
Provision for income taxes	21,109	12,462	25,197	13,365
Net income	$ 39,204	$ 28,262	$ 46,795	$ 30,311
Net income per share	$ 0.90	$ 0.81	$ 1.19	$ 0.87
Shares used in computing basic net income per share	43,513	35,026	39,270	35,026
Diluted net income per share	$ 0.88	$ 0.81	$ 1.18	$ 0.87
Shares used in computing diluted net income per share	44,513	35,026	39,769	35,026

The accompanying Notes to Consolidated and Combined Financial Statements are an integral part of these statements.

COACH, INC.

CONSOLIDATED AND COMBINED STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE PERIOD JULY 3, 1999 TO DECEMBER 30, 2000
(IN THOUSANDS)
(UNAUDITED)

	TOTAL STOCKHOLDERS' EQUITY	COMMON STOCKHOLDERS' EQUITY	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	COMPREHENSIVE INCOME (LOSS)
Balances at July 3, 1999	$ 203,162	$ 203,966	$ (804)	
Net income	30,311	30,311	--	$ 30,311
Translation adjustments	111	--	111	111
Comprehensive income				$ 30,422
Balances at January 1, 2000	233,584	234,277	(693)	
Net income	8,292	8,292	--	8,292
Equity distribution	(29,466)	(29,466)	--	--
Translation adjustments	41	--	41	41
Minimum pension liability	357	--	357	357
Comprehensive income				$ 8,690
Balances at July 1, 2000	212,808	213,103	(295)	
Net income	46,795	46,795	--	46,795
Capitalization of receivable from Sara Lee	(63,783)	(63,783)	--	--
Assumption of long-term debt	(190,000)	(190,000)	--	
Issuance of common stock, net	122,000	122,000	--	
Translation adjustments	54	--	54	54
Comprehensive income				$ 46,849
Balances at December 30, 2000	$ 127,874	$ 128,115	$ (241)	

The accompanying Notes to Consolidated and Combined Financial Statements are an integral part of these statements.

COACH, INC.
CONSOLIDATED AND COMBINED STATEMENTS OF CASH FLOWS
FOR THE TWENTY-SIX WEEKS ENDED DECEMBER 30, 2000 AND JANUARY 1, 2000
(IN THOUSANDS)
(UNAUDITED)

	TWENTY-SIX WEEKS ENDED	
	DECEMBER 30, 2000	JANUARY 1, 2000
OPERATING ACTIVITIES		
Net Income	$ 46,795	$ 30,311
Adjustments for noncash charges included in net income:		
Depreciation	11,002	10,262
Amortization of intangibles	445	448
Reorganization costs	4,950	--
Decrease (increase) in deferred taxes	494	(6,412)
Other noncash credits, net	52	111
Changes in current assets and liabilities:		
(Increase) in trade accounts receivable	(13,131)	(8,881)
Decrease in inventories	724	10,128
Decrease in other current assets	1,569	1,125
(Decrease) in accounts payable	(2,170)	(8,095)
Increase in accrued liabilities	17,092	28,696
Decrease in receivable from Sara Lee	11,304	5,042
Net cash from operating activities	79,126	62,735
INVESTMENT ACTIVITIES		
Purchases of property and equipment	(17,003)	(13,089)
Dispositions of property and equipment	807	1,541
Net cash (used in) investment activities	(16,196)	(11,548)
FINANCING ACTIVITIES		
Issuance of common stock,net	122,000	--
Repayment of long-term debt	(144,000)	--
Borrowings from Sara Lee	319,043	264,004
Repayments to Sara Lee	(362,242)	(317,098)
Bank overdrafts	7,438	1,917
Net cash (used in) financing activities	(57,761)	(51,177)
Increase in cash and equivalents	5,169	10
Cash and equivalents at beginning of period	162	148
Cash and equivalents at end of period	$ 5,331	$ 158

The accompanying Notes to Consolidated and Combined Financial Statements are an integral part of these statements.

COAH, INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS
THIRTEEN AND TWENTY-SIX WEEKS ENDED DECEMBER 30, 2000 AND JANUARY 1, 2000
(DOLLARS AND SHARES IN THOUSANDS, EXCEPT PER SHARE DATA)
(UNAUDITED)

1 BASIS OF PRESENTATION

Coach was formed in 1941 and was acquired by Sara Lee Corporation ("Sara Lee") in July 1985 in a transaction accounted for as a purchase. Coach has operated as a division in the United States and as subsidiaries in foreign countries.

On May 30, 2000, Sara Lee announced its plan to create an independent publicly traded company, Coach, Inc. ("Coach", the "Company") comprised of Sara Lee's branded leathergoods and accessories business. On June 1, 2000, Coach was incorporated under the laws of the State of Maryland. On October 2, 2000, Coach began to operate as a wholly owned subsidiary of Sara Lee.

During October 2000 Coach completed an initial public offering of 8,487 shares of common stock. This reduced Sara Lee's ownership to 80.5%.

The historical financial statements have been prepared using Sara Lee's historical basis in the assets and liabilities and the results of Coach's business.

2 INVENTORIES

Inventories are valued at the lower of cost (determined by the first-in, first-out method) or market. Inventory cost includes material and conversion costs.

Components of inventories are as follows:

	DECEMBER 30, 2000	JULY 1, 2000
Finished Goods	$ 98,287	$ 95,446
Work in process	666	677
Materials and supplies	2,420	5,974
	$101,373	$102,097

COACH, INC.
NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (CONTINUED)
THIRTEEN AND TWENTY-SIX WEEKS ENDED DECEMBER 30, 2000 AND JANUARY 1, 2000
(DOLLARS AND SHARES IN THOUSANDS, EXCEPT PER SHARE DATA)
(UNAUDITED)

3 REVOLVING CREDIT FACILITY/LONG TERM DEBT

Coach participates in a cash concentration system that requires that cash balances be deposited with Sara Lee which are netted against any borrowings or billings that are provided by Sara Lee. On July 2, 2000, Coach entered into a revolving credit facility with Sara Lee. The maximum borrowing from Sara Lee permitted under this facility is $75,000 which accrues interest at US dollar LIBOR plus 30 basis points. Any receivable balance from Sara Lee under this facility earns interest at US dollar LIBOR minus 20 basis points. When Sara Lee owns less than 50% of Coach's outstanding capital stock this facility will terminate and become due. The credit facility contains certain covenants including a requirement that Coach maintain an interest coverage ratio of at least 1.75, and restrictions on mergers, significant property disposals, dividends, additional secured debt, sale and leaseback transactions or lease obligations in excess of amounts approved by Sara Lee. As of December 30, 2000 we are in compliance with all note covenants. We are required to repay these borrowings from cash provided by operations as reduced by capital expenditures.

During October 2000, Coach completed an equity restructuring which resulted in the assumption of $190,000 of long-term debt payable to a subsidiary of Sara Lee. The net proceeds of the initial public offering were used to partially repay this loan resulting in a balance of $68,000.

This long-term debt has a maturity date of September 30, 2002 and accrues interest at U.S. dollar LIBOR plus 30 basis points while Sara Lee owns greater than a majority of Coach's common stock, and U.S. dollar LIBOR plus 250 basis points when Sara Lee owns less than 80% of Coach's capital stock. The note contains certain covenants, including a requirement that Coach maintain an interest coverage ratio of at least 1.75, and restrictions on mergers, significant property disposals, dividends, additional secured debt, sale and leaseback transactions or lease obligations in excess of amounts approved by Sara Lee. Primarily all cash flows from operations less capital expenditures after debt service payments under the cash concentration system are required as payments under this note. During the second quarter additional payments were made in the amount of $22,000 reducing the balance to $46,000 at December 30, 2000. In January 2001, this loan was fully paid off by the Company, by redeeming the short-term investments with Sara Lee and drawing down on the revolving credit facility.

COAH, INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (CONTINUED)
THIRTEEN AND TWENTY-SIX WEEKS ENDED DECEMBER 30, 2000 AND JANUARY 1, 2000
(DOLLARS AND SHARES IN THOUSANDS, EXCEPT PER SHARE DATA)
(UNAUDITED)

4 REORGANIZATION COSTS

In the first quarter of fiscal year 2001, management of Coach committed to and announced a plan to cease production at the Medley, Florida manufacturing facility in October 2000, (the "Medley reorganization"). This reorganization involves the termination of 362 manufacturing, warehousing and management employees at the Medley, Florida facility. These actions are intended to reduce costs by the resulting transfer of production to lower cost third-party manufacturers.

Coach recognized a reorganization cost of $4,950 in the first quarter of fiscal year 2001. This reorganization cost includes $3,168 for worker separation costs, $785 for lease termination costs, and $997 for the write down of long-lived assets to their estimated net realizable values.

The composition of the reorganization reserves is set forth in the table below. We expect that the Medley reorganization actions will be completed by the end of this fiscal year.

	ORIGINAL REORGANIZATION RESERVES	WRITE-DOWN OF LONG-LIVED ASSETS TO NET REALIZABLE VALUE	CASH PAYMENTS	REORGANIZATION RESERVES AS OF DECEMBER 30, 2000
Workers' separation costs	$ 3,168	--	$(1,964)	$ 1,204
Lease termination costs	785	--	(126)	659
Anticipated losses on disposal of fixed assets	997	$ (997)	--	--
Total reorganization reserve	$ 4,950	$ (997)	$(2,090)	$ 1,863

During 1999, Coach closed its Carlstadt, New Jersey warehouse and distribution center, and its Italian manufacturing operation and reorganized its Medley, Florida manufacturing facility, (the "Carlstadt reorganization"). As contemplated in the original plan, a portion of the Carlstadt facility remains in use for product development. Related to these facility closures and the reorganization activities, 737 employees were terminated. At July 1, 2000, these reorganization actions were complete and certain workers' separation costs remained to be paid subject to the separation agreements with each employee. During the first half, workers' separation costs of $142 were paid. The Carlstadt reorganization is now complete.

COAH, INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (CONTINUED)

THIRTEEN AND TWENTY-SIX WEEKS ENDED DECEMBER 30, 2000 AND JANUARY 1, 2000

(DOLLARS AND SHARES IN THOUSANDS, EXCEPT PER SHARE DATA)

(UNAUDITED)

5 EARNINGS PER SHARE

Prior to October 2, 2000, Coach operated as a division of Sara Lee and did not have any shares outstanding. The initial capitalization of Coach, Inc. was 1 share. Subsequently, a stock dividend was declared resulting in 35,026 shares held by Sara Lee. The number of shares outstanding has been restated to reflect the effect of this stock dividend for all periods presented. During October 2000, the initial public offering of our common stock was accomplished resulting in the issuance of an additional 8,487 shares. Following the offering, 43,513 shares are outstanding. Dilutive securities include share equivalents held in employee benefit programs and the impact of stock option programs. The following is a reconciliation of shares outstanding:

	THIRTEEN WEEKS ENDED	
	DEC. 30, 2000	JAN. 1, 2000
Shares held by Sara Lee	35,026	35,026
Shares held by the public	8,487	--
Total basic shares	43,513	35,026
Dilutive securities		
Employee benefit and stock award plans	165	--
Stock option programs	835	--
Total diluted shares	44,513	35,026

	TWENTY-SIX WEEKS ENDED	
	DEC. 30, 2000	JAN. 1, 2000
Shares held by Sara Lee	35,026	35,026
Shares held by the public	4,244	--
Total basic shares	39,270	35,026
Dilutive securities		
Employee benefit and stock award plans	82	--
Stock option programs	417	--
Total diluted shares	39,769	35,026

COAH, INC. INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (CONTINUED)
THIRTEEN AND TWENTY-SIX WEEKS ENDED DECEMBER 30, 2000 AND JANUARY 1, 2000
(DOLLARS AND SHARES IN THOUSANDS, EXCEPT PER SHARE DATA)
(UNAUDITED)

6 SEGMENT INFORMATION

The Company operates its business in two reportable segments: Direct to Consumer and Wholesale. The Company's reportable segments represent channels of distribution that offer similar merchandise, service and marketing strategies. Sales of Coach products through Company owned retail and factory stores, the Coach catalogue and the internet constitute the Direct to Consumer segment. Wholesale 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 at standard cost less direct expenses of the segment. Unallocated corporate expenses include manufacturing variances, general marketing, administration and information systems, distribution and customer service expenses.

THIRTEEN WEEKS ENDED DEC. 30, 2000	DIRECT TO CONSUMER	WHOLESALE	CORPORATE UNALLOCATED	TOTAL
Net Sales	$145,732	$ 68,426	--	$214,158
Operating income (loss)	59,216	29,868	$(27,372)	61,712
Interest income	--	--	5	5
Interest expense	--	--	1,404	1,404
Income (loss) before taxes	59,216	29,868	(28,771)	60,313
Depreciation and amortization	3,443	376	2,010	5,829
Total assets	136,702	64,230	83,100	284,032
Additions to long-lived assets	7,713	683	1,034	9,430

THIRTEEN WEEKS ENDED JAN. 1, 2000	DIRECT TO CONSUMER	WHOLESALE	CORPORATE UNALLOCATED	TOTAL
Net sales	$ 134,814	$ 59,314	--	$ 194,128
Operating income (loss)	51,915	22,637	$ (33,731)	40,821
Interest income	--	--	8	8
Interest expense	--	--	105	105
Income (loss) before taxes	51,915	22,637	(33,828)	40,724
Depreciation and amortization	2,473	375	2,479	5,327
Total assets	121,035	56,269	157,724	335,028
Additions to long-lived assets	6,337	333	797	7,467

COAH, INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (CONTINUED)
THIRTEEN AND TWENTY-SIX WEEKS ENDED DECEMBER 30, 2000 AND JANUARY 1, 2000
(DOLLARS AND SHARES IN THOUSANDS, EXCEPT PER SHARE DATA)
(UNAUDITED)

TWENTY-SIX WEEKS ENDED DEC. 30, 2000	DIRECT TO CONSUMER	WHOLESALE	CORPORATE UNALLOCATED	TOTAL
Net Sales	$226,240	$122,470	--	$348,710
Operating income (loss)	79,268	51,994	$(57,758)	73,504
Interest income	--	--	13	13
Interest expense	--	--	1,525	1,525
Income (loss) before taxes	79,268	51,994	(59,270)	71,992
Depreciation and amortization	6,510	770	4,167	11,447
Total assets	136,702	64,230	83,100	284,032
Additions to long-lived assets	13,951	1,582	1,470	17,003

TWENTY-SIX WEEKS ENDED JAN. 1, 2000	DIRECT TO CONSUMER	WHOLESALE	CORPORATE UNALLOCATED	TOTAL
Net sales	$ 205,175	$ 106,985	--	$ 312,160
Operating income (loss)	66,670	39,111	$ (61,911)	43,870
Interest income	--	--	16	16
Interest expense	--	--	210	210
Income (loss) before taxes	66,670	39,111	(62,105)	43,676
Depreciation and amortization	4,986	752	4,972	10,710
Total assets	121,035	56,269	157,724	335,028
Additions to long-lived assets	9,226	689	3,174	13,089

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

	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
	DEC. 30, 2000	JAN. 1, 2000	DEC. 30, 2000	JAN. 1, 2000
Manufacturing variances	$ (1,470)	$ (2,412)	$ (1,853)	$ (9,401)
Advertising, marketing and design	(13,848)	(14,270)	(22,776)	(22,050)
Administration and information systems	(5,408)	(11,045)	(15,684)	(18,640)
Distribution and customer service	(6,646)	(6,004)	(12,495)	(11,820)
Reorganization costs	--	--	(4,950)	--
Total corporate unallocated	$(27,372)	$(33,731)	$(57,758)	$(61,911)

7 RECENT ACCOUNTING PRONOUNCEMENTS

In June 1998, June 1999 and June 2000, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities"

COAH, INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (CONTINUED)
THIRTEEN AND TWENTY-SIX WEEKS ENDED DECEMBER 30, 2000 AND JANUARY 1, 2000
(DOLLARS AND SHARES IN THOUSANDS, EXCEPT PER SHARE DATA)
(UNAUDITED)

SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133" and SFAS No. 138, "Accounting for Derivative Instruments and Hedging Activities - an amendment of SFAS No. 133". These statements outline the accounting treatment for derivative and hedging activities. Coach adopted SFAS No. 133, as amended, as of July 2, 2000. Coach does not hold or use derivative instruments, hence this adoption had no effect on Coach's operating income or financial position.

8 PUBLIC OFFERING

In October 2000, Coach completed an initial public offering of common stock. In conjunction with this offering, the following transactions occurred:

On July 2, 2000, the receivable from Sara Lee was capitalized into stockholders' net investment. No cash was paid or collected by either party.

On October 2, 2000, Coach assumed $190,000 of indebtedness to a subsidiary of Sara Lee resulting in a reduction in equity.

Coach declared and paid a 35,025.333 to 1.0 common stock dividend.

Coach sold 8,487 shares of common stock in an initial public offering at a price of $16.00 per share. After deducting the underwriting discount and estimated offering expenses, net proceeds of $122,000 were received.

The net offering proceeds were used to repay a portion of the indebtedness to a subsidiary of Sara Lee resulting in a remaining obligation of $68,000.

Coach issued options to purchase 3,206 shares of our common stock at the offering price.

Coach employees elected to convert previously held Sara Lee options into options to purchase 1,204 shares of our common stock.

Coach employees elected to convert previously held Sara Lee service-based restricted stock units into 34 Coach service-based restricted stock units.

Coach employees elected to convert previously held Sara Lee restricted stock units under deferred compensation agreements, into 125 shares of Coach restricted stock units.

9 STOCK-BASED COMPENSATION

Coach has established the 2000 Stock Incentive Plan and the 2000 Non-Employee Director Stock Plan to award stock options and other forms of equity compensation to certain members of Coach management and the outside members of our Board of Directors. The exercise price of each stock option equals 100% of the market price of Coach's stock on the date of grant and generally has a maximum term of 10 years. Options generally vest ratably over three years.

Concurrent with the initial public offering in October 2000, Coach granted 3,191 options to essentially all full-time employees and 15 options to outside members of the Board of Directors at the initial public offering price of $16.

Certain employees with the tile of Director or above who held Sara Lee stock options at the initial public offering date were given the right to convert the Sara Lee options into Coach options. Any Sara Lee option converted into a Coach option generally may not be exercised until the earlier of one year following conversion, or that time that Sara Lee ceases to own at least 80% of Coach's outstanding capital stock, subject to the original vesting requirements. Coach employees converted at the initial public of offering date 1,204 Sara Lee options into the same number of Coach options while maintaining the same exercise price.

COACH, INC.
NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (CONTINUED)
THIRTEEN AND TWENTY-SIX WEEKS ENDED DECEMBER 30, 2000 AND JANUARY 1, 2000
(DOLLARS AND SHARES IN THOUSANDS, EXCEPT PER SHARE DATA)
(UNAUDITED)

A summary of Coach options held by Coach employees follows:

(SHARES IN THOUSANDS)	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Options granted at the initial public offering date	3,206	$16.00
Sara Lee options converted	1,204	$24.12
Granted	186	$22.83
Canceled / Expired	(79)	$16.48
Options outstanding at December 30, 2000	4,517	$18.42

The fair value of each Coach option grant is estimated on the date of grant using the Black-Scholes option-pricing model and the assumptions for expected lives of 3 years, a risk free interest rate of 4.8%, expected volatility of 40% and no dividend yield.

The weighted average fair value of individual options granted during the quarter ended December 30, 2000 was $5.30. Under APB No. 25, no compensation cost is recognized for stock options under the Coach stock-based compensation plans. Had compensation cost for the grants for stock based compensation been determined consistent with SFAS No. 123, Coach's net income, net income per share basic and net income per share diluted would have been:

	13 Weeks Ended December 30, 2000	26 Weeks Ended December 30, 2000
Net Income	$38,020	$45,611
Net Income per share		
- - Basic	$0.87	$1.16
- - Diluted	$0.85	$1.15

Sara Lee has announced its intent to divest its 80.5% ownership in Coach pursuant to an exchange offer to Sara Lee shareholders. Upon the completion of this exchange offer all remaining Sara Lee options held by Coach employees will convert into Coach options using a conversion ratio of Coach's stock price to Sara Lee's stock price immediately preceding the conversion. At December 30, 2000, Coach employees held 298 Sara Lee options with an average exercise price of $20.47. Of these options, 263 were excercisable at a weighted average excercise price of $20.17. Upon conversion into Coach options, these options will continue to vest based upon the original vesting schedule.

10 SUBSEQUENT EVENT

On January 24, 2001, Sara Lee announced its intent to divest its 80.5% ownership in Coach, pursuant to an exchange offer to Sara Lee shareholders. On January 26, 2001, Coach filed a registration statement on Form S-4 with the Securities and Exchange Commission to begin the exchange offer process. The exchange offer is expected to be completed by the end of April 2001.

ITEM 2.

COACH, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion of the results of operations for the second quarter and first six months of fiscal 2001 compared to the second quarter and first six months of fiscal 2000, and a discussion of the changes in financial condition during the first six months of fiscal 2001.

This Management's Discussion and Analysis should be read in conjunction with Coach's Consolidated and Combined Financial Statements and accompanying footnotes thereto, along with the cautionary statement of risk factors at the end of this section.

RESULTS OF OPERATIONS

SECOND QUARTER FISCAL 2001 COMPARED TO SECOND QUARTER FISCAL 2000

Net sales by business segment in the second quarter of fiscal 2001 compared to the second quarter of fiscal 2000 are as follows:

	THIRTEEN WEEKS ENDED				
	NET SALES (UNAUDITED)			PERCENTAGE OF TOTAL NET SALES	
	DEC. 30, 2000	JAN. 1, 2000	RATE OF INCREASE	DEC. 30, 2000	JAN. 1, 2000
	(DOLLARS IN MILLIONS*)				
Direct to Consumer	$145.7	$134.8	8.1%	68.0%	69.4%
Wholesale	68.4	59.3	15.4%	32.0	30.6
Total Net Sales	$214.2	$194.1	10.3%	100.0%	100.0%

Combined statements of income for the second quarter of fiscal 2001 compared to the second quarter of fiscal 2000 are as follows:

	THIRTEEN WEEKS ENDED (DOLLARS IN MILLIONS*, EXCEPT FOR EARNINGS PER SHARE)			
	DEC. 30, 2000 (UNAUDITED)		JAN 1, 2000 (UNAUDITED)	
	$	% TO NET SALES	$	% TO NET SALES
Net sales	$213.7	99.8%	$193.6	99.7%
Licensing revenue	0.5	0.2	0.5	0.3
Total net sales	214.2	100.0	194.1	100.0
Gross profit	140.0	65.4	120.5	62.1
Selling, general and administrative expenses	78.3	36.6	79.7	41.0
Operating income before reorganization costs	61.7	28.8	40.8	21.0
Reorganization costs	--	--	--	--
Operating income	61.7	28.8	40.8	21.0
Net interest expense	1.4	0.7	0.1	--
Income before taxes	60.3	28.2	40.7	21.0
Income taxes	21.1	9.9	12.4	6.4
Net income	$ 39.2	18.3%	$ 28.3	14.6%

*Components may not add to total due to rounding.

	THIRTEEN WEEKS ENDED	
	DEC. 30, 2000	JAN. 1, 2000
Net income per share:		
Basic	$ 0.90	$0.81(1)
Diluted	$ 0.88	$0.81(1)
Weighted average number of common shares:		
Basic	43,513	35,026
Diluted	44,513	35,026

(1) $0.65 per share if common shares sold in October 2000 public offering had been outstanding for the prior periods.

NET SALES

Net sales increased by 10.3% to $214.2 million in the second quarter of fiscal 2001 from $194.1 million during the second quarter of fiscal 2000. These results reflect increased volume in both the direct to consumer and wholesale channels.

Direct to Consumer. Net sales increased 8.1% to $145.7 million during the second quarter of fiscal 2001 from $134.8 million during the same period in fiscal 2000. The increase was primarily due to new store openings, comparable stores sales growth, store renovations and store expansions. Since the end of the second quarter of fiscal 2000, Coach has opened thirteen new retail stores and three new factory stores. In addition, twenty-one retail stores and four factory stores were remodeled while five retail stores and one factory store were expanded. Coach also closed one factory store since the end of the second quarter of fiscal 2000.

Wholesale. Net sales attributable to domestic and international wholesale shipments increased 15.4% to $68.4 million in the second quarter of fiscal 2001 from $59.3 million during the same period in fiscal 2000. The increase was primarily due to strong gains in the international division, highlighted by continued double-digit increases in comparable location sales to Japanese consumers worldwide. The net sales increase was also driven by increased demand for new products in both our U.S. and international wholesale channels.

GROSS PROFIT

Gross profit increased 16.2% to $140.0 million in the second quarter of fiscal 2001 from $120.5 million during the same period in fiscal 2000. Gross margin increased 330 basis points to 65.4% in the second quarter of fiscal 2001 from 62.1% during the same period in fiscal 2000. These increases were primarily due to the continuing impact of manufacturing and sourcing cost reductions realized during fiscal 2001 from the reorganization that commenced in 1999, as well as increased demand for new higher margin products.

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

	FISCAL YEAR ENDED JULY 1, 2000 (UNAUDITED)						
	Q1	Q2	1ST HALF	Q3	Q4	2ND HALF	TOTAL YEAR
Gross Margin	53.6%	62.1%	58.9%	61.0%	61.5%	61.3%	59.9%

	FISCAL YEAR ENDING JUNE 30, 2001 (UNAUDITED)		
	Q1	Q2	1ST HALF
Gross Margin	63.2%	65.4%	64.5%

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses decreased 1.7% to 78.3 million, or 36.6% of net sales, in the second quarter of fiscal 2001 from $79.7 million, or 41.0% of net sales, during the same period in fiscal 2000.

Selling expenses increased by 13.7% to $48.6 million, or 22.7% of net sales, in the second quarter of fiscal 2001 from $42.7 million, or 22.0% of net sales, during the same period in fiscal 2000. The dollar increase in these expenses was primarily due to $2.5 million of operating costs associated with thirteen new retail stores and three new factory stores that were not open during the second quarter of fiscal 2000. Additionally, one store was permanently closed since the end of the second quarter of fiscal 2000. The remaining selling expense increase was caused by volume related costs in our wholesale segment.

Advertising, marketing, and design expenses decreased by 11.0% to $17.1 million or 8.0% of net sales, in the second quarter of fiscal 2001 from $19.2 million, or 9.9% of net sales, during the same period in fiscal 2000. The dollar decrease in these expenses was primarily due to a reduction in catalogue circulation, timing of advertising media and production costs versus first quarter of fiscal 2001, as well as a shift from magazine and outdoor advertising to newspaper advertising.

Distribution and customer service expenses increased by 8.0% to $7.2 million, or 3.4% of net sales, in the second quarter of fiscal 2001, from $6.7 million, or 3.4% of net sales, during the same period in fiscal 2000. The dollar increase was due to variable expenses to handle the increase in sales volume.

Administrative expenses decreased to $5.4 million, or 2.5% of net sales, in the second quarter of fiscal 2001 from $11.0 million, or 5.7% of net sales, during the same period in fiscal 2000. The decrease in these expenses was due to lower fringe benefit costs and lower performance based compensation expenses, partially offset by higher occupancy costs associated with the lease renewal of our New York City corporate headquarters location and incremental expenses incurred to support new corporate governance activities relating to the Company becoming publicly owned.

OPERATING INCOME

Operating Income increased 51.2% to $61.7 million, or 28.8% of net sales, in the second quarter of fiscal 2001 from $40.8 million, or 21.0% of net sales, during the same period in fiscal 2000. This increase resulted from higher sales and improved gross margins, and a decrease in selling, general and administrative expenses.

INCOME TAXES

The effective tax rate increased to 35.0% in the second quarter of fiscal 2001 from 30.6% during the same period in fiscal 2000. This increase was caused by a lower percentage of income in fiscal 2001 attributable to company-owned offshore manufacturing, which is taxed at lower rates.

NET INCOME

Net income increased 38.7% to $39.2 million, or 18.3% of net sales, in the second quarter of fiscal 2001 from $28.3 million, or 14.6% of net sales, during the same period in fiscal 2000. This increase was the result of increased operating income partially offset by a higher provision for taxes.

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EARNINGS PER SHARE

Diluted net income per share was $0.88 in the second quarter of 2001. Prior year earnings per share were $0.81 for the second quarter because only the shares owned by Sara Lee are used in the calculation. Comparable earnings per share in 2000 would have been $0.65 if the common shares sold in the October 2000 public offering had been outstanding for the prior period.

FIRST SIX MONTHS FISCAL 2001 COMPARED TO FIRST SIX MONTHS OF FISCAL 2000

Net sales by business segment in the first six months of fiscal 2001 compared to the first six months of fiscal 2000 are as follows:

	TWENTY-SIX WEEKS ENDED				
	NET SALES (UNAUDITED)			PERCENTAGE OF TOTAL NET SALES	
	DEC. 30, 2000	JAN. 1, 2000	RATE OF INCREASE	DEC. 30, 2000	JAN. 1, 2000
	(DOLLARS IN MILLIONS*)				
Direct to Consumer	$226.2	$205.2	10.3%	64.9%	65.7%
Wholesale	122.5	107.0	14.5%	35.1	34.3
Total Net Sales	$348.7	$312.2	11.7%	100.0%	100.0%

Combined statements of income for the first six months of fiscal 2001 compared to the first six months of fiscal 2000 are as follows:

	TWENTY-SIX WEEKS ENDED (DOLLARS IN MILLIONS*, EXCEPT FOR EARNINGS PER SHARE)			
	DEC. 30, 2000 (UNAUDITED)		JAN 1, 2000 (UNAUDITED)	
	$	% TO NET SALES	$	% TO NET SALES
Net sales	$347.6	99.7%	$311.3	99.7%
Licensing revenue	1.1	0.3	0.9	0.3
Total net sales	348.7	100.0	312.2	100.0
Gross profit	225.0	64.5	183.8	58.9
Selling, general and administrative expenses	146.5	42.0	139.9	44.8
Operating income before reorganization costs	78.5	22.5	43.9	14.1
Reorganization costs	5.0	1.4	--	--
Operating income	73.5	21.1	43.9	14.1
Net interest expense	1.5	0.4	0.2	0.1
Income before taxes	72.0	20.6	43.7	14.0
Income taxes	25.2	7.2	13.4	4.3
Net income	$ 46.8	13.4%	$ 30.3	9.7%

*Components may not add to total due to rounding

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NET SALES

Net sales increased by 11.7% to $348.7 million in the first six months of fiscal 2001 from $312.2 million during the first six months of fiscal 2000. These results reflect increased volume in both the direct to consumer and wholesale channels.

Direct to Consumer. Net sales increased 10.3% to $226.2 million during the first six months of fiscal 2001 from $205.2 million during the same period in fiscal 2000. The increase was primarily due to new store openings, comparable stores sales growth, store renovations and store expansions. Since the end of the first six months of fiscal 2000, Coach has opened thirteen new retail stores and three new factory stores. In addition, twenty-one retail stores and four factory stores were remodeled while five retail stores and one factory store were expanded. Coach also closed one factory store since the end of the first six months of fiscal 2000.

Wholesale. Net sales attributable to domestic and international wholesale shipments increased 14.5% to $122.5 million in the first six months of fiscal 2001 from $107.0 million during the same period in fiscal 2000. The increase was primarily due to strong gains in the international wholesale channel, highlighted by continued double-digit increases in comparable location sales to Japanese consumers worldwide. Net sales also increased due to increased demand for new products in both our U.S. and international wholesale channels. Licensing revenue increased 17.2% to $1.1 million in the first six months of fiscal 2001 from $0.9 million during the first six months of fiscal 2000 caused primarily by expanded distribution of licensed footwear product.

GROSS PROFIT

Gross profit increased 22.4% to $225.0 million in the first six months of fiscal 2001 from $183.8 million during the same period in fiscal 2000. Gross margin increased 560 basis points to 64.5% the first six months of fiscal 2001 from 58.9% during the same period in fiscal 2000. These increases were primarily due to the continuing impact of manufacturing and sourcing cost reductions realized during fiscal 2001 from the reorganization that commenced in 1999, as well as increased demand for new higher margin products.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling general and administrative expenses increased 4.7% to $146.5 million, or 42.0% of net sales, in the first six months of fiscal 2001 from $139.9 million, or 44.8% of net sales, during the same period in fiscal 2000.

Selling expenses increased by 13.1% to $90.1 million, or 25.8% of net sales, in the first six months of fiscal 2001 from $79.6 million, or 25.5% of net sales, during the same period in fiscal 2000. The dollar increase in these expenses was primarily due to $4.7 million of operating costs associated with thirteen new retail stores and three new factory stores that were not open during the first six months of fiscal 2000. Additionally, one store was permanently closed since the end of the first six months of fiscal 2000. The remaining selling expense increase was primarily caused by volume related costs in our wholesale segment.

Advertising, marketing, and design expenses decreased by 4.4% to $27.1 million ,or 7.8% of net sales, in the first six months of fiscal 2001 from $28.4 million, or 9.1% of net sales, during the same period in fiscal 2000. The dollar decrease in these expenses was primarily due to a reduction in catalogue circulation, and a shift from magazine and outdoor advertising to newspaper advertising.

Distribution and customer service expenses increased by 2.8% to $13.7 million, or 3.9% of net sales, in the first six months of fiscal 2001 from $13.3 million, or 4.3% of net sales, during the same period in fiscal 2000. The dollar increase was due to variable expenses to handle the increase in sales volume partially offset by efficiency gains associated with the consolidation of warehouse and customer service activities into our Jacksonville, Florida facility.

Administrative expenses decreased to $15.7 million, or 4.5% of net sales, in the first six months of fiscal 2001 from $18.6 million, or 6.0% of net sales, during the same period in fiscal 2000. The decrease in these expenses was due to lower fringe benefit costs and lower performance based compensation expenses partially offset by higher occupancy costs associated with the lease renewal of our New York City corporate headquarters location and incremental expenses incurred to support new corporate governance activities relating to the Company becoming publicly owned.

REORGANIZATION COSTS

In the first fiscal quarter of 2001, management of Coach committed to and announced a plan to cease production at the Medley, Florida manufacturing facility in October 2000. This reorganization involves the termination of 362 manufacturing, warehousing and management employees at the Medley, Florida facility. These actions are intended to reduce costs by the resulting transfer of production to lower cost third-party manufacturers. Coach recorded a reorganization cost of $5.0 million in the first quarter of fiscal year 2001. This reorganization cost includes $3.2 million for worker separation costs, $0.8 million for lease termination costs and $1.0 million for the write down of long-lived assets to estimated net realizable value. We expect that these reorganization actions will be completed by the end of this fiscal year.

OPERATING INCOME

Operating income increased 67.5% to $73.5 million, or 21.1% of net sales, in the first six months of fiscal 2001 from $43.9 million, or 14.1% of net sales, during the same period in fiscal 2000. Before the impact of reorganization costs in the first six months of fiscal 2001, operating income increased 78.8% to $78.5 million from $43.9 million during the same period in fiscal 2000. This increase resulted from higher sales and improved gross margins, partially offset by an increase in selling, general and administrative expenses.

INCOME TAXES

The effective tax rate increased to 35.0% in the first six months of fiscal 2001 from 30.6% during the same period in fiscal 2000. This increase was caused by a lower percentage of income in fiscal 2001 attributable to company-owned offshore manufacturing, which is taxed at lower rates.

NET INCOME

Net income increased 54.4% to $46.8 million, or 13.4% of net sales, in the first six months of fiscal 2001 from $30.3 million, or 9.7% of net sales, during the same period in fiscal 2000. Before the impact of reorganization costs in the first six months of fiscal 2001, net income increased 65% to $50.0 million from $30.3 million during the same period in fiscal 2000. This increase was the result of increased operating income partially offset by a higher provision for taxes.

EARNINGS PER SHARE

Diluted net income per share was $1.18 for the first six months of fiscal year 2001. This reflects a weighted average of the shares outstanding before and after the public offering of common stock in October 2000. If the common shares sold in the October 2000 Public Offering had been outstanding for the entire half, net income before the impact of reorganization costs per share would have been $1.14. Prior year diluted net income per diluted share was $0.87 since only the shares owned by Sara Lee are used in the calculation. Comparable net earnings per share in the first half of fiscal 2000 would have been $0.70 if the common shares sold in the October 2000 public offering had been outstanding for the prior period.

FINANCIAL CONDITION

LIQUIDITY AND CAPITAL RESOURCES

Sara Lee manages cash on a centralized basis for Coach and its other businesses. Cash receipts associated with our business are transferred directly to Sara Lee on a daily basis and Sara Lee provides funds to cover our disbursements.

Cash provided by operating activities, defined as net income plus depreciation and amortization and the change in working capital, was $79.1 million for the first half of fiscal 2001. Cash provided by operating activities was $62.7 million in the same period of fiscal 2000. The $16.4 million year-to-year increase in cash provided from operating activities was the result of higher earnings.

Capital expenditures amounted to $17.0 million in the first half of fiscal 2001, compared to $13.1 million in the first half of fiscal 2000 and in both periods related primarily to new and renovated retail stores. Our future capital expenditures will depend on the timing and rate of expansion of our businesses, new store openings, store renovations and international expansion opportunities.

On July 2, 2000, we entered into a revolving credit facility with Sara Lee under which we may borrow up to $75 million. At December 30, 2000 we had no outstanding balance on this credit facility. The revolving credit facility is available to fund general corporate purposes and terminates when Sara Lee no longer holds 50% of our outstanding capital stock. To provide funding for working capital for operations and general corporate purposes, on January 17, 2001, Coach entered into a commitment letter with Fleet National Bank under which Fleet will act as exclusive administrative agent with respect to syndicating a proposed senior unsecured revolving credit facility for up to $125 million. Coach expects this facility to be in effect by March 1, 2001.

At the time of the IPO, we assumed $190 million of indebtedness in the form of a term note which matures on September 30, 2002, which was partially repaid with the $122 million net proceeds of the IPO resulting in a balance of $68 million. During the second quarter, this loan balance was reduced to $46 million as a result of payments made from free cash flow. In January 2001, we paid off this debt in its entirety by redeeming the short term investments with Sara Lee and drawing down on the revolving credit facility. Each of the revolving credit facility and the term note covenants require us to maintain an interest coverage ratio of at least 1.75 to 1.0, and contains restrictions on liens, mergers and consolidations, significant property disposals, payment of dividends, transactions with affiliates (other than Sara Lee), sale and leaseback transactions and lease obligations in excess of amounts approved by Sara Lee. As of December 30, 2000 we are in compliance with all note covenants. We are required to repay these borrowings from cash provided by operations as reduced by capital expenditures.

We plan to open at least 15 new retail stores in fiscal year 2001, of which eight were opened during the first half. We also expect to continue our store renovations program in fiscal

2001. We expect that fiscal 2001 capital expenditures for new retail stores will be approximately $10 million to $12 million and that capital expenditures for store renovations will be approximately $11 million. We intend to finance these investments from internally generated cash flow or by using funds from our revolving credit facility.

We experience significant seasonal variations in our working capital requirements. During the first fiscal quarter we build inventory for the holiday selling season, open new retail stores and increase trade receivables. In the second fiscal quarter our working capital requirements were reduced substantially as we generated consumer sales and collected wholesale accounts receivable. In the first six months of fiscal 2001, we purchased approximately $125 million of inventory which was funded by operating cash flow and by borrowings under our revolving credit facility. As of December 30, 2000, there were no outstanding borrowings under the revolving credit facility. We believe that our operating cash flow, together with our revolving credit facility, will provide sufficient capital to fund our operations for the foreseeable future.

Until Sara Lee effects a distribution of its Coach stock, we have agreed not to cause Sara Lee's ownership of our outstanding capital stock to fall below 80%. As a result, we may be required to purchase shares of our common stock on the open market as options are exercised and use the repurchased shares to satisfy options exercised and the vesting of restricted stock units. We believe that our operating cash flow, together with our revolving credit facility, will provide sufficient funds for any required share repurchases.

Currently, Sara Lee is a guarantor or a party to many of our store leases. We have agreed to make efforts to remove Sara Lee from all of our existing leases and Sara Lee will not guarantee or be a party to any new or renewed leases that we enter into after our separation from Sara Lee, which occurred on October 2, 2000. We have agreed to obtain a letter of credit for the benefit of Sara Lee in an amount approximately equal to the annual minimum rental payments under leases transferred to us by Sara Lee but for which Sara Lee retains contingent liability. We are required to obtain this letter of credit as of the date Sara Lee no longer is allowed to consolidate our results of operations and financial position, and to maintain the letter of credit until the annual minimum rental payments under the relevant leases are less than $2.0 million. We currently expect the initial letter of credit to have a face amount of up to approximately $25.6 million and this amount will decrease annually as our guaranteed obligations are reduced. We expect that we will be required to maintain the letter of credit for at least 10 years.

PUBLIC OFFERING OF COMMON STOCK

During October 2000 we entered into several transactions relating to the public offering of our common stock:

- We assumed $190 million of indebtedness to a subsidiary of Sara Lee.

- We declared a stock dividend on the common stock held by Sara Lee resulting in 35,026,333 shares outstanding.

- We sold 8,487,000 shares of common stock in an initial public offering at a price of $16.00 per share. After deducting the underwriting discount and estimated offering expenses, net proceeds of $122 million were received.

- We used the net offering proceeds of $122 million from the IPO to make a partial paydown of the assumed indebtedness, resulting in a remaining indebtedness of $68 million. As of the end of the second quarter of fiscal 2001, the balance was reduced to $46 million. This debt has subsequently been repaid from operating cash flow.

SEASONALITY

Because our products are frequently given as gifts, we have historically realized, and expect to continue to realize, higher sales and operating income in the second quarter of our fiscal year which includes the holiday months of November and December. We have sometimes experienced, and may continue to experience, reduced income or net losses in any or all of our first, third or fourth quarters. The higher sales in the second quarter typically result in higher operating profits and margins. This is due to higher gross profits, with no substantial corresponding increase in fixed costs related to operating retail stores and other administrative and selling costs, which remain fairly constant throughout the year. During the holiday season, these fixed costs are spread over higher sales, resulting in greater operating income expressed in both dollars and as a percentage of sales in the second quarter compared to the other three quarters. We anticipate that our sales and operating profit will continue to be seasonal in nature.

RISK FACTORS

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", or "continue", or the negative thereof or comparable terminology. 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 and initiatives, including our store expansion and renovation program; (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 factors as set forth in the Company's Form S-1 which was declared effective on October 4, 2000. Coach, Inc. assumes no obligation to update or revise any such forward-looking statements, which speak only as of their date, even if experience or future events or changes make it clear that any projected financial or operating results will not be realized.

ITEM 3 - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

FOREIGN EXCHANGE

As of December 30, 2000, we are projecting that approximately 75% of our fiscal year 2001 non-licensed product needs will be purchased from independent manufacturers in other countries such as China, Costa Rica, Mexico, India, the Dominican Republic, Italy, Spain, Hungary and Turkey. 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 using any derivative instruments. We have not used foreign exchange instruments in the past nor do we expect to use them in the future.

INTEREST RATE

We have fixed rate long-term debt related to the Jacksonville distribution center and use the sensitivity analysis technique to evaluate the change in fair value of this debt instrument. At December 30, 2000, the effect on the fair value of this debt of a 10% change in market interest rates would be approximately $0.2 million. We do not expect our operating results or cash flows to be affected to any significant degree by the effect of a sudden change in market interest rates.

COMMODITY

We buy tanned leather from various suppliers based upon fixed price purchase contracts that extend for periods up to six months. These purchases are not hedged with any derivative instrument. Due to the purchase contracts that are in place, we do not expect that a sudden short-term change in leather prices will have a significant effect on our operating results or cash flows. However, we use the sensitivity analysis technique to evaluate the change in fair value of the leather purchases based upon longer-term price trends. At December 30, 2000, we estimate that a change in the underlying price of tanned leather would have no effect on the cost of sales for the fiscal year ending June 30, 2001, as we have obtained purchase commitments for all leather expected to be purchased between now and the end of our fiscal year.

ITEM 6 - EXHIBITS AND REPORTS ON FORM 8-K

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

None

(b) Reports on Form 8-K

None

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.

COACH, INC.
(Registrant)

By: /S/ RICHARD P. RANDALL
Name: Richard P. Randall
Title: Senior Vice President and Chief Financial Officer

Dated: February 6, 2001