

SECURED LOAN AGREEMENT

SECURED LOAN AGREEMENT (as amended, supplemented or otherwise modified from time to time, the "Agreement"), dated as of July 26, 2001 (the "Effective Date"), by and between REED KRAKOFF, a natural person residing in the State of New York (the "Borrower") and COACH, INC., a Maryland corporation (the "Lender").

WITNESSETH:

WHEREAS, the Borrower desires that the Lender make a loan of \$2,000,000 to Borrower; and

WHEREAS, the Lender is willing to make such a loan, subject to the terms and conditions set forth herein and in the other Loan Documents (as defined below).

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants and agreements herein contained and other good and valuable consideration receipt of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. AMOUNT AND TERMS OF THE LOAN

1.1 The Loan. The "Loan" hereunder shall mean the loan by the Lender to the Borrower in the principal amount of \$2,000,000.

1.2 The Note. The Loan shall be evidenced by a promissory note in substantially the form attached hereto as Exhibit A (the "Note"), which Note shall be executed by the Borrower as of the Effective Date. Every term contained in the Note shall be deemed incorporated into this Agreement. To the extent any provision of the Note shall be deemed to be inconsistent with the provisions of this Agreement, however, the provisions of this Agreement shall control.

1.3 The Pledge Agreement. As a condition to the Loan, the Borrower shall enter into a Pledge, Assignment and Security Agreement in substantially the form attached hereto as Exhibit B (the "Pledge Agreement"), which Pledge Agreement shall be dated as of the Effective Date. Pursuant to the Pledge Agreement, the Borrower's obligations under this Agreement shall be secured by certain stock options and other security as set forth in the Pledge Agreement (the "Pledged Security").

1.4 Interest

(a) The outstanding principal balance of the Loan and any other obligations arising under this Agreement shall bear interest at the rate of 5.12% per annum (which 5.12% per annum is equal to the annual midterm applicable federal rate for the calendar month of July, 2001 as published by the Internal Revenue Service in Revenue Ruling 2001-34). Interest on the Loan shall be calculated on the basis of a 360-day year and the actual number of days elapsed.

(b) Interest on the Loan shall accrue with annual compounding from and including the Effective Date but excluding the date of any repayment thereof, and, except as otherwise provided by in this Agreement, shall be payable by the Borrower to the Lender in one lump sum on the fifth anniversary of the Effective Date.