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Coach Announces Formation of Coach Japan, Inc., Joint Venture With Sumitomo Corporation

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NEW YORK, Jun 12, 2001 (BUSINESS WIRE) -- Coach, Inc. (NYSE:COH), a leading marketer of modern classic American accessories, today announced the formation of Coach Japan, Inc., a joint venture with Sumitomo Corporation.

The creation of this entity will allow Coach to capitalize on the significant growth opportunity with the Japanese consumer by gaining greater control of its distribution in Japan where Coach is already the fifth largest imported handbag and accessory brand. Further, Coach has achieved double-digit increases in comparable location sales to Japanese consumers worldwide in each of the last five quarters, since the beginning of calendar 2000.

Coach Japan, Inc. will be a joint venture with Sumitomo Corporation, one of the largest trading companies in Japan. The joint venture will be formed as of August 2001. Keith Monda, Chief Operating Officer of Coach, Inc. and Ian Bickley, Vice President of Coach, Inc. will serve as Chairman of the Board and President of Coach Japan, Inc., respectively. Mr. Takehisa Izumi of Sumitomo Corporation will serve as Chief Operating Officer of Coach Japan, Inc.

"We are extremely pleased to announce the formation of Coach Japan and the joint venture with Sumitomo Corporation, who brings considerable knowledge of the market, capital strength and credibility to the partnership," said Lew Frankfort, Chairman and Chief Executive Officer of Coach, Inc. "As one of the largest trading companies in Japan, Sumitomo has the breadth and depth of experience which will be instrumental in helping Coach to expand in the Japanese market."

Mr. Frankfort added, "Coach's continuing strong international results reflect the enthusiasm that Japanese consumers have continued to show towards Coach's broad and modern product offering and new lifestyle collections such as Hamptons and Signature. Their strong response underscores our belief that Coach has significant potential with this very important consumer and reinforces our commitment to expand Coach's presence in this key market. Over the next three years, through the joint venture, we expect to open 25-30 new locations, including 3-4 flagships, and aggressively grow market share in this under-penetrated market."

Fumio Wada, Executive Vice President of Sumitomo Corporation, also emphasized, "Coach's brand strength is evidenced throughout its product offering. The unique balance of its modern American styling and classic craftsmanship brings freshness to the handbag and accessories market and is being enthusiastically embraced by Japanese consumers. We are confident that, together with Sumitomo's extensive network and its strength and experience in the retail sector in Japan, Coach Japan, Inc. will prosper in one of the most important markets for luxury brands."

Coach Japan, Inc. will acquire PDC, a wholly owned subsidiary of the Mitsukoshi department store group, and the primary distributor of Coach in Japan, in the summer of 2001. Mitsukoshi, who launched the Coach brand in Japan in 1988, established PDC in 1991 to expand Coach distribution to all department stores throughout Japan. Mitsukoshi will remain a key retailer for Coach, while Coach Japan, Inc., continues to manage and grow within existing stores and expand into new department stores and retail locations. There are currently 75 Coach locations in Japan including 61 department store locations and 14 retail stores.

Coach, with headquarters in New York, is a leading American marketer of fine accessories and gifts for women and men, including handbags, business cases, furniture, luggage and travel accessories, wallets, footwear, watches and related accessories. Coach is sold worldwide through Coach stores, select department stores and specialty stores, through the Coach catalogue in the U.S. by calling 800-262-2411 and through Coach's website at www.Coach.com.

Coach's shares are traded on The New York Stock Exchange under the symbol COH.

This press release contains forward-looking statements, based on current expectations, that involve risks and uncertainties that could cause results of Coach, Inc. 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," or the negative thereof or comparable terminology, including predictions of future results. Future results will vary from historical results and historical growth is not indicative of future trends, which will depend upon expected economic trends, our ability to anticipate consumer preferences for accessories and fashion trends, our ability to control costs, our store expansion and renovation program, and are subject to risks, including currency fluctuations, and other factors. Please refer to the company's most recent Prospectus for a complete list of risk factors.

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