

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

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Fiscal Year Ended June 27, 2020
OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Commission file number: 1-16153

Tapestry, Inc.

(Exact name of registrant as specified in its charter)

Maryland

(State or other jurisdiction of incorporation or organization)

52-2242751

(I.R.S. Employer Identification No.)

10 Hudson Yards, New York, NY 10001

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

(212) 946-8400

(Registrant's telephone number, including area code)

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

<u>Title of Each Class</u>	<u>Trading Symbol</u>	<u>Name of Each Exchange on which Registered</u>
Common Stock, par value \$.01 per share	TPR	New York Stock Exchange

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

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

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

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 has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

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

The aggregate market value of Tapestry, Inc. common stock held by non-affiliates as of December 28, 2019 (the last business day of the most recently completed second fiscal quarter) was approximately \$7.3 billion. For purposes of determining this amount only, the registrant has excluded shares of common stock held by directors and officers. Exclusion of shares held by any person should not be construed to indicate that such person possesses the power, direct or indirect, to cause the direction of the management or policies of the registrant, or that such person is controlled by or under common control with the registrant.

On July 31, 2020, the Registrant had 276,241,174 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Documents
Proxy Statement for the 2020 Annual Meeting of Stockholders

Form 10-K Reference
Part III, Items 10 – 14

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SPECIAL NOTE ON FORWARD-LOOKING INFORMATION

This document, and the documents incorporated by reference in this document, our press releases and oral statements made from time to time by us or on our behalf, may contain certain "forward-looking statements" within the meaning of the federal securities laws, including Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and are based on management's current expectations, that involve risks and uncertainties that could cause our actual results to differ materially from our current expectations. In this context, forward-looking statements often address expected future business and financial performance and financial condition, and often contain words such as "may," "can," "continue," "project," "should," "expect," "confidence," "trends," "anticipate," "intend," "estimate," "on track," "well positioned to," "plan," "potential," "position," "believe," "seek," "see," "will," "would," "target," similar expressions, and variations or negatives of these words. Forward-looking statements by their nature address matters that are, to different degrees, uncertain. Such statements involve risks, uncertainties and assumptions. If such risks or uncertainties materialize or such assumptions prove incorrect, the results of Tapestry, Inc. and its consolidated subsidiaries could differ materially from those expressed or implied by such forward-looking statements and assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. Tapestry, Inc. assumes no obligation to revise or update any such forward-looking statements for any reason, except as required by law.

Tapestry, Inc.'s actual results could differ materially from the results contemplated by these forward-looking statements and are subject to a number of risks, uncertainties, estimates and assumptions that may cause actual results to differ materially from current expectations due to a number of factors, including those discussed in the sections of this Form 10-K filing entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations." These factors include, but are not limited to: (i) the impact of the novel coronavirus ("Covid-19") global pandemic on our business and financial results; (ii) our ability to successfully execute our multi-year growth agenda under our Acceleration Program; (iii) the impact of economic conditions; (iv) our ability to control costs; (v) our exposure to international risks, including currency fluctuations and changes in economic or political conditions in the markets where we sell or source our products; (vi) the risk of cyber security threats and privacy or data security breaches; (vii) the effect of existing and new competition in the marketplace; (viii) our ability to retain the value of our brands and to respond to changing fashion and retail trends in a timely manner; (ix) the effect of seasonal and quarterly fluctuations on our sales or operating results; (x) our ability to protect against infringement of our trademarks and other proprietary rights; (xi) the impact of tax and other legislation; (xii) our ability to achieve intended benefits, cost savings and synergies from acquisitions; (xiii) the risks associated with potential changes to international trade agreements and the imposition of additional duties on importing our products; and (xiv) the risks associated with climate change and other corporate responsibility issues. These factors are not necessarily all of the factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements.

In this Form 10-K, references to “we,” “our,” “us,” “Tapestry” and the “Company” refer to Tapestry, Inc., including consolidated subsidiaries as of June 27, 2020 (“fiscal 2020”). References to “Coach,” “Kate Spade,” “kate spade new york” or “Stuart Weitzman” refer only to the referenced brand. The fiscal years ended June 27, 2020 (“fiscal 2020”), June 29, 2019 (“fiscal 2019”) and June 30, 2018 (“fiscal 2018”) were 52-week periods.

PART I

ITEM 1. BUSINESS

Tapestry, Inc. (the “Company”) is a leading New York-based house of modern luxury accessories and lifestyle brands. Tapestry is powered by optimism, innovation and inclusivity. Our brands convey our belief that true luxury is a freedom of expression that ignites confidence and authenticity. Our brands are approachable and inviting and create joy every day for people around the world. Defined by quality, craftsmanship and creativity, the brands that make up our house give global audiences the opportunity for exploration and self-expression. Tapestry is comprised of the Coach, Kate Spade and Stuart Weitzman brands, all of which have been part of the American fashion landscape for over 25 years.

GENERAL DEVELOPMENT OF BUSINESS

Founded in 1941, Coach, Inc., the predecessor company to Tapestry, Inc., was acquired by Sara Lee Corporation (“Sara Lee”) in 1985. In June 2000, Coach, Inc. was incorporated in the state of Maryland. In October 2000, Coach, Inc. was listed on the New York Stock Exchange and sold approximately 19.5% of the then outstanding shares. In April 2001, Sara Lee completed a distribution of its remaining ownership in Coach, Inc. via an exchange offer, which allowed Sara Lee stockholders to tender Sara Lee common stock for Coach, Inc. common stock. During fiscal 2015, the Company acquired Stuart Weitzman Holdings LLC, a luxury women's footwear company. During the first quarter of fiscal 2018, the Company acquired Kate Spade & Company, a lifestyle accessories and ready-to-wear company.

During fiscal 2018, the Company changed its name to Tapestry, Inc., a leading luxury lifestyle company with a diverse multi-brand portfolio supported by significant expertise in handbag design, merchandising, supply chain and retail operations as well as solid financial acumen.

The Company's international expansion strategy has been to enter into joint ventures and establish distributor relationships to build market presence and capability. To further accelerate brand awareness, aggressively grow market share and to exercise greater control of our brands, the Company has historically acquired its joint venture partner's interests or distribution rights in these international regions.

OUR BRANDS

The Company has three reportable segments:

- Coach includes global sales of Coach products to customers through Coach operated stores, including the Internet and concession shop-in-shops, and sales to wholesale customers and through independent third party distributors. This segment represented 71.1% of total net sales in fiscal 2020.
- Kate Spade includes global sales primarily of kate spade new york brand products to customers through Kate Spade operated stores, including the Internet, sales to wholesale customers, through concession shop-in-shops and through independent third party distributors. This segment represented 23.2% of total net sales in fiscal 2020.
- Stuart Weitzman includes global sales of Stuart Weitzman brand products primarily through Stuart Weitzman operated stores, including the Internet, sales to wholesale customers and through independent third party distributors. This segment represented 5.7% of total net sales in fiscal 2020.

Corporate, which is not a reportable segment, represents certain costs that are not directly attributable to a brand. These costs primarily include administrative and information systems expense.

Acceleration Program

The Company is undergoing a review of its business under its multi-year growth agenda (the “Acceleration Program”). The guiding principle of the Company's multi-year growth agenda is to better meet the needs of each of its brands' unique customers by:

- **Sharpening our Focus on the Consumer:** Operating with a clearly defined purpose and strategy for each brand and an unwavering focus on the consumer at the core of everything we do
- **Leveraging Data and Leading with a Digital-First Mindset:** Building significant data and analytics capabilities to drive decision-making and increase efficiency; Offering immersive customer experiences across our e-commerce and

social channels to meet the needs of consumers who are increasingly utilizing digital platforms to engage with brands; Rethinking the role of stores with an intent to optimize our fleet

- **Transforming into a Leaner and More Responsive Organization:** Moving with greater agility, simplifying internal processes and empowering teams to act quickly to meet the rapidly changing needs of the consumer

This multi-faceted, multi-year strategic growth plan reflects: (i) actions to streamline the Company's organization; (ii) select store closures as the Company optimizes its fleet (including store closure costs incurred as the Company exits certain regions in which it currently operates); and (iii) professional fees and compensation costs incurred as a result of the development and execution of the Company's comprehensive strategic initiatives aimed at increasing profitability. The Company incurred \$87.0 million under the plan for fiscal 2020. Including charges taken in the fourth quarter of fiscal year 2020, the Company expects to incur total pre-tax charges under the plan of \$185 - \$200 million. The Company estimates that it will realize approximately \$300 million in gross run rate expense savings from these initiatives, including \$200 million projected for fiscal 2021.

Covid-19 Impact

Tapestry began fiscal 2020 with a focus on profitable growth through innovation, global expansion, investing in digital capabilities, and harnessing the power of a multi-brand model. However, in December 2019, a novel strain of coronavirus ("Covid-19") surfaced and was officially declared a global pandemic by the World Health Organization on March 11, 2020. The virus has had significant impacts on our business globally. As a result, while the Company remains confident in its long-term strategy and executing against its multi-year growth agenda, its short-term focus includes adapting to the challenges resulting from Covid-19.

Coach

Coach is a leading design house of modern luxury accessories and lifestyle collections, with a long-standing reputation built on quality craftsmanship. As a pioneer in the leather goods and accessories space, the brand established itself as the original American house of leather. Coach remains inspired by its rich heritage, with the spirit of innovation it has had for more than 75 years. Defined by a free-spirited, all-American attitude, the brand approaches design with a modern vision, reimagining luxury for today with an authenticity that is uniquely Coach. All over the world, the Coach name is synonymous with effortless New York style. We present a sophisticated, modern and inviting environment, both in bricks & mortar stores and online, to showcase our product assortment and reinforce a consistent brand positioning.

Stores — Coach operates freestanding flagship, retail and outlet stores as well as concession shop-in-shop locations. These stores are located in regional shopping centers, metropolitan areas throughout the world and established outlet centers.

Coach flagship stores, which offer the fullest expression of the Coach brand, are located in tourist-heavy, densely populated cities globally. Retail stores carry an assortment of products depending on their size, location and customer preferences. Coach outlet stores serve as an efficient means to sell manufactured-for-outlet product and discontinued retail inventory outside the retail channel. The outlet store design, visual presentations and customer service levels support and reinforce the brand's image. Through these outlet stores, we target value-oriented customers in established outlet centers that are close to major markets.

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

	Coach		
	North America	International ⁽¹⁾	Total
Store Count			
Fiscal 2020	375	583	958
Net change vs. prior year	(16)	(12)	(28)
% change vs. prior year	(4.1)%	(2.0)%	(2.8)%
Fiscal 2019	391	595	986
Net change vs. prior year	(11)	10	(1)
% change vs. prior year	(2.7)%	1.7 %	(0.1)%
Fiscal 2018	402	585	987
Net change vs. prior year	(17)	42	25
% change vs. prior year	(4.1)%	7.7 %	2.6 %
Square Footage			
Fiscal 2020	1,758,668	1,285,329	3,043,997
Net change vs. prior year	(43,742)	(19,289)	(63,031)
% change vs. prior year	(2.4)%	(1.5)%	(2.0)%
Fiscal 2019	1,802,410	1,304,618	3,107,028
Net change vs. prior year	(33,133)	48,093	14,960
% change vs. prior year	(1.8)%	3.8 %	0.5 %
Fiscal 2018	1,835,543	1,256,525	3,092,068
Net change vs. prior year	(48,661)	89,605	40,944
% change vs. prior year	(2.6)%	7.7 %	1.3 %
Average Square Footage			
Fiscal 2020	4,690	2,205	3,177
Fiscal 2019	4,610	2,193	3,151
Fiscal 2018	4,566	2,148	3,133

⁽¹⁾ Fiscal 2018 includes the addition of 21 stores acquired as a result of the Coach distributor acquisition in Australia and New Zealand completed during the third quarter of fiscal 2018.

In fiscal 2021, we expect a modest reduction in overall store count as the Company looks to drive increased profitability under the Acceleration Program and shifts our focus with greater emphasis on digital channels.

Internet — We view our digital platforms as instruments to deliver Coach brand products to customers directly, with the benefit of added accessibility, so that consumers can purchase Coach brand products wherever they choose. Consumers also have the ability to place e-commerce orders through point-of-sale mobile devices located within our retail stores. Our digital channel provides a showcase environment where consumers can browse through a selected offering of the latest styles and colors.

Wholesale — We work closely with our wholesale partners to ensure a clear and consistent product presentation. We enhance our presentation through the creation of shop-in-shops with proprietary Coach brand fixtures within the department store environment. We custom tailor our assortments through wholesale product planning and allocation processes to match the attributes of our department store consumers in each local market. We continue to closely manage inventories in this channel given the current highly promotional environment at point-of-sale. We utilize automatic replenishment with major accounts in an effort to optimize inventory levels across wholesale doors. The wholesale business for Coach brand comprised approximately 6% of total segment net sales for fiscal 2020. As of June 27, 2020, Coach's products are sold in over approximately 1,700 wholesale and distributor locations globally. Coach has developed relationships with a select group of distributors who sell Coach products through travel retail locations and in certain international countries where Coach does not have directly operated retail locations. As of June 27, 2020 and June 29, 2019, Coach did not have any customers who individually accounted for more than 10% of the segment's total net sales.

Kate Spade

Since its launch in 1993 with a collection of six essential handbags, Kate Spade has always stood for optimistic femininity. Today, the brand is a global life and style house with handbags, ready-to-wear, jewelry, footwear, gifts, home décor and more. Polished ease, thoughtful details and a modern, sophisticated use of color—Kate Spade's founding principles define a unique style synonymous with joy. The brand continues to celebrate confident women with a youthful spirit.

Stores — Kate Spade operates freestanding flagship, specialty retail and outlet stores as well as concession shop-in-shops. These stores are located in regional shopping centers, metropolitan areas throughout the world and established outlet centers.

Kate Spade flagship locations, which offer the fullest expression of the Kate Spade brand, are located in key strategic markets including tourist-heavy, densely populated cities globally. Retail stores carry an assortment of products depending on their size, location and customer preferences. Kate Spade outlet stores serve as an efficient means to sell manufactured-for-outlet product and discontinued retail inventory outside the retail channel. Through these outlet stores, we target value-oriented customers in established outlet centers that are close to major markets.

The following table shows the number of Kate Spade directly-operated locations and their total and average square footage:

	Kate Spade ⁽¹⁾		
	North America	International ⁽²⁾	Total
Store Count			
Fiscal 2020	213	207	420
Net change vs. prior year	—	13	13
% change vs. prior year	—%	7%	3%
Fiscal 2019	213	194	407
Net change vs. prior year	13	52	65
% change vs. prior year	6.5%	36.6%	19.0%
Fiscal 2018	200	142	342
Square Footage			
Fiscal 2020	603,487	291,322	894,809
Net change vs. prior year	24,838	23,973	48,811
% change vs. prior year	4%	9%	6%
Fiscal 2019	578,649	267,349	845,998
Net change vs. prior year	83,528	95,595	179,123
% change vs. prior year	16.9%	55.7%	26.9%
Fiscal 2018	495,121	171,754	666,875
Average Square Footage			
Fiscal 2020	2,833	1,407	2,130
Fiscal 2019	2,717	1,378	2,079
Fiscal 2018	2,476	1,210	1,950

(1) The Kate Spade business was acquired in the first quarter of fiscal 2018 which included the addition of 180 stores in North America and 95 international stores.

(2) Fiscal 2019 includes the addition of 21 stores acquired as a result of the Kate Spade distributor acquisitions in Australia, Malaysia and Singapore during fiscal 2019. Fiscal 2018 includes the addition of 50 stores related to taking operational control of the Kate Spade Joint Ventures that operate in Greater China.

We expect to modestly reduce our store count in the next fiscal year as the Company looks to drive increased profitability under the Acceleration Program and shift our focus with greater emphasis on digital channels.

Internet — We view our digital platforms as instruments to deliver Kate Spade brand products to customers directly with the benefit of added accessibility as consumers can purchase Kate Spade brand products wherever they choose. Consumers also have the ability to place e-commerce orders through point-of-sale mobile devices located within our retail stores. Our digital channel provides a showcase environment where consumers can browse through a selected offering of the latest styles and colors.

Wholesale — As of June 27, 2020, Kate Spade brand's products are sold in approximately 1,000 wholesale and distributor locations, primarily in the U.S, Canada and Europe. The most significant wholesale partnerships primarily include sales of Kate Spade New York products. Kate Spade products are also available on these customers' websites. The wholesale business for Kate Spade brand comprised approximately 12% of total segment net sales for fiscal 2020. Kate Spade has developed relationships with a select group of distributors who sell Kate Spade products through travel retail locations and in certain international countries where Kate Spade does not have directly operated retail locations. As of June 27, 2020 and June 29, 2019, Kate Spade did not have any customers who individually accounted for more than 10% of the segment's total net sales.

Stuart Weitzman

Stuart Weitzman is a leading footwear brand that is synonymous with strength in femininity. Defined by an energetic, bold and purpose-driven attitude, Stuart Weitzman is known for its unique approach to melding fashion, function and fit in every silhouette. The brand's focus on creating effortless shoes - each engineered to empower women with both confidence and comfort - has resonated around the world and continues to inspire women to conquer every day, one step at a time.

Stores — Stuart Weitzman products are primarily sold in freestanding flagship, retail and outlet stores. Stuart Weitzman flagship locations, which offer the fullest expression of the brand, are located in key strategic markets including tourist-heavy, densely populated cities globally. Retail stores carry an assortment of products depending on their size, location and customer preferences. Through outlet stores, we target value-oriented customers in established outlet centers that are close to major markets.

The following table shows the number of Stuart Weitzman directly-operated locations and their total and average square footage:

	Stuart Weitzman		
	North America	International ⁽¹⁾	Total
Store Count			
Fiscal 2020	58	73	131
Net change vs. prior year	(13)	(3)	(16)
% change vs. prior year	(18.3)%	(3.9)%	(10.9)%
Fiscal 2019	71	76	147
Net change vs. prior year	3	41	44
% change vs. prior year	4.4 %	117.1 %	42.7 %
Fiscal 2018	68	35	103
Net change vs. prior year	(1)	23	22
% change vs. prior year	(1.4)%	191.7 %	27.2 %
Square Footage			
Fiscal 2020	102,784	89,182	191,966
Net change vs. prior year	(22,552)	(1,118)	(23,670)
% change vs. prior year	(18.0)%	(1.2)%	(11.0)%
Fiscal 2019	125,336	90,300	215,636
Net change vs. prior year	7,467	42,802	50,269
% change vs. prior year	6.3 %	90.1 %	30.4 %
Fiscal 2018	117,869	47,498	165,367
Net change vs. prior year	(75)	28,690	28,615
% change vs. prior year	(0.1)%	152.5 %	20.9 %
Average Square Footage			
Fiscal 2020	1,772	1,222	1,465
Fiscal 2019	1,765	1,188	1,467
Fiscal 2018	1,733	1,357	1,606

⁽¹⁾ Fiscal 2019 includes the addition of 18 stores acquired as a result of the distributor acquisitions in Southern China and Australia during fiscal 2019. Fiscal 2018 includes the addition of 20 stores acquired as a result of the Stuart Weitzman distributor acquisition in Northern China during fiscal 2018.

In fiscal 2021, we expect a reduction in store count and square footage globally as we exit certain locations and regions to increase profitability under the Acceleration Program.

Internet — We view our digital platform as an instrument to deliver Stuart Weitzman brand products to customers directly with the benefit of added accessibility as consumers can purchase Stuart Weitzman brand products wherever they choose. The website also acts as a communications vehicle to build brand awareness. Our digital channel provides a showcase environment where consumers can browse through a selected offering of the latest styles and colors.

Wholesale — Stuart Weitzman brand products are primarily sold through approximately 900 wholesale and distributor locations globally, which include multi-brand boutiques as of fiscal 2020. The wholesale business for Stuart Weitzman brand comprised approximately 27% of total segment net sales for fiscal 2020. Stuart Weitzman has developed relationships with a select group of distributors who sell Stuart Weitzman products through travel retail locations and in certain international countries where Stuart Weitzman does not have directly operated retail locations. As of June 27, 2020 and June 29, 2019, Stuart Weitzman did not have any customers who individually accounted for more than 10% of the segment's total net sales.

Refer to Note 18, "Segment Information," for further information about the Company's segments.

LICENSING

Our brands take an active role in the design process and control the marketing and distribution of products in our worldwide licensing relationships. Licensing revenue for the Company was \$46.7 million and \$53.3 million in fiscal 2020 and fiscal 2019, respectively. Our key licensing relationships and their calendar year expirations as of June 27, 2020 are as follows:

Brand	Category	Partner	Expiration
Coach	Eyewear	Luxottica	2021
Coach	Tech Accessories	Incipio	2023
Coach	Watches	Movado	2025
Coach	Fragrance	Interparfums	2026
Kate Spade	Tableware	Lenox	2020
Kate Spade	Tech Accessories	Incipio	2021
Kate Spade	Fashion Bedding	HTA	2021
Kate Spade	Watches	Fossil	2025
Kate Spade	Eyewear	Safilo	2026
Kate Spade	Stationery and Gift	Lifeguard Press	2026

Products made under license are, in most cases, sold through stores and wholesale channels and, with the Company's approval, the licensees have the right to distribute products selectively through other venues, which provide additional, yet controlled, exposure of our brands. Our licensing partners generally pay royalties on their net sales of our branded products. Such royalties currently comprise approximately 1% of Tapestry's total net sales. The licensing agreements generally give our brands the right to terminate the license if specified sales targets are not achieved.

PRODUCTS

The following table shows net sales for each of our product categories by segment:

	Fiscal Year Ended					
	June 27, 2020		June 29, 2019		June 30, 2018 ⁽¹⁾	
	(millions)					
	Amount	% of total net sales	Amount	% of total net sales	Amount	% of total net sales
Coach						
Women's Handbags	\$ 1,852.0	37%	\$ 2,261.3	38%	\$ 2,298.2	39%
Men's	688.0	14	862.0	14	844.6	14
Women's Accessories	645.4	13	766.5	13	747.1	13
Other Products	340.3	7	381.1	6	331.6	6
Total Coach	\$ 3,525.7	71%	\$ 4,270.9	71%	\$ 4,221.5	72%
Kate Spade						
Women's Handbags	\$ 648.9	13%	\$ 763.7	13%	\$ 703.4	12%
Other Products	260.0	5	315.2	5	311.6	5
Women's Accessories	240.6	5	287.9	5	269.7	5
Total Kate Spade	\$ 1,149.5	23%	\$ 1,366.8	23%	\$ 1,284.7	22%
Stuart Weitzman ⁽²⁾	\$ 286.2	6%	\$ 389.4	6%	\$ 373.8	6%
Total Net sales	\$ 4,961.4	100%	\$ 6,027.1	100%	\$ 5,880.0	100%

⁽¹⁾ The Company completed its acquisition of Kate Spade and Company in fiscal 2018. The operating results of the Kate Spade brand have been consolidated in the Company's operating results commencing on July 11, 2017.

⁽²⁾ The significant majority of sales for Stuart Weitzman is attributable to women's footwear.

Women's Handbags — Women's handbag collections feature classically inspired designs as well as fashion designs. These collections are designed to meet the fashion and functional requirements of our broad and diverse consumer base.

Women's Accessories — Women's accessories include small leather goods, which complement our handbags, including wallets, money pieces, wristlets and cosmetic cases. Also included in this category are novelty accessories (including address books, time management accessories, travel accessories, sketchbooks and portfolios), key rings and charms.

Men's — Men's includes bag collections (including business cases, computer bags, messenger-style bags, backpacks and totes), small leather goods (including wallets, card cases, travel organizers and belts), footwear, watches, sunglasses, novelty accessories and ready-to-wear.

Other Products — These products primarily include women's footwear, eyewear (such as sunglasses), jewelry (including bracelets, necklaces, rings and earrings), fragrances, watches, certain women's seasonal lifestyle apparel collections, including outerwear, ready-to-wear and cold weather accessories, such as gloves, scarves and hats. In addition, Kate Spade brand kids ready-to-wear and footwear items, housewares and home accessories, such as fashion bedding and tableware, and stationery and gifts are included in this category.

DESIGN AND MERCHANDISING

Our creative leaders are responsible for conceptualizing and implementing the design direction for our brands across the consumer touchpoints of product, stores and marketing. At Tapestry, each brand has a dedicated design and merchandising team; this ensures that Coach, Kate Spade and Stuart Weitzman speak to their customers with a voice and positioning unique to their brand. Designers have access to the brands' extensive archives of product designs, which are a valuable resource for new product concepts. Our designers are also supported by strong merchandising teams that analyze sales, market trends and consumer preferences to identify market opportunities that help guide each season's design process and create a globally relevant product assortment. Merchandisers also manage the product life cycle to maximize sales and profitability across all channels. The product category teams, each comprised of design, merchandising, product development and sourcing specialists help each brand execute design concepts that are consistent with the brand's strategic direction.

Our design and merchandising teams also work in close collaboration with all of our licensing partners to ensure that the licensed products are conceptualized and designed to address the intended market opportunity and convey the distinctive perspective and lifestyle associated with our brands.

MARKETING

We use a 360-degree approach to marketing for each of our brands, synchronizing our efforts across all channels to ensure consistency at every touchpoint. Our global marketing strategy is to deliver a consistent, relevant and multi-layered message every time the consumer comes in contact with our brands through our communications and visual merchandising. Each brand's distinctive positioning is communicated by our creative marketing, visual merchandising and public relations teams, as well as outside creative agencies. We also have a sophisticated consumer and market research capability, which helps us assess consumer attitudes and trends.

We engage in several consumer communication initiatives globally, including direct marketing activities at a national, regional and local level. Total expenses attributable to the Company's marketing-related activities in fiscal 2020 were \$238.0 million, or approximately 5% of net sales, compared to \$247.1 million in fiscal 2019, or approximately 4% of net sales.

Our wide range of marketing activities include direct mail tiered to our database of best, new, lapsed and prospective customers. In addition, to drive engagement and build awareness, we utilize a variety of media, including print, digital, social and out-of-home. Our respective brand websites serve as effective communication vehicles by providing an immersive brand experience, showcasing the fullest expression across all product categories.

As part of our direct marketing strategy, we use databases of consumers to generate personalized communications. Email contacts and direct mail pieces are an important part of our communication and are sent to selected consumers to stimulate consumer purchases and build brand awareness. Visitors to our e-commerce sites provide an opportunity to increase the size of these databases, as well as point of transactions globally, except where restricted. For Coach, we have e-commerce sites in the U.S., Canada, Japan, mainland China, several throughout Europe, Australia and South Korea. For Kate Spade, we have e-commerce sites in the U.S., Canada, mainland China, Japan and throughout Europe. For Stuart Weitzman, we have e-commerce sites in the U.S., Canada, Europe, and mainland China. The Company also leverages Tmall as an additional platform to sell our products to customers.

In fiscal 2020, Coach had informational websites in Hong Kong SAR, China, Korea, Malaysia, Singapore and Taiwan, China, as well as a global informational website where other customers are directed. In fiscal 2020, Kate Spade had an informational website in mainland China. The Company utilizes and continues to explore digital technologies such as social media websites, including Twitter, Facebook, Instagram, Pinterest, WeChat and Sina Weibo, as a cost effective consumer communication opportunity to increase on-line and store sales, acquire new customers and build brand awareness.

MANUFACTURING

Tapestry carefully balances its commitments to a limited number of "better brand" partners that have demonstrated integrity, quality and reliable delivery. The Company continues to evaluate new manufacturing sources and geographies to deliver the finest quality products at the best cost and to mitigate the impact of manufacturing in inflationary markets.

Before partnering with a new vendor, the Company evaluates each facility by conducting a quality and business practice standards audit. Periodic evaluations of existing, previously approved facilities are conducted on a recurring basis. We believe that our manufacturing partners are in material compliance with the Company's integrity standards.

These independent manufacturers each or in aggregate support a broad mix of product types, materials and a seasonal influx of new, fashion-oriented styles, which allows us to meet shifts in marketplace demand and changes in consumer preferences.

Our raw material suppliers, independent manufacturers and licensing partners must achieve and maintain high quality standards, which are an integral part of our brands' identity. One of our keys to success lies in the rigorous selection of raw materials. We have longstanding relationships with purveyors of fine leathers and hardware. Although our products are manufactured by independent manufacturers, we maintain a strong level of oversight in the selection of the raw materials that are used in all of our products. Compliance with quality control standards is monitored through on-site quality inspections at independent manufacturing facilities.

We maintain strong oversight of the supply chain process for each of our brands from design through manufacture. We are able to do this by maintaining sourcing management offices in Vietnam, mainland China, the Philippines, Cambodia and Spain that work closely with our independent manufacturers. This broad-based, global manufacturing strategy is designed to optimize the mix of cost, lead times and construction capabilities.

During fiscal 2020, manufacturers of Coach products were primarily located in Vietnam, Cambodia, the Philippines and mainland China. During fiscal 2020, Coach did not have any vendors who individually provided approximately 10% of the brand's total purchases. During fiscal 2020, Kate Spade products were manufactured primarily in Vietnam, mainland China and Cambodia. Kate Spade had two vendors, one located in Vietnam and one located in Cambodia, who individually provided over 10% of the

brand's total purchases (or approximately 35% in the aggregate). The Company expects that the level of products manufactured in each country will change during fiscal 2021 as it continues to further diversify the brand's supply chain globally. Stuart Weitzman products were primarily manufactured in Spain. During fiscal 2020, Stuart Weitzman had two vendors, one located in Spain and one located in mainland China, who individually provided over 10% of the brand's total units (or approximately 20% in the aggregate).

DISTRIBUTION

Each brand's products are shipped from manufacturers to distribution centers around the world for inspection, storage, order processing and shipment. These facilities use bar code scanning warehouse management systems. Our distribution center employees use handheld scanners to read product bar codes, which allow accurate storage and order processing, and generally provide excellent service to our customers. Each brand's products are primarily shipped to the retail stores and wholesale customers. Some facilities also ship direct to consumer orders in markets where we have an e-commerce presence.

North America product fulfillment for Coach is facilitated at our U.S. distribution center by our automated warehouse management system and electronic data interchange system, while the unique requirements of the direct to consumer business are supported by Coach's order management and e-commerce sites. Outside of North America, the Company has established regional distribution centers through third-parties for each brand. For Coach products, these centers are located in the Netherlands, Japan, Greater China (mainland China, Hong Kong SAR, Macao SAR and Taiwan), South Korea, Malaysia, Australia and Singapore to support directly operated local markets.

The Company distributes Kate Spade products through facilities that are operated by third parties in the United States, Europe and Asia. For Kate Spade, product fulfillment in North America is facilitated by our automated warehouse management system and electronic data interchange system, while the unique requirements of the direct to consumer business are supported by selective warehouse and distribution systems operated by a third-party. The Company also operates local distribution centers through third-parties in the U.K., Japan, mainland China, Hong Kong SAR, China, Australia, Singapore and Malaysia for Kate Spade product.

The Company distributes Stuart Weitzman products through facilities located in the United States, Canada, Spain, Italy and mainland China that are operated by third parties.

INFORMATION SYSTEMS

In fiscal 2020, the Company completed its multi-year Enterprise Resource Planning ("ERP") implementation. Key milestones were achieved as follows:

- Fiscal 2018: Implementation of a global consolidation system which provided a common platform for financial reporting.
- Fiscal 2019: Deployment of global finance and accounting systems for Corporate, Coach and Stuart Weitzman and global finance, accounting, supply chain and human resource information systems for Kate Spade.
- Fiscal 2020: Supply chain functions for Coach and Stuart Weitzman were implemented at the beginning of fiscal 2020.

The Company is also implementing a point-of-sale system which supports all in-store transactions, distributes management reporting for each store, and collects sales and payroll information on a daily basis. This daily collection of store sales and inventory information results in early identification of business trends and provides a detailed baseline for store inventory replenishment. The implementation is complete for Coach stores in North America and Europe and expected to be implemented for Stuart Weitzman stores in North America in fiscal 2021 and Kate Spade North America in fiscal 2022.

Refer to Item 1A. "Risk Factors," for further information as it relates to the Company's ERP system implementation efforts.

CORPORATE RESPONSIBILITY

Tapestry's corporate responsibility strategy, Our Social Fabric, unites teams across our business to work to meet our 2025 Corporate Responsibility Goals and a shared objective: to create the modern luxury company of the future that balances true fashion authority with meaningful, positive change. The Company is a signatory to the United Nations ("UN") Global Compact, and as such, our corporate responsibility strategy is aligned with the UN Sustainable Development Goals. Tapestry's goals cover three strategic pillars: Our People, Our Planet and Our Communities.

- Our People: Goals focus on diversity, inclusion, progression and wellness initiatives across our workforce.
- Our Planet: Goals include sourcing and environmental initiatives to increase traceability of our products and reduce our impact.
- Our Communities: Goals include focus on volunteerism programs, philanthropic initiatives and supply chain empowerment programs.

Additional information on our corporate responsibility strategy and 2025 Corporate Responsibility Goals can be found at www.tapestry.com/responsibility. The content on this website and the content in our Corporate Responsibility Reports are not incorporated by reference into this Annual Report on Form 10-K or in any other report or document we file with the SEC.

TRADEMARKS AND PATENTS

Tapestry owns all of the material trademark rights around the world used in connection with the production, marketing, distribution and sale of all branded products for Coach, Stuart Weitzman and Kate Spade. In addition, it licenses trademarks and copyrights used in connection with the production, marketing and distribution of certain categories of goods and limited edition collaborative special projects. Tapestry also owns and maintains registrations in countries around the world for trademarks in relevant classes of products. Major trademarks include TAPESTRY, COACH, STUART WEITZMAN, KATE SPADE and kate spade new york. It also owns brand-specific trademarks such as COACH and Horse & Carriage Design, COACH and Story Patch Design, COACH and Lozenge Design, COACH and Tag Design, Signature C Design, COACH EST. 1941 and Design for the COACH brand; kate spade new york and Spade Design, live colorfully, Walk on Air and In Full Bloom for the kate spade new york brand; and the SW Logo for the Stuart Weitzman brand. Tapestry is not dependent on any one particular trademark or design patent although Tapestry believes that the Coach, Stuart Weitzman and Kate Spade names are important for its business. In addition, Tapestry owns a number of design patents and utility patents for its brands' products. Tapestry aggressively polices its trademarks and trade dress, and pursues infringers both domestically and internationally. It also pursues counterfeiters domestically and internationally through leads generated internally, as well as through its network of investigators, the respective online reporting form for each brand, the Tapestry hotline and business partners around the world.

The Company expects that its material trademarks will remain in full force and effect for as long as we continue to use and renew them.

SEASONALITY

The Company's results are typically affected by seasonal trends. During the first fiscal quarter, we build inventory for the winter and holiday season. In the second fiscal quarter, working capital requirements are reduced substantially as we generate higher net sales and operating income, especially during the holiday season.

Fluctuations in net sales, operating income and operating cash flows of the Company in any fiscal quarter may be affected by the timing of wholesale shipments and other events affecting retail sales, including adverse weather conditions or other macroeconomic events, including pandemics such as Covid-19.

GOVERNMENT REGULATION

Most of the Company's imported products are subject to duties, indirect taxes, quotas and non-tariff trade barriers that may limit the quantity of products that we may import into the U.S. and other countries or may impact the cost of such products. The Company is not materially restricted by quotas or other government restrictions in the operation of its business, however customs duties do represent a component of total product cost. To maximize opportunities, the Company operates complex supply chains through foreign trade zones, bonded logistic parks and other strategic initiatives such as free trade agreements. Additionally, the Company operates a direct import business in many countries worldwide. As a result, the Company is subject to stringent government regulations and restrictions with respect to its cross-border activity either by the various customs and border protection agencies or by other government agencies which control the quality and safety of the Company's products. The Company maintains an internal global trade, customs and product compliance organization to help manage its import/export and regulatory affairs activity.

COMPETITION

The global premium women's and men's handbag, accessories and footwear categories are highly competitive. The Company competes primarily with European and American luxury and accessible luxury brands as well as private label retailers. Over the last several years these industries have grown, encouraging the entry of new competitors as well as increasing the competition from existing competitors. This increased competition drives interest in these brand loyal categories.

EMPLOYEES

As of June 27, 2020, the Company employed approximately 17,300 globally, including both full and part time employees, but excluding seasonal and temporary employees. Of these employees, approximately 9,200 and 4,900 were full time and part time employees, respectively, in the global retail field.

The Company believes that its relations with its employees are good, and has never encountered a strike or work stoppage.

FINANCIAL INFORMATION ABOUT GEOGRAPHIC AREAS

Refer to Note 5, "Revenue," and Note 18, "Segment Information," presented in the Notes to the Consolidated Financial Statements for geographic information.

AVAILABLE INFORMATION

Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 are available free of charge on our investor website, located at www.tapestry.com/investors under the caption “SEC Filings,” as soon as reasonably practicable after they are filed with or furnished to the Securities and Exchange Commission. These reports are also available on the Securities and Exchange Commission’s website at www.sec.gov. No information contained on any of our websites is intended to be included as part of, or incorporated by reference into, this Annual Report on Form 10-K.

The Company has included the Chief Executive Officer (“CEO”) and Chief Financial Officer certifications regarding its public disclosure required by Section 302 of the Sarbanes-Oxley Act of 2002 as Exhibit 31.1 to this Form 10-K.

ITEM 1A. RISK FACTORS

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

The Covid-19 pandemic and resulting adverse economic conditions are and may continue to have a material adverse impact on our business, financial condition, results of operations and cash flows.

The Covid-19 pandemic has impacted a significant majority of the regions in which we operate, disrupting operations, consumer spending and global supply chains and creating significant disruption and volatility of financial markets. The impacts of Covid-19 have and may continue to materially adversely impact our operations, cash flow and liquidity. In March 2020, the outbreak was labeled a global pandemic by the World Health Organization. National, state and local governments have responded to the Covid-19 pandemic in a variety of ways, including, but not limited to, by declaring states of emergency, restricting people from gathering in groups or interacting within a certain physical distance (i.e., social distancing), requiring individuals to stay at home, and in most cases, ordering non-essential businesses to close or limit operations. The Company had temporarily closed the majority of its directly operated stores globally for some period of time to help reduce the spread of Covid-19. As of the end of the fiscal year, the vast majority of the Company's stores had been re-opened for either in-store or curb-side service. Many of the Company's wholesale partners also closed their bricks and mortar stores as required by government orders during the third and fourth fiscal quarter.

The global Covid-19 pandemic is continuing to evolve rapidly and the extent to which the pandemic ultimately impacts our results and our business - including unforeseen increased costs to our business - will depend on future developments, which are highly uncertain and cannot be predicted, including the ultimate duration, severity and sustained geographic spread of the virus, such as the possibility of a "second wave" of increased infections, and the success of actions to contain the virus or treat its impact, among others. While the full magnitude of the effects on our business is difficult to predict at this time, the Covid-19 pandemic has and is expected to continue to have a material adverse impact on our business, financial condition, and results of operations. Although the ultimate severity and impact of the Covid-19 pandemic is uncertain at this time and depends on future events outside of our control, our business is expected to continue to be adversely impacted by several factors, including, but not limited to:

- The potential economic effects of the pandemic, including a possible recession, increased unemployment and decreased consumer credit availability, may result in lower consumer confidence and decreased disposable income and discretionary spending levels, which may lead to reduced sales of our products. Unfavorable economic conditions, fears of becoming ill and sustained travel restrictions may also reduce consumers' willingness and ability to travel to major cities and vacation destinations in which the Company's stores are located. Furthermore, reduced discretionary spending may result in an excess of inventory throughout the industry, which could lead to increased pressure on our gross margin in the near term if the Company has to increase promotional activity above its normal levels to sell through its existing product.
- Social distancing measures and general consumer behaviors due to the Covid-19 pandemic may continue to impact mall and store traffic even after stores return to normal operations, which may have a further negative impact on our business. Furthermore, declines in traffic beyond our current exceptions could result in additional impairment charges if expected future cash flows of the related asset group do not exceed the carrying value.
- The Covid-19 pandemic has resulted in disruption to the financial markets and caused significant volatility and adverse impact on the value of our common stock. On March 30, 2020, we borrowed \$700 million under our \$900 million Revolving Credit Facility. If a significant number of our stores are required to close again or sales are lower than expected for an extended period of time, our liquidity may continue to be negatively impacted and we may need to draw additional funds from our Revolving Credit Facility or seek additional sources of financing, which may or may not be available. The Company is subject to additional requirements under the terms of the Revolving Credit Facility and its Senior Notes as described in "*We have incurred a substantial amount of indebtedness, which could restrict our ability to engage in additional transactions or incur additional indebtedness*" below.
- While we are making significant efforts to reduce our non-essential SG&A expenses, including but not limited to, through discussions with our landlords and other vendors to obtain rent and other relief, we may not be successful in these endeavors and may be subject to continued expenses and potential litigation or claims from such landlords and vendors.
- We continue to sell products through our stores that have re-opened and through our e-commerce sites. The majority of our distribution centers remain open and operational through the date of this report; however, such distribution centers may be forced to close or limit operations due to governmental mandates, health and safety concerns, or illness or absence of a substantial number of distribution center employees. Our third party logistics providers may also experience delays in fulfilling our orders to our customers.

- We source and manufacture our products on a global scale and may experience material temporary or long-term disruption in our supply chain, given the global reach of the Covid-19 pandemic. Travel restrictions, closures or disruptions of business and facilities or social, economic, political or labor instability in the affected areas may impact the operations of our raw material suppliers or manufacturing partners.

The successful execution of our Acceleration Program is key to the long-term success of our business.

The Company is undergoing a review of its business under the Acceleration Program. The guiding principle of this multi-year growth agenda is to better meet the needs of each of its brands' unique customers by (i) Sharpening our Focus on the Customer (ii) Leveraging Data and Leading with a Digital-First Mindset and (iii) Transforming into a Leaner and More Responsive Organization. The Company believes the successful execution of these priorities will fuel desire for the Coach, Kate Spade and Stuart Weitzman brands, driving accelerated revenue growth, higher gross margins and substantial operating leverage across Tapestry's portfolio.

The Acceleration Program reflects: (i) actions to streamline the Company's organization; (ii) select store closures as the Company optimizes its fleet (including store closure costs incurred as the Company exits certain regions in which it currently operates); and (iii) professional fees and compensation costs incurred as a result of the development and execution of the Company's comprehensive strategic initiatives aimed at increasing profitability.

The Company believes that long-term growth and increased profitability can be realized through its strategic growth efforts over time. However, there is no assurance that we will be able to implement such efforts in accordance with our plans, that such efforts will result in the intended or otherwise desirable outcomes or that such efforts, even if successfully implemented, will be effective in achieving long-term growth or increased profitability. Refer to Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 7, "Restructuring Activities," for further information regarding the Acceleration Program. Further, recent or future changes in our executive leadership team may have an adverse effect on our ability to implement or to achieve favorable results under the Acceleration Program and/or result in further changes to our strategy.

If our execution of the initiatives under our Acceleration Program falls short, our business, financial condition and results of operation could be materially adversely affected.

Economic conditions could materially adversely affect our financial condition, results of operations and consumer purchases of luxury items.

Our results can be impacted by a number of macroeconomic factors, including but not limited to consumer confidence and spending levels, tax rates, unemployment, consumer credit availability, raw materials costs, pandemics (such as the ongoing Covid-19 pandemic) and natural disasters, fuel and energy costs (including oil prices), global factory production, commercial real estate market conditions, credit market conditions and the level of customer traffic in malls and shopping centers. The Covid-19 pandemic has severely impacted and will likely continue to impact many of these factors.

Demand for our products, and consumer spending in the premium handbag, footwear and accessories categories generally, is significantly impacted by trends in consumer confidence, general business conditions, interest rates, foreign currency exchange rates, the availability of consumer credit, and taxation. Consumer purchases of discretionary luxury items, such as the Company's products, tend to decline during recessionary periods or periods of sustained high unemployment, when disposable income is lower.

Unfavorable economic conditions, as well as travel restrictions and potential changes in consumer behavior resulting from the Covid-19 pandemic, may also reduce consumers' willingness and ability to travel to major cities and vacation destinations in which our stores are located.

We face risks associated with operating in international markets.

We operate on a global basis, with approximately 42.8% of our net sales coming from operations outside of United States. While geographic diversity helps to reduce the Company's exposure to risks in any one country, we are subject to risks associated with international operations, including, but not limited to:

- political or economic instability or changing macroeconomic conditions in our major markets, including the potential impact of (1) new policies that may be implemented by the U.S. or other jurisdictions, particularly with respect to tax and trade policies or (2) the United Kingdom ("U.K.") voting to leave the European Union ("E.U."), commonly known as Brexit. On March 29, 2017, the U.K. triggered Article 50 of the Lisbon Treaty formally starting a 2 year negotiation period with the E.U., which was subsequently extended to January 31, 2020. The U.K. officially terminated its membership of the E.U. on January 31, 2020 under the terms of a withdrawal agreement concluded between the U.K. and E.U. and is now a transition phase until December 31, 2020. During the transition phase, the U.K. will generally continue operating as if it were still a member of the E.U. Trade talks between the E.U. and U.K., to determine their future relationship, are still underway. If a trade deal is not reached by December 31, 2020, the U.K. can expect checks and tariffs on products going to and coming from the E.U. beginning on January 1, 2021. If a trade deal is not reached by December 31, 2020, the U.K. can expect checks and tariffs on products going to and coming from the E.U. beginning on January 1, 2021. Although the terms of the U.K.'s future relationship with the E.U. are still unknown, it is possible that there will be increased regulatory and legal complexities, including potentially divergent national laws and regulations between the U.K. and E.U. Brexit may also cause disruption and create uncertainty surrounding our business, including affecting our relationships with our existing and future customers, suppliers and employees and resulting in increased cost by way of new or elevated customs duties or financial implications from operational challenges;
- public health crises, such as pandemics and epidemic diseases (including the ongoing Covid-19 pandemic);
- changes to the U.S.'s participation in, withdrawal out of, renegotiation of certain international trade agreements or other major trade related issues including the non-renewal of expiring favorable tariffs granted to developing countries, tariff quotas, and retaliatory tariffs (including, but not limited to, the Trump Administration's tariffs on China and China's retaliatory tariffs on certain products from the U.S.), trade sanctions, new or onerous trade restrictions, embargoes and other stringent government controls;
- changes in exchange rates for foreign currencies, which may adversely affect the retail prices of our products, result in decreased international consumer demand, or increase our supply costs in those markets, with a corresponding negative impact on our gross margin rates;
- compliance with laws relating to foreign operations, including the Foreign Corrupt Practices Act (FCPA) and the U.K. Bribery Act, and other global anti-corruption laws, which in general concern the bribery of foreign public officials;
- changes in tourist shopping patterns, particularly that of the Chinese consumer and as a result of the Covid-19 pandemic;
- natural and other disasters;
- political and civil unrest, such as the recent protests in Hong Kong SAR, China and in the United States; and
- changes in legal and regulatory requirements, including, but not limited to safeguard measures, anti-dumping duties, cargo restrictions to prevent terrorism, restrictions on the transfer of currency, climate change and other environmental legislation, product safety regulations or other charges or restrictions.

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

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

- imposition of additional duties, taxes and other charges on imports or exports;
- unavailability of, or significant fluctuations in the cost of, raw materials;
- compliance by us and our independent manufacturers and suppliers with labor laws and other foreign governmental regulations;
- increases in the cost of labor, fuel (including volatility in the price of oil), travel and transportation;
- compliance with our Global Business Integrity Program;
- compliance by our independent manufacturers and suppliers with our Supplier Code of Conduct and other applicable compliance policies;
- compliance with U.S. laws regarding the identification and reporting on the use of "conflict minerals" sourced from the Democratic Republic of the Congo in the Company's products and the FCPA, U.K. Bribery Act and other global anti-corruption laws, as applicable;
- disruptions or delays in shipments;
- loss or impairment of key manufacturing or distribution sites;

- inability to engage new independent manufacturers that meet the Company's cost-effective sourcing model;
- product quality issues;
- political unrest, including protests and other civil disruption;
- public health crises, such as pandemic and epidemic diseases, and other unforeseen outbreaks;
- natural disasters or other extreme weather events, whether as a result of climate change or otherwise;
- acts of war or terrorism and other external factors over which we have no control.

We are subject to labor laws governing relationships with employees, including minimum wage requirements, overtime, working conditions, and citizenship requirements. Compliance with these laws may lead to increased costs and operational complexity and may increase our exposure to governmental investigations or litigation.

In addition, we require our independent manufacturers and suppliers to operate in compliance with applicable laws and regulations, as well as our Supplier Code of Conduct and other compliance policies under our Global Business Integrity Program; however, we do not control these manufacturers or suppliers or their labor, environmental or other business practices. Copies of our Global Business Integrity Program documents, including our Global Operating Principles, Anti-Corruption Policy and Supplier Code of Conduct are available through our website, www.tapestry.com. The violation of labor, environmental or other laws by an independent manufacturer or supplier, or divergence of an independent manufacturer's or supplier's labor practices from those generally accepted as ethical or appropriate in the U.S., could interrupt or otherwise disrupt the shipment of our products, harm our trademarks or damage our reputation. The occurrence of any of these events could materially adversely affect our business, financial condition and results of operations.

We are dependent on a limited number of distribution and sourcing centers. Our ability to meet the needs of our customers and our retail stores and e-commerce sites depends on the proper operation of these centers. If any of these centers were to shut down or otherwise become inoperable or inaccessible for any reason, including as a result of the ongoing Covid-19 pandemic, we could suffer a substantial loss of inventory and/or disruptions of deliveries to our retail and wholesale customers. While we have business continuity and contingency plans for our sourcing and distribution center sites, significant disruption of manufacturing or distribution for any of the above reasons could interrupt product supply, result in a substantial loss of inventory, increase our costs, disrupt deliveries to our customers and our retail stores, and, if not remedied in a timely manner, could have a material adverse impact on our business. Because our distribution centers include automated and computer controlled equipment, they are susceptible to risks including power interruptions, hardware and system failures, software viruses, and security breaches. We maintain a distribution center in Jacksonville, Florida, operated by Tapestry. To support our growth in mainland China and Europe, we established distribution centers in mainland China and the Netherlands, owned and operated by a third-party, allowing us to better manage the logistics in these regions while reducing costs. We also operate distribution centers, through third-parties, in Japan, parts of Greater China (Hong Kong SAR, Macao SAR and Taiwan), Singapore, Malaysia, the U.S., Spain, Italy, the U.K., Canada, Australia and South Korea. The warehousing of the Company's merchandise, store replenishment and processing direct-to-customer orders is handled by these centers and a prolonged disruption in any center's operation could materially adversely affect our business and operations.

We are subject to risks associated with leasing retail space subject to long-term and non-cancelable leases. We may be unable to renew leases at the end of their terms. If we close a leased retail space, we remain obligated under the applicable lease.

We do not own any of our retail store locations. We lease the majority of our stores under non-cancelable leases, which have historically had initial terms ranging from five and ten years, often with renewal options. We believe that the majority of the leases we enter into in the future will likely be non-cancelable. Generally, our leases are "net" leases, which require us to pay our proportionate share of the cost of insurance, taxes, maintenance and utilities. We generally cannot cancel these leases at our option. In certain cases, as we have done in the past, we may determine that it is no longer economical to operate a retail store subject to a lease or we may seek to generally downsize, consolidate, reposition, relocate or close some of our real estate locations. In such cases, we may be required to negotiate a lease exit with the applicable landlord or remain obligated under the applicable lease for, among other things, payment of the base rent for the balance of the lease term. For example, in connection with the impact of the Covid-19 pandemic and our Acceleration Program, we are in active negotiations with our landlords on certain store exits. In some instances, we may be unable to close an underperforming retail store due to continuous operation clauses in our lease agreements. In addition, as each of our leases expire, we may be unable to negotiate renewals, either on commercially acceptable terms or at all, which could cause us to close retail stores in desirable locations. Our inability to secure desirable retail space or favorable lease terms could impact our ability to grow. Likewise, our obligation to continue making lease payments in respect of leases for closed retail spaces could have a material adverse effect on our business, financial condition and results of operations.

Additionally, due to the volatile economic environment, it may be difficult to determine the fair market value of real estate properties when we are deciding whether to enter into leases or renew expiring leases. This may impact our ability to manage the

profitability of our store locations, or cause impairments of our lease right of use assets if market values decline, any of which could have a material adverse effect on our financial condition or results of operations.

A decline in the volume of traffic to our stores could have a negative impact on our net sales.

The success of our retail stores located within malls and shopping centers may be impacted by (1) closures, operating restrictions and changes in consumer shopping behavior as a result of the Covid-19 pandemic; (2) the location of the store within the mall or shopping center; (3) surrounding tenants or vacancies; (4) increased competition in areas where malls or shopping centers are located; (5) the amount spent on advertising and promotion to attract consumers to the mall; and (6) a shift towards online shopping resulting in a decrease in mall traffic. Declines in consumer traffic could have a negative impact on our net sales and could materially adversely affect our financial condition and results of operations. Furthermore, declines in traffic could result in store impairment charges if expected future cash flows of the related asset group do not exceed the carrying value.

The growth of our business depends on the successful execution of our growth strategies, including our global omni-channel expansion efforts.

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

Our success and growth also depends on the continued development of our omni-channel presence for each of our brands globally, leaning into global digital opportunities for each brand, along with continued bricks and mortar expansion in select international regions, notably mainland China. Our brands may not be well-established or widely sold in some of these markets, and we may have limited experience operating directly or working with our partners there. In addition, some of these markets, either through bricks and mortar stores or digital channels, have different operational characteristics, including but not limited to employment and labor, privacy, transportation, logistics, real estate, environmental regulations and local reporting or legal requirements.

Furthermore, consumer demand and behavior, as well as tastes and purchasing trends may differ in these countries, and as a result, sales of our product may not be successful, or the margins on those sales may not be in line with those we currently anticipate. Further, expanding in certain markets may have upfront investment costs that may not be accompanied by sufficient revenues to achieve typical or expected operational and financial performance and therefore may be dilutive to our brands in the short-term. We may also have to compete for talent in international regions as we expand our omni-channel presence.

Consequently, if our global omni-channel expansion plans are unsuccessful, or we are unable to retain and/or attract key personnel, our business, financial condition and results of operation could be materially adversely affected.

Computer system disruption and cyber security threats, including a privacy or data security breach, could damage our relationships with our customers, harm our reputation, expose us to litigation and adversely affect our business.

We depend on digital technologies for the successful operation of our business, including corporate email communications to and from employees, customers and stores, the design, manufacture and distribution of our finished goods, digital marketing efforts, collection and retention of customer data, employee information, the processing of credit card transactions, online e-commerce activities and our interaction with the public in the social media space. Since the outbreak of the Covid-19 pandemic, the majority of our corporate employees and contractors have worked remotely for some time and many continue to do so, which has increased our dependence on digital technology during this period. The possibility of a cyber-attack on any one or all of these systems is a serious threat. The retail industry, in particular, has been the target of many recent cyber-attacks. As part of our business model, we collect, retain, and transmit confidential information over public networks. In addition to our own databases, we use third party service providers to store, process and transmit this information on our behalf. Although we contractually require these service providers to implement and use reasonable security measures, we cannot control third parties and cannot guarantee that a security breach will not occur in the future either at their location or within their systems. We also store all designs, goods specifications, projected sales and distribution plans for our finished products digitally. We have enterprise class and industry comparable security measures in place to protect both our physical facilities and digital systems from attacks. Despite these efforts, however, we may be vulnerable to targeted or random security breaches, acts of vandalism, computer malware, misplaced or lost data, programming and/or human errors, or other similar events.

Awareness and sensitivity to privacy breaches and cyber security threats by consumers, employees and lawmakers is at an all-time high. Any misappropriation of confidential or personal information gathered, stored or used by us, be it intentional or accidental, could have a material impact on the operation of our business, including severely damaging our reputation and our relationships with our customers, employees and investors. We may also incur significant costs implementing additional security measures to protect against new or enhanced data security or privacy threats, or to comply with current and new state, federal and international laws governing the unauthorized disclosure of confidential and personal information which are continuously being enacted and proposed such as the General Data Protection Regulation in the E.U. and the California Consumer Privacy Act in California, U.S.A., as well as increased cyber security protection costs such as organizational changes, Covid-19 employee and visitor health checks deploying additional personnel and protection technologies, training employees, engaging third party experts and consultants and lost revenues resulting from unauthorized use of proprietary information including our intellectual property. Lastly, we could face sizable fines, significant breach containment and notification costs and increased litigation as a result of cyber security breaches.

In addition, we have e-commerce sites in certain countries throughout the world, including the U.S., Canada, Japan, mainland China, several throughout Europe, Australia and South Korea and have plans for additional e-commerce sites in other parts of the world. Additionally, Tapestry has informational websites in various countries, as described in Item I, "Business." Given the robust nature of our e-commerce presence and digital strategy, it is imperative that we and our e-commerce partners maintain uninterrupted operation of our: (i) computer hardware, (ii) software systems, (iii) customer marketing databases, and (iv) ability to email our current and potential customers. Despite our preventative efforts, our systems are vulnerable from time-to-time to damage, disruption or interruption from, among other things, physical damage, natural disasters, inadequate system capacity, system issues, security breaches, email blocking lists, computer malware or power outages. Any material disruptions in our e-commerce presence or information technology systems could have a material adverse effect on our business, financial condition and results of operations.

We face risks associated with potential changes to international trade agreements and the imposition of additional duties on importing our products.

Most of our imported products are subject to duties, indirect taxes, quotas and non-tariff trade barriers that may limit the quantity of products that we may import into the U.S. and other countries or may impact the cost of such products. To maximize opportunities, we rely on free trade agreements and other supply chain initiatives and, as a result, we are subject to government regulations and restrictions with respect to our cross-border activity. In May 2019, the United States increased the tariff rate from 10% to 25% on \$200 billion of imports of select product categories into the U.S. from China. On August 1, 2019, the Trump Administration announced that the U.S. plans to implement an additional tariff of 10% on the remaining \$300 billion of products imported into the U.S. from China on September 1, 2019. However, in January 2020, the U.S. and China reached a phase one trade deal which reduced tariffs to 7.5% on some of the \$300 billion of select imports without imposing any retaliatory tariffs on the rest of the products. While the trade deal remains effective, there is no guarantee that the agreement will be honored by either party, which could in turn adversely affect the profitability for these products and have an adverse effect on our business, financial conditions and results of operations as a result.

Our business may be subject to increased costs due to excess inventories and a decline in profitability as a result of increasing pressure on margins if we misjudge the demand for our products.

Our industry is subject to significant pricing pressure caused by many factors, including intense competition and a highly promotional environment, fragmentation in the retail industry, pressure from retailers to reduce the costs of products, and changes

in consumer spending patterns. If we misjudge the market for our products or demand for our products are impacted by an unforeseen factor, such as the Covid-19 pandemic, we may be faced with significant excess inventories for some products and missed opportunities for other products. If that occurs, we may be forced to rely on destruction, donation, markdowns or promotional sales to dispose of excess, slow-moving inventory, which may negatively impact our gross margin, overall profitability and efficacy of our brands.

Increases in our costs, such as raw materials, labor or freight could negatively impact our gross margin. Labor costs at many of our manufacturers have been increasing significantly and, as the middle class in developing countries continues to grow, it is unlikely that such cost pressure will abate. Furthermore, the cost of transportation may fluctuate significantly if oil prices show volatility. We may not be able to offset such increases in raw materials, labor or transportation costs through pricing measures or other means.

The success of our business depends on our ability to retain the value of our brands and to respond to changing fashion and retail trends in a timely manner.

Tapestry, Inc. is a New York-based house of modern luxury lifestyle brands. Our Company and our brands are founded upon a consumer-led view of luxury that stands for inclusivity and approachability. Any misstep in product quality or design, executive leadership, customer service, marketing, unfavorable publicity or excessive product discounting could negatively affect the image of our brands with our customers. Furthermore, the product lines we have historically marketed and those that we plan to market in the future are becoming increasingly subject to rapidly changing fashion trends and consumer preferences, including the increasing shift to digital brand engagement and social media communication. If we do not anticipate and respond promptly to changing customer preferences and fashion trends in the design, production, and styling of our products, as well as create compelling marketing campaigns that appeal to our customers, our sales and results of operations may be negatively impacted. Our success also depends in part on our and our executive leadership team's ability to execute on our plans and strategies. Even if our products, marketing campaigns and retail environments do meet changing customer preferences and/or stay ahead of changing fashion trends, our brand image could become tarnished or undesirable in the minds of our customers or target markets, which could materially adversely impact our business, financial condition, and results of operations.

As we outsource functions, we will become more dependent on the third parties performing these functions.

As part of our long-term strategy, we look for opportunities to cost effectively enhance capability of business services. While we believe we conduct appropriate due diligence before entering into agreements with these third parties, the failure of any of these third parties to provide the expected services, provide them on a timely basis or to provide them at the prices we expect could disrupt or harm our business. Any significant interruption in the operations of these service providers, over which we have no control, could also have an adverse effect on our business. Furthermore, we may be unable to provide these services or implement substitute arrangements on a timely and cost-effective basis on terms favorable to us.

We have incurred a substantial amount of indebtedness, which could restrict our ability to engage in additional transactions or incur additional indebtedness.

As of June 27, 2020, our consolidated indebtedness was approximately \$2.3 billion. We also have the capacity to borrow an additional \$200 million of additional indebtedness under our revolving credit facility, which may be used to finance our working capital needs, capital expenditures, permitted investments, share purchases, dividends and other general corporate purposes. This substantial level of indebtedness could have important consequences to our business including making it more difficult to satisfy our debt obligations, increasing our vulnerability to general adverse economic and industry conditions, limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate and restricting us from pursuing certain business opportunities. In addition, the terms of our credit facility contain affirmative and negative covenants, including a leverage ratio, as well as limitations on our ability to incur debt, grant liens, engage in mergers and dispose of assets. On May 19, 2020, we entered into an amendment to our credit facility, which requires us to maintain available liquidity of \$700 million through October 2, 2021, and waives compliance with our leverage ratio covenant through the date our compliance certificate is delivered for the fiscal quarter ending July 3, 2021 (the "Covenant Relief Period"). The amendment also provides that, if any two of Tapestry's three credit ratings are non-investment grade during the Covenant Relief Period, Tapestry's material domestic subsidiaries will guarantee the credit facility and be subject to liens on accounts receivable, inventory and intellectual property, in each case subject to customary exceptions. In addition to our standard covenants, the amendment also contains limitations on our ability to engage in share buybacks or issue cash dividends during the Covenant Relief Period, amongst other restrictions. An increased interest rate will also be applicable during the Covenant Relief Period when the Company's gross leverage ratio exceeds 4.0 to 1.0. In addition, it is possible that the interest rate payable on our 2022 and 2027 Senior Notes will be subject to adjustments from time to time if either Moody's or S&P or a substitute rating agency downgrades (or downgrades and subsequently upgrades) the credit rating assigned to the respective Senior Notes of such series. Refer to Note 13, "Debt", for additional information on the terms of our revolving credit facility and outstanding Senior Notes.

The consequences and limitations under our credit agreement and the amendment thereto and our other outstanding indebtedness could impede our ability to engage in future business opportunities or strategic acquisitions. In addition, a prolonged disruption in our business may impact our ability to satisfy the available liquidity requirement under the amendment to our credit facility and, beyond the term of the Covenant Relief Period, the leverage ratio covenant. Non-compliance with these terms would constitute an event of default under our credit facility, which may result in acceleration of payment to the lenders. In the event of an acceleration of payment to the lenders, this would result in a cross default of the Company's Senior Notes, causing the Company's outstanding borrowings to also become due and payable on demand.

Our ability to make payments on and to refinance our debt obligations and to fund planned capital expenditures depends on our ability to generate cash from our operations. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control, including the financial impact of the Covid-19 pandemic on our business. We cannot guarantee that our business will generate sufficient cash flow from our operations or that future borrowings will be available to us in an amount sufficient to enable us to make payments of our debt, fund other liquidity needs and make planned capital expenditures. In addition, our ability to access the credit and capital markets in the future as a source of funding, and the borrowing costs associated with such financing, is dependent upon market conditions and our credit rating and outlook.

Our success depends, in part, on attracting, developing and retaining qualified employees, including key personnel.

The ability to successfully execute against our goals is heavily dependent on attracting, developing and retaining qualified employees, including our senior management team. Competition in our industry to attract and retain these employees is intense and is influenced by our ability to offer competitive compensation and benefits, employee morale, our reputation, recruitment by other employers, perceived internal opportunities, non-competition and non-solicitation agreements and macro unemployment rates. Our operational efficiency initiatives as well as acquisitions and related integration activity may intensify this risk.

We depend on the guidance of our senior management team and other key employees who have significant experience and expertise in our industry and our operations. In recent years, we have experienced numerous changes to our senior leadership team. There can be no assurance that these individuals will remain with us or that we will be able to identify and attract suitable successors for these individuals. The loss of one or more of our key personnel or the direct or indirect consequences of results thereof, or any negative public perception with respect to these individuals or the loss of these individuals, could have a material adverse effect on our business, results of operations and financial condition. We do not maintain key-person or similar life insurance policies on any of senior management team or other key personnel.

Acquisitions may not be successful in achieving intended benefits, cost savings and synergies and may disrupt current operations.

One component of our growth strategy historically has been acquisitions, such as our acquisition of Stuart Weitzman Holdings, LLC during fiscal 2015 and our acquisition of Kate Spade & Company during the first quarter of fiscal 2018. Although acquisitions are not currently contemplated in the Company's near term strategy, our management team has and, in the future, will consider growth strategies and expected synergies when considering any acquisition; however, there can be no assurance that we will be able to identify suitable candidates or consummate these transactions on acceptable terms.

The integration process of any newly acquired company may be complex, costly and time-consuming. The potential difficulties of integrating the operations of an acquired business and realizing our expectations for an acquisition, including the benefits that may be realized, include, among other things:

- failure of the business to perform as planned following the acquisition or achieve anticipated revenue or profitability targets;
- delays, unexpected costs or difficulties in completing the integration of acquired companies or assets;
- higher than expected costs, lower than expected cost savings or synergies and/or a need to allocate resources to manage unexpected operating difficulties;
- difficulties assimilating the operations and personnel of acquired companies into our operations;
- diversion of the attention and resources of management or other disruptions to current operations;
- the impact on our or an acquired business' internal controls and compliance with the requirements under the Sarbanes-Oxley Act of 2002;
- unanticipated changes in applicable laws and regulations;
- unanticipated changes in the combined business due to potential divestitures or other requirements imposed by antitrust regulators;
- retaining key customers, suppliers and employees;
- retaining and obtaining required regulatory approvals, licenses and permits;
- operating risks inherent in the acquired business and our business;
- consumers' failure to accept product offerings by us or our licensees;

- assumption of liabilities not identified in due diligence; and
- other unanticipated issues, expenses and liabilities.

Our failure to successfully complete the integration of any acquired business and any adverse consequences associated with future acquisition activities, could have an adverse effect on our business, financial condition and operating results.

Completed acquisitions may result in additional goodwill and/or an increase in other intangible assets on our balance sheet. We are required annually, or as facts and circumstances exist, to assess goodwill and other intangible assets to determine if impairment has occurred. If the testing performed indicates that impairment has occurred, we are required to record a non-cash impairment charge for the difference between the carrying value of the goodwill or other intangible assets and the implied fair value of the goodwill or the fair value of other intangible assets in the period the determination is made. During fiscal 2020, the fair value of the Stuart Weitzman reporting unit and indefinite-lived brand intangible asset did not exceed the respective carrying values, resulting in goodwill impairment charges of \$210.7 million and indefinite-lived brand impairment charges of \$267.0 million. We cannot accurately predict the amount and timing of any potential future impairment of assets. Should the value of goodwill or other intangible assets become impaired, there could be a material adverse effect on our financial condition and results of operations.

Significant competition in our industry could adversely affect our business.

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

Our business is exposed to foreign currency exchange rate fluctuations.

We monitor our global foreign currency exposure. In order to minimize the impact on earnings related to foreign currency rate movements, we hedge our cross currency intercompany inventory transactions, as well as the Company's cross currency intercompany loan portfolio. We cannot ensure, however, that these hedges will fully offset the impact of foreign currency rate movements. Additionally, our international subsidiaries primarily use local currencies as the functional currency and translate their financial results from the local currency to U.S. dollars. If the U.S. dollar strengthens against these subsidiaries' foreign currencies, the translation of their foreign currency denominated transactions may decrease consolidated net sales and profitability. Our continued international expansion will increase our exposure to foreign currency fluctuations. The majority of the Company's purchases and sales involving international parties, excluding international consumer sales, are denominated in U.S. dollars.

As a result of having operations outside of the U.S., we are also exposed to market risk from fluctuations in foreign currency exchange rates. Substantial changes in foreign currency exchange rates could cause our sales and profitability to be negatively impacted.

Our stock price may periodically fluctuate based on the accuracy of our earnings guidance or other forward-looking statements regarding our financial performance, including our ability to return value to investors.

Our business and long-range planning process is designed to maximize our long-term strength, growth, and profitability, and not to achieve an earnings target in any particular fiscal quarter. We believe that this longer-term focus is in the best interests of the Company and our stockholders. At the same time, however, we recognize that, when possible, it is helpful to provide investors with guidance as to our forecast of net sales, operating income, net interest expense, earnings per diluted share and other financial metrics or projections. We did not provide guidance in our earnings report for the third quarter of fiscal year 2020 due to uncertainty surrounding the financial impact of Covid-19 on our business. We have decided to continue to not provide guidance at this time and we do not have any responsibility to do so going forward or to update any of our forward-looking statements at such times or otherwise. In addition, any longer-term guidance that we provide is based on goals that we believe, at the time guidance is given, are reasonably attainable for growth and performance over a number of years. However, such long-range targets are more difficult to predict than our current quarter and fiscal year expectations. If, or when, we announce actual results that differ from those that have been predicted by us, outside investment analysts, or others, our stock price could be adversely affected. Investors who rely on these predictions when making investment decisions with respect to our securities do so at their own risk. We take no responsibility for any losses suffered as a result of such changes in our stock price.

We periodically return value to investors through payment of quarterly dividends and common stock repurchases. On March 26, 2020, we announced we were suspending our quarterly dividend payment, effective beginning the fourth quarter of fiscal 2020, and stock repurchase program due to the impact of Covid-19 pandemic. Investors may have an expectation that we will resume our dividend at a certain time and at certain levels and / or repurchase shares available under our common stock repurchase program. The market price of our securities could be adversely affected if our cash dividend rate or common stock repurchase activity differs

from investors' expectations. Refer to *"If we are unable to pay quarterly dividends at intended levels, our reputation and stock price may be harmed"* for additional discussion of our quarterly dividend.

Failure to adequately protect our intellectual property and curb the sale of counterfeit merchandise could injure our brands and negatively affect sales.

We believe our trademarks, copyrights, patents, and other intellectual property rights are extremely important to our success and our competitive position. We devote significant resources to the registration and protection of our trademarks and to anti-counterfeiting efforts worldwide. In spite of our efforts, counterfeiting still occurs and if we are unsuccessful in challenging a third-party's rights related to trademark, copyright, or patent this could adversely affect our future sales, financial condition, and results of operations. We are aggressive in pursuing entities involved in the trafficking and sale of counterfeit merchandise through legal action or other appropriate measures. We cannot guarantee that the actions we have taken to curb counterfeiting and protect our intellectual property will be adequate to protect the brand and prevent counterfeiting in the future. Our trademark applications may fail to result in registered trademarks or provide the scope of coverage sought. Furthermore, our efforts to enforce our intellectual property rights are often met with defenses and counterclaims attacking the validity and enforceability of our intellectual property rights. Unplanned increases in legal fees and other costs associated with defending our intellectual property rights could result in higher operating expenses. Finally, many countries' laws do not protect intellectual property rights to the same degree as U.S. laws.

Our wholesale business could suffer as a result of consolidations, liquidations, restructurings and other ownership changes in the wholesale industry.

Our wholesale business comprised approximately 9% of total net sales for fiscal 2020. The retail industry, including wholesale customers, has experienced financial difficulty leading to consolidations, reorganizations, restructuring, bankruptcies and ownership changes. In addition, the Covid-19 pandemic has resulted in reduced operations or the closure, temporarily or permanently, of many of our wholesale partners. This is likely to continue and could further decrease the number of, or concentrate the ownership of, wholesale stores that carry our and our licensees' products. Furthermore, a decision by the controlling owner of a group of stores or any other significant customer, whether motivated by competitive conditions, financial difficulties or otherwise, to decrease or eliminate the amount of merchandise purchased from us or our licensing partners could result in an adverse effect on the sales and profitability within this channel.

Additionally, certain of our wholesale customers, particularly those located in the U.S., have become highly promotional and have aggressively marked down their merchandise, which could negatively impact our brands or could affect our business, results of operations, and financial condition.

A delay, disruption in, failure of, or inability to upgrade our information technology systems precisely and efficiently could materially adversely affect our business, financial condition or results of operations and cash flow.

We rely heavily on various information and other business systems to manage our operations, including management of our supply chain, point-of-sale processing in our brands' stores, our online businesses associated with each brand and various other processes. We are continually evaluating and implementing upgrades and changes to our systems.

The Company embarked on a multi-year ERP implementation in fiscal 2017, which was completed in fiscal 2020. Implementing new systems carries substantial risk, including failure to operate as designed, failure to properly integrate with other systems, potential loss of data or information, cost overruns, implementation delays and disruption of operations. Third-party vendors are also relied upon to design, program, maintain and service our ERP systems. Any failures of these vendors to properly deliver their services could similarly have a material effect on our business. In addition, any disruptions or malfunctions affecting our new ERP systems could lead to the inability to deliver the optimal level of merchandise to our brands' stores or customers in a timely manner and/or cause critical information upon which we rely to be delayed, defective, corrupted, inadequate or inaccessible. Furthermore, failure of the computer systems due to inadequate system capacity, computer viruses, human error, changes in programming, security breaches, system upgrades or migration of these services, as well as consumer privacy concerns and new global government regulations, individually or in accumulation, could have a material effect on our business, financial condition or results of operations and cash flow.

Fluctuations in our tax obligations and effective tax rate may result in volatility of our financial results and stock price.

We are subject to income taxes in many jurisdictions. We record tax expense based on our estimates of taxable income and required reserves for uncertain tax positions in multiple tax jurisdictions. At any one time, multiple tax years are subject to audit by various taxing jurisdictions. The results of these audits and negotiations with taxing authorities may result in a settlement which differs from our original estimate. As a result, we expect that throughout the year there could be ongoing variability in our quarterly tax rates as events occur and exposures are evaluated. In addition, our effective tax rate in a given financial statement period may be materially impacted by changes in the mix and level of earnings. Further, proposed tax changes that may be enacted in the future could impact our current or future tax structure and effective tax rates.

Current or future tax legislation may impact our tax structure and effective tax rates. On December 22, 2017, “H.R.1,” formerly known as the Tax Cuts and Jobs Act (the “Tax Legislation”) was signed into law. The Tax Legislation, which became effective on January 1, 2018, significantly revised the U.S. tax code and required the Company to estimate the impact of the Tax Legislation for fiscal year 2019. On March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”) was signed into law in response to the Covid-19 pandemic. The CARES Act contains numerous income tax provisions, such as refundable payroll tax credits, deferral of the employer portion of certain payroll taxes, net operating loss carrybacks, modifications to net interest deduction limitations and technical corrections to tax depreciation methods for qualified improvement property. The Tax Legislation and the CARES Act require the Company to make significant judgments and estimates in the interpretation of the law and in the calculation of the provision for income taxes. However, additional guidance may be issued by the Internal Revenue Service (“IRS”), the Department of the Treasury, or other governing body that may significantly differ from our interpretation of the law, which may result in a material adverse effect on our business, cash flow, results of operations, or financial conditions.

The risks associated with climate change and other environmental impacts and increased focus by stakeholders on corporate responsibility issues, including those associated with climate change, could negatively affect our business and operations.

Our business is susceptible to risks associated with climate change, including through disruption to our supply chain, potentially impacting the production and distribution of our products and availability and pricing of raw materials. Increased frequency and intensity of weather events (storms and floods) due to climate change could also lead to more frequent store closures and/or lost sales as customers prioritize basic needs. There is also increased focus from our stakeholders, including consumers, employees and investors, on corporate responsibility matters. Although we have announced our corporate responsibility strategy and 2025 Corporate Responsibility Goals, there can be no assurance that our stakeholders will agree with our strategy or that we will be successful in achieving our goals. Failure to implement our strategy or achieve our goals could damage our reputation, causing our investors or consumers to lose confidence in our Company and brands, and negatively impact our operations. Even if we are able to achieve our 2025 Corporate Responsibility Goals, our business will continue to remain subject to risks associated with climate change.

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

The Company's results are typically affected by seasonal trends. We have historically realized, and expect to continue to realize, higher sales and operating income in the second quarter of our fiscal year. Poor sales in the Company's second fiscal quarter would have a material adverse effect on its full year operating results and result in higher inventories. In addition, fluctuations in net sales, operating income and operating cash flows of the Company in any fiscal quarter may be affected by the timing of wholesale shipments and other events affecting retail sales, including adverse weather conditions or other macroeconomic events, including the impact of the Covid-19 pandemic.

We rely on our licensing partners to preserve the value of our licenses and the failure to maintain such partners could harm our business.

Our brands currently have multi-year agreements with licensing partners for certain products. Refer to Item 1 - “Business - Licensing” for additional discussion of our key licensing arrangements. In the future, we may enter into additional licensing arrangements. The risks associated with our own products also apply to our licensed products as well as unique problems that our licensing partners may experience, including risks associated with each licensing partner's ability to obtain capital, manage its labor relations, maintain relationships with its suppliers, manage its credit and bankruptcy risks, and maintain customer relationships. While we maintain significant control over the products produced for us by our licensing partners, any of the foregoing risks, or the inability of any of our licensing partners to execute on the expected design and quality of the licensed products or otherwise exercise operational and financial control over its business, may result in loss of revenue and competitive harm to our operations in the product categories where we have entered into such licensing arrangements. Further, while we believe that we could replace our existing licensing partners if required, our inability to do so for any period of time could adversely affect our revenues and harm our business.

We also may decide not to renew our agreements with our licensing partners and bring certain categories in-house. We may face unexpected difficulties or costs in connection with any action to bring currently licensed categories in-house.

We have decided to suspend our quarterly dividend and stock repurchase program; there can be no assurance if, when and at what level our Board of Directors will authorize dividend payments or stock repurchases in the future.

On March 26, 2020, the Company announced that, due to the impact of the Covid-19 pandemic, Tapestry's quarterly dividend, beginning in the fourth quarter of fiscal year 2020, along with the stock repurchase program would be suspended. While our Board of Directors intends to authorize dividends over the long-term and will re-evaluate when appropriate, there can be no assurance if, when and at what level our Board of Directors may resume making dividend payments. The Company is restricted from declaring cash dividends or repurchasing shares under the negative covenants associated with Amendment No. 1 to the Revolving Credit Facility during the Covenant Relief Period. The dividend program and the stock repurchase program each require the use of a

portion of our cash flow. Our ability to begin to pay dividends and conduct stock repurchases in the future will depend on our ability to generate sufficient cash flows from operations in the future. This ability may be subject to certain economic, financial, competitive and other factors that are beyond our control. Our Board of Directors may, at its discretion, decrease or entirely discontinue these programs at any time. Any failure to pay dividends or conduct stock repurchases, or conduct either program at expected levels, after we have announced our intention to do so may negatively impact our reputation, investor confidence in us and negatively impact our stock price.

Provisions in the Company's charter, bylaws and Maryland law may delay or prevent an acquisition of the Company by a third party.

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

The Company's bylaws can be amended by our Board or by the approval of a majority of the votes entitled to be cast by our stockholders. The Company's bylaws provide that nominations of persons for election to the Company's Board and the proposal of business to be considered at an annual meeting of stockholders may be made only in the notice of the meeting, by the Company's Board or by a stockholder who is a stockholder of record as of the record date set by the Company's Board for purposes of determining stockholders entitled to vote at the meeting, at the time of giving of notice by the stockholder pursuant to the Company's bylaws and at the time of the meeting, who is entitled to vote at the meeting in the election of each individual so nominated or on any such other business and has complied with the advance notice procedures of the Company's bylaws. Also, under Maryland law, business combinations, including mergers, consolidations, share exchanges, or, in circumstances specified in the statute, asset transfers or issuances or reclassifications of equity securities, between the Company and any interested stockholder, generally defined as any person who beneficially owns, directly or indirectly, 10% or more of the Company's common stock, or any affiliate of an interested stockholder are prohibited for a five-year period, beginning on the most recent date such person became an interested stockholder. After this period, a combination of this type must be approved by two super-majority stockholder votes, unless common stockholders receive a minimum price, as defined under Maryland law, for their shares in the form of cash or other consideration in the same form as previously paid by the interested stockholder for its shares. The statute permits various exemptions from its provisions, including business combinations that are exempted by our Board prior to the time that the interested stockholder becomes an interested stockholder.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

The following table sets forth the location, use and size of the Company's key distribution, corporate and product development facilities as of June 27, 2020. The majority of the properties are leased, with the leases expiring at various times through fiscal 2037, subject to renewal options.

Location	Use	Approximate Square Footage
Jacksonville, Florida	Coach North America distribution and customer service	850,000
New York, New York	Corporate, design, sourcing and product development	546,000 ⁽¹⁾
Westchester, Ohio	Kate Spade North America distribution	601,000
Chiba, Japan	Japan regional distribution	244,000
Shanghai, China	Asia regional distribution	179,000
New York, New York	Kate Spade corporate management	135,000
North Bergen, New Jersey	Corporate office and customer service	106,000
Carlstadt, New Jersey	Corporate office	65,000
Tokyo, Japan	Corporate and regional management	24,900
Shanghai, China	Coach Greater China regional management	23,000
Elda, Spain	Stuart Weitzman regional management, sourcing and quality control	19,000
Seoul, South Korea	Corporate regional management	18,000
Hong Kong SAR, China	Coach sourcing and quality control	17,000 ⁽²⁾
Dongguan, China	Corporate sourcing, quality control and product development	16,700
London, England	International regional management	16,500
Shanghai, China	Asia regional management	16,200
Singapore	Coach Singapore regional management, sourcing and quality control	12,600
Ho Chi Minh City, Vietnam	Coach sourcing and quality control	12,600
Tokyo, Japan	Kate Spade Japan regional management	11,000
Montreal, Canada	Stuart Weitzman Canada regional management and distribution	9,100
Shanghai, China	Kate Spade Joint Venture regional management	7,000

⁽¹⁾ The Company has subleased approximately 148,800 square feet in its global headquarters.

⁽²⁾ Represents a Company-owned location.

In addition to the above properties, the Company occupies leased retail and outlet store locations located in North America and internationally for each of our brands. These leases expire at various times through fiscal 2036. The Company considers these properties to be in generally good condition, and believes that its facilities are adequate for its operations and provide sufficient capacity to meet its anticipated requirements. Refer to Item 1. "Business," and Item 6. "Selected Financial Data," for further information.

ITEM 3. LEGAL PROCEEDINGS

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

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

Although the Company's litigation as a defendant is routine and incidental to the conduct of Tapestry's business, as well as for any business of its size, such litigation can result in large monetary awards, such as when a civil jury is allowed to determine compensatory and/or punitive damages.

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

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

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market and Dividend Information

Tapestry, Inc.'s common stock is listed on the New York Stock Exchange and is traded under the symbol "TPR."

As of July 31, 2020, there were 2,123 holders of record of Tapestry's common stock.

Any future determination to pay cash dividends will be at the discretion of Tapestry's Board and will be dependent upon Tapestry's financial condition, operating results, capital requirements and such other factors as the Board deems relevant.

The information under the principal heading "Securities Authorized For Issuance Under Equity Compensation Plans" in the Company's definitive Proxy Statement for the Annual Meeting of Stockholders to be held on November 5, 2020, to be filed with the Securities and Exchange Commission (the "Proxy Statement"), is incorporated herein by reference.

Performance Graph

The following graph compares the cumulative total stockholder return (assuming reinvestment of dividends) of the Company's common stock with the cumulative total return of the Standard & Poor's ("S&P") 500 Stock Index and the "peer set" companies listed below over the five-fiscal-year period ending June 27, 2020, the last day of Tapestry's most recent fiscal year. The graph assumes that \$100 was invested on June 26, 2015 at the per share closing price in each of Tapestry's common stock, the S&P 500 Stock Index and a peer set index tracking the peer group companies listed below, and that all dividends were reinvested. The stock performance shown in the graph is not intended to forecast or be indicative of future performance.

During fiscal 2020, the Company established a new peer group consisting of:

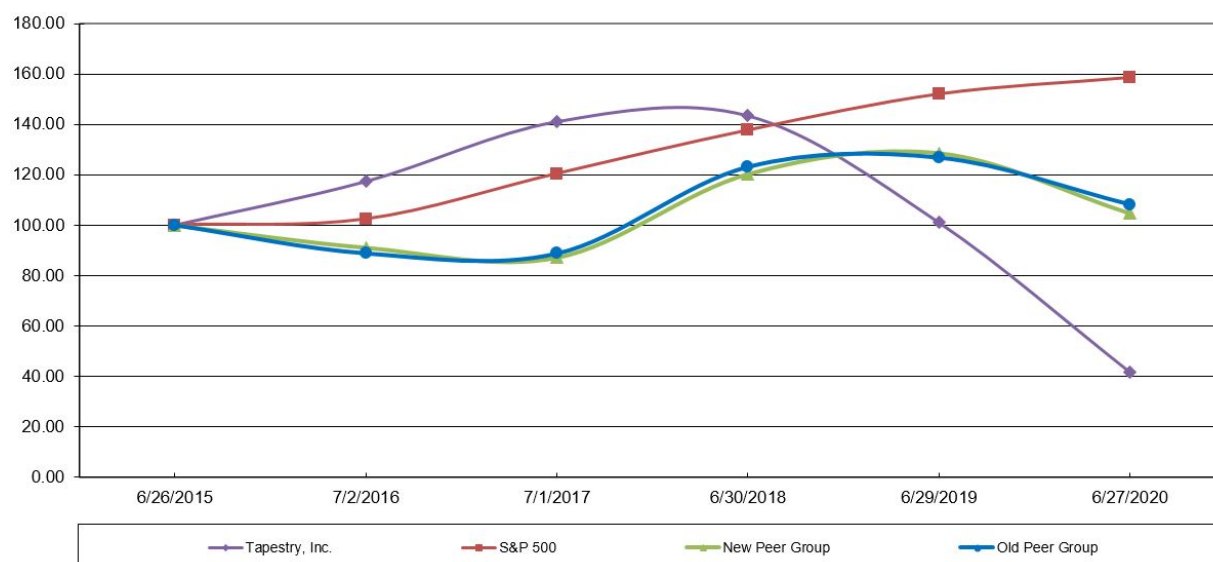
- L Brands, Inc.
- PVH Corp.,
- Ralph Lauren Corporation,
- V.F. Corporation,
- Estee Lauder, Inc.,
- Capri Holdings Limited

The Company's old peer group consisted of:

- L Brands, Inc.,
- PVH Corp.,
- Ralph Lauren Corporation,
- Tiffany & Co.,
- V.F. Corporation,
- Estee Lauder, Inc.,
- Capri Holdings Limited

The Company removed Tiffany & Co. from the peer set due to recent business updates associated with the company. Furthermore, Tapestry management selected the "revised peer set" on an industry/line-of-business basis and believes this updated set of companies represent good faith comparables based on their history, size, and business models in relation to Tapestry, Inc.

Comparison of 5 Year Cumulative Total Return
Assumes Initial Investment of \$100
June 2020



	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020
TPR	\$100.00	\$117.28	\$140.99	\$143.36	\$101.04	\$41.71
Revised Peer Set	\$100.00	\$91.12	\$87.19	\$120.36	\$128.62	\$104.69
Former Set	\$100.00	\$88.85	\$88.80	\$123.07	\$126.73	\$108.16
S&P 500	\$100.00	\$102.33	\$120.38	\$137.69	\$152.03	\$158.60

Stock Repurchase Program

The Company did not repurchase any shares of common stock during the fourth quarter of fiscal 2020. As of June 27, 2020, the Company had \$600 million availability remaining in the stock repurchase program. The Company may terminate or limit the share repurchase program at any time. The Company is restricted from engaging in share buybacks during the Covenant Relief Period under Amendment No.1 to its Credit Facility.

ITEM 6. SELECTED FINANCIAL DATA

The selected historical financial data presented below as of and for each of the fiscal years in the five-year period ended June 27, 2020 has been derived from the Company's audited Consolidated Financial Statements. The financial data should be read in conjunction with Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," the Consolidated Financial Statements and Notes thereto and other financial data included elsewhere herein.

	Fiscal Year Ended⁽³⁾				
	June 27, 2020	June 29, 2019	June 30, 2018	July 1, 2017	July 2, 2016
(millions, except per share data)					
Consolidated Statements of Operations:					
Net sales	\$ 4,961.4	\$ 6,027.1	\$ 5,880.0	\$ 4,488.3	\$ 4,491.8
Gross profit	3,239.3	4,053.7	3,848.5	3,081.1	3,051.3
Selling, general and administrative ("SG&A") expenses	3,790.1	3,234.0	3,176.5	2,283.5	2,395.5
Operating income (loss)	(550.8)	819.7	672.0	797.6	655.8
Net income (loss)	\$ (652.1)	643.4	397.5	591.0	460.5
Net income (loss) per share:					
Basic	\$ (2.34)	\$ 2.22	\$ 1.39	\$ 2.11	\$ 1.66
Diluted	\$ (2.34)	\$ 2.21	\$ 1.38	\$ 2.09	\$ 1.65
Weighted-average basic shares outstanding	278.6	289.4	285.4	280.6	277.6
Weighted-average diluted shares outstanding	278.6	290.8	288.6	282.8	279.3
Dividends declared per common share	\$ 1.013	\$ 1.350	\$ 1.350	\$ 1.350	\$ 1.350
Consolidated Percentage of Net Sales Data:					
Gross margin	65.3 %	67.3%	65.5%	68.6%	67.9%
SG&A expenses	76.4	53.7	54.0	50.9	53.3
Operating margin	(11.1)	13.6	11.4	17.8	14.6
Net income (loss)	(13.1)	10.7	6.8	13.2	10.3
Consolidated Balance Sheet Data:					
Working capital	\$ 811.0	\$ 1,638.8	\$ 1,494.4	\$ 3,199.5	\$ 1,346.2
Total assets	7,924.2	6,877.3	6,678.3	5,831.6	4,892.7
Cash, cash equivalents and investments	1,434.5	1,233.9	1,250.0	3,158.7	1,878.0
Inventory	736.9	778.3	673.8	469.7	459.2
Total debt	2,299.4	1,602.7	1,600.6	1,579.5	876.2
Stockholders' equity	2,276.4	3,513.4	3,244.6	3,001.9	2,682.9

	Fiscal Year Ended				
	June 27, 2020	June 29, 2019 ⁽¹⁾	June 30, 2018 ⁽¹⁾	July 1, 2017	July 2, 2016 ⁽²⁾
Store Data:					
Stores open at fiscal year-end:					
Coach North America stores	375	391	402	419	432
Coach International stores	583	595	585	543	522
Kate Spade North America stores	213	213	200	—	—
Kate Spade International stores	207	194	142	—	—
Stuart Weitzman North America stores	58	71	68	69	64
Stuart Weitzman International stores	73	76	35	12	11
Total stores open at fiscal year-end	1,509	1,540	1,432	1,043	1,029
Store square footage at fiscal year-end:					
Coach North America stores	1,758,668	1,802,410	1,835,543	1,884,204	1,892,146
Coach International stores	1,285,329	1,304,618	1,256,525	1,166,920	1,086,315
Kate Spade North America stores	603,487	578,649	495,121	—	—
Kate Spade International stores	291,322	267,349	171,754	—	—
Stuart Weitzman North America stores	102,784	125,336	117,869	117,944	105,264
Stuart Weitzman International stores	89,182	90,300	47,498	18,808	12,556
Total store square footage at fiscal year-end	4,130,772	4,168,662	3,924,310	3,187,876	3,096,281
Average store square footage at fiscal year-end:					
Coach North America stores	4,690	4,610	4,566	4,497	4,380
Coach International stores	2,205	2,193	2,148	2,149	2,081
Kate Spade North America stores	2,833	2,717	2,476	—	—
Kate Spade International stores	1,407	1,378	1,210	—	—
Stuart Weitzman North America stores	1,772	1,765	1,733	1,709	1,645
Stuart Weitzman International stores	1,222	1,188	1,357	1,567	1,141

⁽¹⁾ Refer to Part I, Item 1, "Business" for the number of stores acquired during the respective fiscal year for each brand.

⁽²⁾ The Company acquired the Stuart Weitzman Canada distributor in the fourth quarter of fiscal 2016 (which included the impact of an additional 14 retail stores in North America).

⁽³⁾ The Company recorded certain items which affect the comparability of our results. See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," for further information on the items related to fiscal 2020 and fiscal 2019. During fiscal 2018, the Company recorded adjustments in cost of sales and SG&A expenses of \$116.4 million and \$204.7 million, respectively, related to the Operational Efficiency plan and its Integration and Acquisition costs. During fiscal 2017, the Company recorded adjustments in cost of sales and SG&A expenses of \$2.9 million and \$22.3 million, respectively, related to the Operational Efficiency plan and its Integration and Acquisition efforts. During fiscal 2016, the Company recorded adjustments in cost of sales and SG&A expenses of \$1.1 million and \$122.0 million related to the Company's multi-year strategic plan to transform the Coach brand, announced in fiscal 2014, the Operational Efficiency Plan and Stuart Weitzman acquisition-related costs. The following table reconciles the Company's reported results presented in accordance with accounting principles generally accepted in the United States of America ("GAAP") to our adjusted results that exclude these items:

Fiscal 2020	Gross Profit	SG&A Expenses	Operating Income	Net Income (Loss)	
				Amount	Per Diluted Share
As Reported: (GAAP Basis)	\$ 3,239.3	\$ 3,790.1	\$ (550.8)	\$ (652.1)	\$ (2.34)
Excluding items affecting comparability	118.0	(871.2)	989.2	923.3	3.31
Adjusted: (Non-GAAP Basis)	\$ 3,357.3	\$ 2,918.9	\$ 438.4	\$ 271.2	\$ 0.97

Fiscal 2019	Gross Profit	SG&A Expenses	Operating Income	Net Income	
				Amount	Per Diluted Share
As Reported: (GAAP Basis)	\$ 4,053.7	\$ 3,234.0	\$ 819.7	\$ 643.4	\$ 2.21
Excluding items affecting comparability	27.8	(103.5)	131.3	105.3	0.36
Adjusted: (Non-GAAP Basis)	\$ 4,081.5	\$ 3,130.5	\$ 951.0	\$ 748.7	\$ 2.57

Fiscal 2018	Gross Profit	SG&A Expenses	Operating Income	Net Income	
				Amount	Per Diluted Share
As Reported: (GAAP Basis)	\$ 3,848.5	\$ 3,176.5	\$ 672.0	\$ 397.5	\$ 1.38
Excluding items affecting comparability	116.4	(204.7)	321.1	362.4	1.25
Adjusted: (Non-GAAP Basis)	\$ 3,964.9	\$ 2,971.8	\$ 993.1	\$ 759.9	\$ 2.63

Fiscal 2017	Gross Profit	SG&A Expenses	Operating Income	Net Income	
				Amount	Per Diluted Share
As Reported: (GAAP Basis)	\$ 3,081.1	\$ 2,283.5	\$ 797.6	\$ 591.0	\$ 2.09
Excluding items affecting comparability	2.9	(22.3)	25.2	18.3	0.06
Adjusted: (Non-GAAP Basis)	\$ 3,084.0	\$ 2,261.2	\$ 822.8	\$ 609.3	\$ 2.15

Fiscal 2016	Gross Profit	SG&A Expenses	Operating Income	Net Income	
				Amount	Per Diluted Share
As Reported: (GAAP Basis)	\$ 3,051.3	\$ 2,395.5	\$ 655.8	\$ 460.5	\$ 1.65
Excluding items affecting comparability	1.1	(122.0)	123.1	91.2	0.33
Adjusted: (Non-GAAP Basis)	\$ 3,052.4	\$ 2,273.5	\$ 778.9	\$ 551.7	\$ 1.98

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of the Company's financial condition and results of operations should be read together with the Company's consolidated financial statements and notes to those financial statements included elsewhere in this document. When used herein, the terms "the Company," "Tapestry," "we," "us" and "our" refer to Tapestry, Inc., including consolidated subsidiaries. References to "Coach," "Stuart Weitzman," "Kate Spade" or "kate spade new york" refer only to the referenced brand.

EXECUTIVE OVERVIEW

The fiscal years ended June 27, 2020, June 29, 2019 and June 30, 2018 were each 52-week periods.

Tapestry is a leading New York-based house of modern luxury accessories and lifestyle brands. Tapestry is powered by optimism, innovation and inclusivity. Our brands are approachable and inviting and create joy every day for people around the world. Defined by quality, craftsmanship and creativity, our house of brands give global audiences the opportunity for exploration and self-expression. Tapestry is comprised of the Coach, Kate Spade and Stuart Weitzman brands, all of which have been part of the American landscape for over 25 years.

The Company has three reportable segments:

- *Coach* - Includes global sales of Coach products to customers through Coach operated stores, including the Internet and concession shop-in-shops, and sales to wholesale customers and through independent third party distributors.
- *Kate Spade* - Includes global sales primarily of kate spade new york brand products to customers through Kate Spade operated stores, including the Internet, sales to wholesale customers, through concession shop-in-shops and through independent third party distributors.
- *Stuart Weitzman* - Includes global sales of Stuart Weitzman brand products primarily through Stuart Weitzman operated stores, including the Internet, sales to wholesale customers and through numerous independent third party distributors.

Each of our brands is unique and independent, while sharing a commitment to innovation and authenticity defined by distinctive products and differentiated customer experiences across channels and geographies. Our success does not depend solely on the performance of a single channel, geographic area or brand.

Acceleration Program

The guiding principle of the Company's multi-year growth agenda under the Acceleration Program is to better meet the needs of each of its brands' unique customers by:

- **Sharpening our Focus on the Consumer:** Operating with a clearly defined purpose and strategy for each brand and an unwavering focus on the consumer at the core of everything we do
- **Leveraging Data and Leading with a Digital-First Mindset:** Building significant data and analytics capabilities to drive decision-making and increase efficiency; Offering immersive customer experiences across our e-commerce and social channels to meet the needs of consumers who are increasingly utilizing digital platforms to engage with brands; Rethinking the role of stores with an intent to optimize our fleet
- **Transforming into a Leaner and More Responsive Organization:** Moving with greater agility, simplifying internal processes and empowering teams to act quickly to meet the rapidly changing needs of the consumer

The Company believes the successful execution of these priorities will fuel desire for the Coach, Kate Spade and Stuart Weitzman brands, driving accelerated revenue growth, higher gross margins and substantial operating leverage across Tapestry's portfolio. Key strategies by brand include:

Coach

- **Deepening Engagement with Consumers** through enhanced brand and cultural relevance, united by our values and purpose to be authentic, inclusive and embody the courageous spirit of New York City
- **Creating Innovative and Compelling Product** to exceed the expectations of our target consumers by geography and customer segments
- **Driving Digital Sales and New Customer Recruitment** by offering a true omnichannel experience
- **Accelerating Growth in China** through tailored and optimized assortments, enhanced marketing and expanded reach across direct channels and third party online distribution

- **Enhancing Profitability** through more focused assortments and a disciplined approach to promotions, resulting in continued Average Unit Retail ("AUR") improvements and higher gross margin. In addition, achieving operational excellence by right-sizing SG&A cost structure and store fleet

Kate Spade

- **Crystallizing the Brand's Purpose and Returning to a Position of Strength** by fulfilling our promise as a lifestyle brand representing joy, optimism and color, amplified through unique, best-in-class storytelling on a multi-category lifestyle platform
- **Instilling a Laser Focus on the Customer** across all touchpoints, and **fostering a community of women** emotionally connected to and inspired by the Kate Spade brand story and values
- **Reenergizing and Growing Handbags and Leathergoods** by reintroducing non-negotiable brand elements, rebuilding the core offering, and **capitalizing on a new Signature platform**
- **Leaning into Digital Strength** by modernizing and creating engaging brand experiences across all of our digital platforms, fully unleashing the power of Kate Spade community and brand
- **Capturing Market Share and Improving Profitability** by acquiring, re-engaging, and retaining customers, driving top and bottom line growth

Stuart Weitzman

- **Renewing the Brand's Reputation for Fit, Comfort and Quality**, listening and responding to our customer's needs **in order to design beautiful and on-trend shoes**
- **Growing Key Categories** by building a leading presence in boots, booties and sandals and expanding the casual assortment, while dramatically simplifying the product offering
- **Restoring Profitability** by focusing distribution on those markets and channels of greatest opportunity, notably China where the brand has strong momentum and high margins
- **Strengthening Relationship with Wholesale Partners** by providing relevant products and faster, more consistent execution
- **Establishing a Robust Digital Presence** which supports best-in-class multi-media content and depth of assortment

Recent Developments

Covid-19 Pandemic

Tapestry began fiscal 2020 with a focus on profitable growth through innovation, global expansion, investing in digital capabilities, and harnessing the power of a multi-brand model. However, the Covid-19 pandemic has had significant impacts on our business globally. As a result, while the Company remains confident in its long-term strategy, its short-term focus has pivoted towards adapting to these challenges.

The Covid-19 virus has impacted regions all around the world, resulting in restrictions and shutdowns implemented by national, state, and local authorities. Consequently, the spread of Covid-19 has caused significant global business disruptions, including full and partial store closures. As a result of the widespread impact of Covid-19, Tapestry had temporarily closed the majority of its directly operated stores in globally for some period of time to help reduce the spread of Covid-19. As of the end of the fiscal year, the vast majority of the Company's stores have reopened for either in-store or curbside service. Many of our wholesale and licensing partners have also closed their bricks and mortar stores as required by government orders during the third and fourth quarter.

In response to this challenging environment, the Company's focus is on the following actions:

A Focus on Revenue

- Re-opening stores as quickly as possible, while following governmental and public health guidelines; and
- Aggressively leaning into the global digital opportunity for all brands. Ensuring that our e-commerce platforms and distribution centers remain operational across all major regions.

Eliminating Non-Essential Operating Costs Across All Key Areas of Spend

- Driving SG&A savings through the right-sizing of marketing expenses to adjust to the lower revenue base, while maintaining a focus on digital; reducing fixed costs such as rent; driving procurement savings, including reducing external third party services.

Strengthening the Company's Balance Sheet and Enhancing Financial Flexibility

- Tightly managing inventories by reflowing product introductions and cancelling inventory receipts for late summer/early fall 2020; and
- Reducing capital expenditures by delaying or cancelling new store openings, while prioritizing investment in high-return projects aligned with the multi-year growth agenda, notably in digital.

Preserving Liquidity

- Drawing down \$700 million from its \$900 million Revolving Credit Facility to add to cash balances;
- Suspending its quarterly cash dividend beginning in the fourth quarter of fiscal 2020; and
- Suspending its share repurchase program.

Addressing Organizational Costs

- Reducing our corporate and retail workforce;
- Applying for available government payroll subsidy programs in various countries to mitigate payroll expense;
- A 50% reduction in cash compensation for the Board of Directors and salary reductions of 5% to 20%, depending on salary level, for all corporate employees above a certain salary threshold, expected to remain in effect until up to the end of fiscal year 2021;
- Cancellation of our Annual Incentive Plan for fiscal year 2020, which resulted in no bonuses being paid for fiscal 2020; and
- Elimination of merit salary increases for all employees for fiscal year 2021.

The Company will continue to consider near-term exigencies and the long-term financial health of the business as clear steps are taken to mitigate the consequences of the Covid-19 pandemic.

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") was signed into law in response to the Covid-19 pandemic. The CARES Act contains numerous income tax provisions, such as refundable payroll tax credits, deferral of the employer portion of certain payroll taxes, net operating loss carrybacks, modifications to net interest deduction limitations and technical corrections to tax depreciation methods for qualified improvement property. The CARES Act require the Company to make significant judgments and estimates in the interpretation of the law and in the calculation of the provision for income taxes. However, additional guidance may be issued by the Internal Revenue Service ("IRS"), the Department of the Treasury, or other governing body that may significantly differ from our interpretation of the law, which may result in a material adverse effect on our business, cash flow, results of operations, or financial conditions.

Acceleration Program

The Company is undergoing a review of its business under the Acceleration Program reflecting: (i) actions to streamline the Company's organization; (ii) select store closures as the Company optimizes its fleet (including store closure costs incurred as the Company exits certain regions in which it currently operates); and (iii) professional fees and compensation costs incurred as a result of the development and execution of the Company's comprehensive strategic initiatives aimed at increasing profitability. Including charges taken in fiscal 2020, Company expects to incur total pre-tax charges of approximately \$185 - \$200 million related to the Acceleration Program with most of the remaining charges expected in fiscal 2021. Refer to Note 7, "Restructuring Activities," and the "GAAP to Non-GAAP Reconciliation," herein, for further information. The Company estimates that it will realize approximately \$300 million in gross run rate expense savings from these initiatives, including \$200 million projected for fiscal 2021.

Fiscal 2020 Impairments

During fiscal 2020, Stuart Weitzman results continued to be negatively impacted by trailing impacts of operational challenges first experienced in 2018. While the Company addressed these challenges through investment in talent, operational process improvements, and a focus on the fashion sensibility of the core design aesthetic, the Brand experienced a reduction in demand. This reduction in cash flows generated by the brand as well as the decline in future expected cash flows was exacerbated by the Covid-19 pandemic, which resulted in lower sales driven by full and partial closures of a significant portion of our stores globally. During fiscal 2020, the Company recorded \$210.7 million of impairment charges to goodwill and \$267.0 million of impairment charges to indefinite-lived brand intangible assets for the Stuart Weitzman reporting unit. Refer to "Critical Accounting Policies and Estimates," herein, for further information.

During fiscal 2020, the Company recorded \$267.7 million of impairment charges related to store assets, inclusive of lease assets as well as purchase commitments. Impairment charges recorded in the first quarter related to an accounting policy change made in conjunction with the adoption of the new lease accounting standard, whereas the impairment charges recorded in the third and fourth quarter were primarily driven by lower cash flows due to Covid-19. Refer to Note 12, "Fair Value Measurements," and Note 18, "Segment Information," for further information.

During fiscal 2020, the Company recorded \$104.0 million of increases in inventory reserves, similarly driven by current and expected changes to operations as a result of Covid-19.

ERP Implementation

In fiscal 2020, the Company completed its multi-year Enterprise Resource Planning ("ERP") implementation. Key milestones were achieved as follows:

- Fiscal 2018: Implementation of a global consolidation system which provided a common platform for financial reporting.
- Fiscal 2019: Deployment of global finance and accounting systems for Corporate, Coach and Stuart Weitzman and global finance, accounting, supply chain and human resource information systems for Kate Spade.
- Fiscal 2020: Supply chain functions for Coach and Stuart Weitzman were implemented at the beginning of fiscal 2020.

The Company is also implementing a point-of-sale system which supports all in-store transactions, distributes management reporting for each store, and collects sales and payroll information on a daily basis. This daily collection of store sales and inventory information results in early identification of business trends and provides a detailed baseline for store inventory replenishment. The implementation is complete for Coach stores in North America and Europe and expected to be implemented for Stuart Weitzman stores in North America in fiscal 2021 and Kate Spade North America in fiscal 2022.

Organization-related and Integration Costs

During fiscal 2019, the Company acquired certain distributors for the Kate Spade and Stuart Weitzman brands. During fiscal 2018, the Company acquired Kate Spade & Company, certain distributors for the Coach and Stuart Weitzman brands and obtained operational control of the Kate Spade Joint Ventures. The operating results of the respective entities have been consolidated in the Company's operating results commencing on the date of each acquisition. As a result of these acquisitions, the Company incurred charges related to the integration and acquisition of the businesses. These charges are primarily associated with organization-related costs, professional fees, one-time write-off of inventory and limited life purchase accounting adjustments. The Company does not expect there to be any charges in fiscal 2021. Refer to Note 6, "Integration," Note 4, "Acquisitions," and the "GAAP to Non-GAAP Reconciliation," herein, for further information.

Chief Executive Officer and Chief Financial Officer Changes

On September 4, 2019, the Company announced that Victor Luis departed as the Company's Chief Executive Officer and resigned from the Board of Directors, effective as of September 3, 2019. On September 4, 2019, the Company named Jide Zeitlin, Chairman of the Board of Directors, as the Company's Chief Executive Officer. In connection with Mr. Luis's departure, the Company and Mr. Luis entered into a separation and mutual release agreement.

On July 21, 2020, the Company announced that Jide Zeitlin resigned as the Company's Chairman, Chief Executive Officer and from the Company's Board of Directors, effective July 20, 2020. Effective July 21, 2020, the Company appointed Joanne Crevoiserat, the Company's Chief Financial Officer, as Interim Chief Executive Officer. The Company also appointed Andrea Shaw Resnick, the Company's Global Head of Investor Relations and Corporate Communications, as Interim Chief Financial Officer. Refer to Note 22, "Subsequent Events," for further information.

Current Trends and Outlook

The environment in which we operate is subject to a number of different factors driving global consumer spending. Consumer preferences, macroeconomic conditions, foreign currency fluctuations and geopolitical events continue to impact overall levels of consumer travel and spending on discretionary items, with inconsistent patterns across channels and geographies.

As previously noted, Covid-19 was officially declared a global pandemic by the World Health Organization in March 2020. The virus has impacted regions all around the world, resulting in restrictions and shutdowns implemented by national, state, and local authorities. These requirements have resulted in full and partial store closures globally, causing a significant reduction in sales starting in the third quarter of fiscal 2020. While the vast majority of the Company's stores have reopened for either in-store or curbside service as of the end of the fiscal year, stores may be required to close again for an extended period of time due to the possibility of a "second wave" of increased infections. Covid-19 may also cause disruptions in the Company's supply chain, resulting in facility closures, labor instability, potential inability to source raw materials and disrupted operating procedures in attempts to curb the spread of Covid-19 within our third-party manufacturers, distribution centers, and other vendors. The Company's e-commerce sites continue to operate, subject to the local guidance related to Covid-19 surrounding our distribution centers.

The disruptions related to Covid-19 have materially adversely impacted our operations, cash flow, and liquidity. There is uncertainty around the duration of these disruptions and the possibility of other effects on the business. We will continue to monitor the rapidly evolving situation pertaining to the Covid-19 outbreak, including guidance from international and domestic authorities. In these circumstances, the Company will need to make adjustments to our operating plan. Refer to Part I, Item 1A. "Risk Factors" for further information.

Several organizations that monitor the world's economy, including the International Monetary Fund, observed that global expansion has declined significantly in the last year and the outbreak of the Covid-19 pandemic has negatively shocked the global economy, contributing to further anticipated declines for the remainder of calendar 2020. These organizations expect recovery to be more gradual than initially anticipated based on the economic activity displayed by economies with declining infection rates. Economic activity has been marked by persistent social distancing and declines in productivity as businesses struggle to ramp up operations in response to risks and regulations related to Covid-19. For economies that struggle with infection control, the negative impacts will be amplified due to lengthier lockdown provisions. While intensifying uncertainty surrounds future economic growth, multilateral cooperation and support from local policymakers is pivotal in shaping the economic outlook.

Furthermore, currency volatility, political instability and potential changes to trade agreements may contribute to a worsening of the macroeconomic environment. During fiscal 2020, Hong Kong SAR, China has been the subject of worsening political unrest, as demonstrated through ongoing public demonstrations and protests, which has impacted and is expected to continue to impact our business. In addition, during fiscal 2019 and continuing into fiscal 2020, the Trump Administration and China have both imposed new tariffs on the importation of certain product categories into the respective country. Continued increases in trade tensions could impact the Company's ability to grow its business with the Chinese consumer globally.

Additional macroeconomic impacts include but are not limited to the United Kingdom ("U.K.") voting to leave the European Union ("E.U."), commonly known as "Brexit." On March 29, 2017, the U.K. triggered Article 50 of the Lisbon Treaty formally starting a 2 year negotiation period with the E.U., which was subsequently extended to January 31, 2020. The U.K. officially terminated its membership of the E.U. on January 31, 2020 under the terms of a withdrawal agreement concluded between the U.K. and E.U. and has now entered into a transition phase until December 31, 2020. During the transition phase, the U.K. will generally continue operating as if it were still a member of the E.U. Trade talks between the E.U. and U.K., to determine their future relationship, are still underway. The U.K. passed on the opportunity to extend the transition phase beyond December 31, 2020, and as such, if a trade deal is not reached by December 31, 2020, the U.K. can expect checks and tariffs on products going to and coming from the E.U. beginning on January 1, 2021.

We will continue to monitor these trends and evaluate and adjust our operating strategies and cost management opportunities to mitigate the related impact on our results of operations, while remaining focused on the long-term growth of our business and protecting the value of our brands.

Furthermore, refer to Part I, Item 1 - "Business" for additional discussion on our expected store openings and closures within each of our segments. For a detailed discussion of significant risk factors that have the potential to cause our actual results to differ materially from our expectations, refer to Part I, Item 1A - "Risk Factors".

FISCAL 2020 COMPARED TO FISCAL 2019

The following table summarizes results of operations for fiscal 2020 compared to fiscal 2019. All percentages shown in the tables below and the related discussion that follows have been calculated using unrounded numbers.

	Fiscal Year Ended					
	June 27, 2020		June 29, 2019		Variance	
	(millions, except per share data)					
	Amount	% of net sales	Amount	% of net sales	Amount	%
Net sales	\$ 4,961.4	100.0 %	\$ 6,027.1	100.0%	\$ (1,065.7)	(17.7)%
Gross profit	3,239.3	65.3	4,053.7	67.3	(814.4)	(20.1)
SG&A expenses	3,790.1	76.4	3,234.0	53.7	556.1	(17.2)
Operating income (loss)	(550.8)	(11.1)	819.7	13.6	(1,370.5)	NM
Interest expense, net	60.1	1.2	47.9	0.8	12.2	(25.2)
Other expense (income)	13.3	0.3	5.6	0.1	7.7	NM
Income (Loss) before provision for income taxes	(624.2)	(12.6)	766.2	12.7	(1,390.4)	NM
Provision for income taxes	27.9	0.7	122.8	2.0	(94.9)	(77.3)
Net income (loss)	(652.1)	(13.1)	643.4	10.7	(1,295.5)	NM
Net income (loss) per share:						
Basic	\$ (2.34)		\$ 2.22		\$ (4.56)	NM
Diluted	\$ (2.34)		\$ 2.21		\$ (4.55)	NM

NM - Not meaningful

GAAP to Non-GAAP Reconciliation

The Company's reported results are presented in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The reported results during fiscal 2020 and fiscal 2019 reflect certain items which affect the comparability of our results, as noted in the following tables. Refer to "Non-GAAP Measures" herein for further discussion on the Non-GAAP measures.

Fiscal 2020 Items

Fiscal Year Ended June 27, 2020						
Items affecting comparability						
	GAAP Basis (As Reported)	ERP Implementation	Organization- related & Integration costs	Impairment	Acceleration Program	Non-GAAP Basis (Excluding Items)
(millions, except per share data)						
Coach	2,411.6	—	(0.1)	(61.9)	—	2,473.6
Kate Spade	682.9	—	(1.2)	(32.3)	—	716.4
Stuart Weitzman	144.8	—	(4.3)	(9.8)	(8.4)	167.3
Gross profit⁽¹⁾	\$ 3,239.3	\$ —	\$ (5.6)	\$ (104.0)	\$ (8.4)	\$ 3,357.3
Coach	1,822.2	—	0.5	116.7	18.5	1,686.5
Kate Spade	782.2	—	0.1	92.9	13.6	675.6
Stuart Weitzman	766.2	—	(2.0)	526.7	17.6	223.9
Corporate	419.5	28.5	29.2	—	28.9	332.9
SG&A expenses	\$ 3,790.1	\$ 28.5	\$ 27.8	\$ 736.3	\$ 78.6	\$ 2,918.9
Coach	589.4	—	(0.6)	(178.6)	(18.5)	787.1
Kate Spade	(99.3)	—	(1.3)	(125.2)	(13.6)	40.8
Stuart Weitzman	(621.4)	—	(2.3)	(536.5)	(26.0)	(56.6)
Corporate	(419.5)	(28.5)	(29.2)	—	(28.9)	(332.9)
Operating income (loss)	\$ (550.8)	\$ (28.5)	\$ (33.4)	\$ (840.3)	\$ (87.0)	\$ 438.4
Provision for income taxes	27.9	(6.0)	3.8	(55.3)	(8.4)	93.8
Net income (loss)	\$ (652.1)	\$ (22.5)	\$ (37.2)	\$ (785.0)	\$ (78.6)	\$ 271.2
Net income (loss) per diluted common share	\$ (2.34)	\$ (0.08)	\$ (0.13)	\$ (2.82)	\$ (0.28)	\$ 0.97

⁽¹⁾Adjustments within Gross profit are recorded within Cost of sales.

In fiscal 2020 the Company incurred charges as follows:

- *ERP Implementation* - Total charges represent technology implementation costs. Refer to the "Executive Overview" herein for further information.
- *Organization-related & Integration Costs* - Total charges represent integration costs primarily related to professional fees. Refer to the "Executive Overview" herein and Note 6, "Integration," for more information.
- *Impairment* - Total charges are primarily due to impairment charges on the indefinite-lived brand intangible asset and goodwill for Stuart Weitzman, impairment charges on property and equipment assets and lease ROU assets, as well as increases in inventory reserves. Refer to Note 12, "Fair Value Measurements," Note 15, "Goodwill and Other Intangible Assets," and Note 18, "Segment Information," for further information.
- *Acceleration Program* - Total charges, incurred under the Acceleration Program, are primarily due to organization-related costs as a result of severance and store closures charges. Store closure charges represent lease termination penalties, removal or modification of lease assets and liabilities established in connection with the adoption of the new lease accounting standard, establishing inventory reserves, accelerated depreciation and severance. Refer to the "Executive Overview" and Note 7, "Restructuring Activities," herein for further information.

These actions taken together increased the Company's SG&A expenses by \$871.2 million, Cost of sales by \$118.0 million and Provision for income taxes by \$65.9 million, negatively impacting net income by \$923.3 million, or \$(3.31) per diluted share.

Fiscal 2019 Items

Fiscal Year Ended June 29, 2019					
GAAP Basis (As Reported)	Items affecting comparability			Non-GAAP Basis (Excluding Items)	
	ERP Implementation	Integration & Acquisition	Impact of Tax Legislation		
(millions, except per share data)					
Coach	2,996.4	—	(1.9)	—	2,998.3
Kate Spade	863.6	—	(6.3)	—	869.9
Stuart Weitzman	193.7	—	(19.6)	—	213.3
Gross profit ⁽¹⁾	\$ 4,053.7	\$ —	\$ (27.8)	\$ —	\$ 4,081.5
Coach	1,848.0	—	7.1	—	1,840.9
Kate Spade	698.2	—	14.5	—	683.7
Stuart Weitzman	245.2	—	15.0	—	230.2
Corporate	442.6	36.9	30.0	—	375.7
SG&A expenses	\$ 3,234.0	\$ 36.9	\$ 66.6	\$ —	\$ 3,130.5
Coach	1,148.4	—	(9.0)	—	1,157.4
Kate Spade	165.4	—	(20.8)	—	186.2
Stuart Weitzman	(51.5)	—	(34.6)	—	(16.9)
Corporate	(442.6)	(36.9)	(30.0)	—	(375.7)
Operating income (loss)	\$ 819.7	\$ (36.9)	\$ (94.4)	\$ —	\$ 951.0
Provision for income taxes	122.8	(9.4)	(25.8)	9.2	148.8
Net income (loss)	\$ 643.4	\$ (27.5)	\$ (68.6)	\$ (9.2)	\$ 748.7
Net income (loss) per diluted common share	\$ 2.21	\$ (0.09)	\$ (0.24)	\$ (0.03)	\$ 2.57

⁽¹⁾Adjustments within Gross profit are recorded within Cost of sales.

In fiscal 2019 the Company incurred adjustments as follows:

- *ERP Implementation* - Total charges represent technology implementation costs. Refer to the "Executive Overview" herein for further information.
- *Integration & Acquisition* - Total charges primarily represent integration and acquisition costs related to organization-related costs, professional fees, one-time write-off of inventory and limited life purchase accounting adjustments. Refer to the "Executive Overview" herein and Note 6, "Integration," for more information.
- *Impact of Tax Legislation* - Total charges primarily related to the net impact of the transition tax and re-measurement of deferred tax balances. Refer to the "Executive Overview" herein and Note 16, "Income Taxes," for further information.

These actions taken together increased the Company's SG&A expenses by \$103.5 million and cost of sales by \$27.8 million, decreased the provision for income taxes by \$26.0 million, negatively impacting net income by \$105.3 million, or \$0.36 per diluted share.

Tapestry, Inc. Summary - Fiscal 2020

Currency Fluctuation Effects

The change in net sales and gross margin in fiscal 2020 compared to fiscal 2019 has been presented both including and excluding currency fluctuation effects.

Net Sales

Net sales in fiscal 2020 decreased 17.7% or \$1.07 billion to \$4.96 billion. Excluding the effects of foreign currency, net sales decreased by 17.5% or \$1.05 billion. This decrease was driven by the impact of the Covid-19 outbreak on our business.

Gross Profit

Gross profit decreased 20.1% or \$814.4 million to \$3.24 billion in fiscal 2020 from \$4.05 billion in fiscal 2019. Gross margin for fiscal 2020 was 65.3% as compared to 67.3% in fiscal 2019. Excluding items affecting comparability of \$118.0 million in fiscal 2020 and \$27.8 million in fiscal 2019, as discussed in the "GAAP to Non-GAAP Reconciliation" herein, gross profit decreased 17.7% or \$724.2 million to \$3.36 billion in fiscal 2020, and gross margin remained at 67.7% in fiscal 2020 and fiscal 2019. This decrease in gross profit is primarily driven by decreases in Coach of \$524.7 million, in Kate Spade of \$153.5 million and in Stuart Weitzman of \$46.0 million.

Selling, General and Administrative Expenses

The Company includes inbound product-related transportation costs from our service providers within Cost of sales. The Company includes certain transportation-related costs due to our distribution network in SG&A expenses rather than in Cost of sales; for this reason, our gross margins may not be comparable to that of entities that include all costs related to their distribution network in Cost of sales.

SG&A expenses increased 17.2% or \$556.1 million to \$3.79 billion in fiscal 2020 as compared to \$3.23 billion in fiscal 2019. As a percentage of net sales, SG&A expenses increased to 76.4% during fiscal 2020 as compared to 53.7% during fiscal 2019. Excluding items affecting comparability of \$871.2 million in fiscal 2020 and \$103.5 million in fiscal 2019, SG&A expenses decreased 6.8% or \$211.6 million to \$2.92 billion from \$3.13 billion in fiscal 2019; and SG&A expenses as a percentage of net sales increased to 58.8% in fiscal 2020 from 51.9% in fiscal 2019. This decrease in SG&A expenses is primarily due to decreases in Coach of \$154.4 million, Corporate expenses of \$42.8 million, Kate Spade of \$8.1 million and Stuart Weitzman of \$6.3 million.

Corporate expenses, which are included within SG&A expenses discussed above but are not directly attributable to a reportable segment, decreased 5.2% or \$23.1 million to \$419.5 million in fiscal 2020 as compared to \$442.6 million in fiscal 2019. Excluding items affecting comparability of \$86.6 million and \$66.9 million in fiscal 2020 and fiscal 2019, respectively, SG&A expenses decreased 11.4% or \$42.8 million to \$332.9 million in fiscal 2020 as compared to \$375.7 million in fiscal 2019. This decrease in SG&A expenses was primarily due to lower compensation cost mostly related to the cancellation of our Annual Incentive Plan for fiscal year 2020.

Operating Income (Loss)

Operating income decreased \$1.37 billion to an operating loss of \$550.8 million during fiscal 2020 as compared to operating income of \$819.7 million in fiscal 2019. Operating margin was (11.1)% in fiscal 2020 as compared to 13.6% in fiscal 2019. Excluding items affecting comparability of \$989.2 million in fiscal 2020 and \$131.3 million in fiscal 2019, operating income decreased 53.9% or \$512.6 million to \$438.4 million from \$951.0 million in fiscal 2019; and operating margin was 8.8% in fiscal 2020 as compared to 15.8% in fiscal 2019. This decrease in operating income is primarily driven by declines in operating income in Coach of \$370.3 million, in Kate Spade of \$145.4 million and in Stuart Weitzman of \$39.7 million, partially offset by a decrease in Corporate expenses of \$42.8 million.

Interest Expense, net

Net interest expense increased 25.2% or \$12.2 million to \$60.1 million in fiscal 2020 as compared to \$47.9 million in fiscal 2019. The increase in interest expense, net is due to lower interest income and the additional interest expense related to the draw down on the Revolving Credit Facility in the fourth quarter of the fiscal year.

Other Expense (Income)

Other expense increased \$7.7 million to \$13.3 million in fiscal 2020 as compared to \$5.6 million in fiscal 2019. This increase in other expense is related to an increase in foreign exchange losses.

Provision for Income Taxes

The effective tax rate was (4.5)% in fiscal 2020 as compared to 16.0% in fiscal 2019. Excluding items affecting comparability, the effective tax rate was 25.7% in fiscal 2020 as compared to 16.6% in fiscal 2019. The increase in our effective tax rate was primarily attributable to impact of permanent tax adjustments on lower net sales and the geographic mix of earnings.

Net Income (Loss)

Net income decreased \$1.3 billion to a net loss of \$652.1 million in fiscal 2020 as compared to a net income of \$643.4 million in fiscal 2019. Excluding items affecting comparability, net income decreased 63.8% or \$477.5 million to \$271.2 million in fiscal 2020 from \$748.7 million in fiscal 2019. This decrease was primarily due to lower operating income, partially offset by a decrease in the provision for income taxes.

Net Income (Loss) per Share

Net loss per diluted share was \$2.34 in fiscal 2020 as compared to net income per diluted share of \$2.21 in fiscal 2019. Excluding items affecting comparability, net income per diluted share decreased 62.3% or \$1.60 to \$0.97 in fiscal 2020 from \$2.57 in fiscal 2019, primarily due to lower net income.

Segment Performance - Fiscal 2020

Coach

	Fiscal Year Ended					
	June 27, 2020		June 29, 2019		Variance	
	(millions)					
	Amount	% of net sales	Amount	% of net sales	Amount	%
Net sales	\$ 3,525.7	100.0%	\$ 4,270.9	100.0%	\$ (745.2)	(17.4)%
Gross profit	2,411.6	68.4	2,996.4	70.2	(584.8)	(19.5)
SG&A expenses	1,822.2	51.7	1,848.0	43.3	(25.8)	(1.4)
Operating income	589.4	16.7	1,148.4	26.9	(559.0)	(48.7)

Coach Net Sales decreased 17.4% or \$745.2 million to \$3.53 billion in fiscal 2020. Excluding the impact of foreign currency, net sales decreased 17.2% or \$736.4 million. This decrease was primarily attributed to a net decline of \$661.3 million in bricks and mortar retail sales globally due to the impact of the Covid-19 outbreak, which was partially offset by an increase in e-commerce sales globally. Wholesale sales also declined \$75.4 million due to lower demand as a result of the Covid-19 outbreak.

Coach Gross Profit decreased 19.5% or \$584.8 million to \$2.41 billion in fiscal 2020 from \$3.00 billion in fiscal 2019. Gross margin decreased to 68.4% in fiscal 2020 as compared to 70.2% in fiscal 2019. Excluding items affecting comparability of \$62.0 million and \$1.9 million in fiscal 2020 and in fiscal 2019, respectively, *Coach gross profit* decreased 17.5% or \$524.7 million to \$2.47 billion from \$3.00 billion in fiscal 2019, and gross margin remained at 70.2% in fiscal 2020 and in fiscal 2019 on a non-GAAP basis. Excluding the impact of foreign currency in both periods, gross margin increased 30 basis points.

Coach SG&A expenses decreased 1.4% or \$25.8 million to \$1.82 billion in fiscal 2020 as compared to \$1.85 billion in fiscal 2019. As a percentage of net sales, SG&A expenses increased to 51.7% in fiscal 2020 as compared to 43.3% in fiscal 2019. Excluding items affecting comparability of \$135.7 million and \$7.1 million in fiscal 2020 and fiscal 2019, respectively, SG&A expenses decreased 8.4% or \$154.4 million to \$1.69 billion in fiscal 2020 from \$1.84 billion in fiscal 2019. SG&A expenses as a percentage of sales increased from 47.8% in fiscal 2020 from 43.1% in fiscal 2019. This decrease in SG&A expenses is primarily due to a decline in compensation costs, mainly related to the cancellation of the Annual Incentive Plan for fiscal year 2020, and lower variable selling costs due to store closures in relation to Covid-19.

Coach Operating Income decreased 48.7% or \$559.0 million to \$589.4 million in fiscal 2020, resulting in an operating margin of 16.7%, as compared to \$1.15 billion and 26.9%, respectively in fiscal 2019. Excluding items affecting comparability, *Coach operating income* decreased 32.0% or \$370.3 million to \$787.1 million from \$1.16 billion in fiscal 2019; and operating margin was 22.3% in fiscal 2020 as compared to 27.1% in fiscal 2019. This decrease in operating income was due to a decrease in gross profit, partially offset by lower SG&A expenses.

Kate Spade

	Fiscal Year Ended					
	June 27, 2020		June 29, 2019		Variance	
	(millions)					
	Amount	% of net sales	Amount	% of net sales	Amount	%
Net sales	\$ 1,149.5	100.0 %	\$ 1,366.8	100.0%	\$ (217.3)	(15.9)%
Gross profit	682.9	59.4	863.6	63.2	(180.7)	(21.0)
SG&A expenses	782.2	68.0	698.2	51.1	84.0	12.0
Operating income (loss)	(99.3)	(8.6)	165.4	12.1	(264.7)	NM

Kate Spade Net Sales decreased 15.9% or \$217.3 million to \$1.15 billion in fiscal 2020. Excluding the impact of foreign currency, net sales decreased 16.0% or \$218.4 million. This decrease is primarily due to a decline of \$190.5 million in retail sales mainly in North America due to full and partial store closures related to the Covid-19 outbreak. Furthermore, wholesale sales declined \$23.4 million due to lower demand as a result of the Covid-19 outbreak.

Kate Spade Gross Profit decreased 21.0% or \$180.7 million to \$682.9 million in fiscal 2020 from \$863.6 million in fiscal 2019. Gross margin decreased to 59.4% in fiscal 2020 from 63.2% in fiscal 2019. Excluding items affecting comparability of \$33.5 million and \$6.3 million in fiscal 2020 and fiscal 2019 respectively, *Kate Spade gross profit* decreased 17.6% or \$153.5 million to \$716.4 million from \$869.9 million in fiscal 2019, and gross margin decreased 130 basis points to 62.3% from 63.6% in fiscal 2019. The gross margin decrease of 130 basis points is primarily due to promotional activity, unfavorable channel mix and the impact of directly operating the footwear business.

Kate Spade SG&A Expenses increased 12.0% or \$84.0 million to \$782.2 million in fiscal 2020 from \$698.2 million in fiscal 2019. As a percentage of net sales, SG&A expenses increased to 68.0% during fiscal 2020 as compared to 51.1% in fiscal 2019. Excluding items affecting comparability of \$106.6 million and \$14.5 million in fiscal 2020 and fiscal 2019, respectively, SG&A expenses decreased 1.2% or \$8.1 million to \$675.6 million in fiscal 2020 compared to \$683.7 million in fiscal 2019; and SG&A expenses as a percentage of sales increased to 58.8% in fiscal 2020 from 50.0% in fiscal 2019. This decrease was due to a decline in compensation costs, mostly related to the cancellation of the Annual Incentive Plan for fiscal 2020, and lower variable selling costs due to store closures in relation to Covid-19, partially offset by new store openings and increased marketing expenses.

Kate Spade Operating Income decreased \$264.7 million to an operating loss of \$99.3 million in fiscal 2020, resulting in an operating margin of (8.6)% as compared to an operating income of \$165.4 million and operating margin of 12.1% in fiscal 2019. Excluding items affecting comparability, *Kate Spade operating income* decreased 78.1% or \$145.4 million to \$40.8 million from \$186.2 million in fiscal 2019, resulting in an operating margin of 3.6% as compared to 13.6% in fiscal 2019. The decrease in operating income was due to lower gross profit, partially offset by lower SG&A expenses.

Stuart Weitzman

	Fiscal Year Ended					
	June 27, 2020		June 29, 2019		Variance	
	(millions)					
	Amount	% of net sales	Amount	% of net sales	Amount	%
Net sales	\$ 286.2	100.0%	\$ 389.4	100.0 %	\$ (103.2)	(26.5)%
Gross profit	144.8	50.6	193.7	49.8	(48.9)	(25.3)
SG&A expenses	766.2	NM	245.2	63.0	521.0	NM
Operating loss	(621.4)	NM	(51.5)	(13.2)	(569.9)	NM

Stuart Weitzman Net Sales decreased by 26.5% or \$103.2 million to \$286.2 million in fiscal 2020. Excluding the impact of foreign currency, net sales decreased 25.6% or \$99.5 million. This decrease was primarily due to lower shipments in the wholesale business of \$74.2 million and a decline in the retail business of \$25.3 million as a result of the Covid-19 outbreak partially offset by an expanded store network.

Stuart Weitzman Gross Profit decreased 25.3% or \$48.9 million to \$144.8 million in fiscal 2020 from \$193.7 million in fiscal 2019. Gross margin increased 80 basis points to 50.6% in fiscal 2020 from 49.8% in fiscal 2019. Excluding items affecting comparability of \$22.5 million in fiscal 2020 and \$19.6 million in fiscal 2019, *Stuart Weitzman gross profit* decreased 21.6% or \$46.0 million to \$167.3 million from \$213.3 million in fiscal 2019, and gross margin increased 370 basis points to 58.5% in fiscal 2020 from 54.8% in fiscal 2019. The year over year change in gross margin was positively impacted by foreign currency rates by

120 basis points. Excluding the impact of foreign currency, the increase in gross margin of 250 basis points is primarily due to favorable channel mix.

Stuart Weitzman SG&A Expenses increased \$521.0 million to \$766.2 million in fiscal 2020 as compared to \$245.2 million in fiscal 2019. Excluding items affecting comparability of \$542.3 million in fiscal 2020 and \$15.0 million in fiscal 2019, SG&A expenses decreased 2.8% or \$6.3 million to \$223.9 million in fiscal 2020 from \$230.2 million in fiscal 2019; and SG&A expenses as a percentage of net sales increased to 78.2% in fiscal 2020 from 59.1% in fiscal 2019. This decrease is primarily due to a decrease in marketing expenses and compensation costs partially offset by additional store-related costs as a result of new store openings.

Stuart Weitzman Operating Loss increased \$569.9 million to an operating loss of \$621.4 million in fiscal 2020, as compared to an operating loss of \$51.5 million in fiscal 2019. Excluding items affecting comparability, Stuart Weitzman operating loss increased \$39.7 million to an operating loss of \$56.6 million from an operating loss of \$16.9 million in fiscal 2019; and operating margin was (19.8)% in fiscal 2020 as compared to (4.3)% in fiscal 2019. The increase in operating loss was due to a decrease in gross profit partially offset by lower SG&A expenses.

FISCAL 2019 COMPARED TO FISCAL 2018

The comparison of fiscal 2019 to 2018 has been omitted from this Form 10-K, but can be referenced in our Form 10-K for the fiscal year ended June 29, 2019, filed on August 15, 2019.

NON-GAAP MEASURES

The Company's reported results are presented in accordance with GAAP. The reported gross profit, SG&A expenses, operating income, provision for income taxes, net income and earnings per diluted share reflect certain items, including the impact of the Impairment charges and Acceleration Program costs in fiscal 2020, ERP Implementation and Organization-related and Integration charges in fiscal 2020 and 2019, and the impact of Tax Legislation in fiscal 2019. As a supplement to the Company's reported results, these metrics are also reported on a non-GAAP basis to exclude the impact of these items, along with a reconciliation to the most directly comparable GAAP measures.

The Company has historically reported comparable store sales, which reflects sales performance at stores that have been open for at least 12 months, and includes sales from the Internet. The Company excludes new stores, including newly acquired locations, from the comparable store base for the first twelve months of operation. The Company excludes closed stores from the calculation. Comparable store sales are not adjusted for store expansions. Due to extensive full and partial store closures resulting from the Covid-19 pandemic, comparable store sales are not reported for fiscal year ended June 27, 2020 as the Company does not believe this metric is currently meaningful to the readers of its financial statements for this period.

These non-GAAP performance measures were used by management to conduct and evaluate its business during its regular review of operating results for the periods affected. Management and the Company's Board utilized these non-GAAP measures to make decisions about the uses of Company resources, analyze performance between periods, develop internal projections and measure management performance. The Company's internal management reporting excluded these items. In addition, the human resources committee of the Company's Board uses these non-GAAP measures when setting and assessing achievement of incentive compensation goals.

The Company operates on a global basis and reports financial results in U.S. dollars in accordance with GAAP. Fluctuations in foreign currency exchange rates can affect the amounts reported by the Company in U.S. dollars with respect to its foreign revenues and profit. Accordingly, certain material increases and decreases in operating results for the Company and its segments have been presented both including and excluding currency fluctuation effects. These effects occur from translating foreign-denominated amounts into U.S. dollars and comparing to the same period in the prior fiscal year. Constant currency information compares results between periods as if exchange rates had remained constant period-over-period. The Company calculates constant currency revenue results by translating current period revenue in local currency using the prior year period's currency conversion rate.

We believe these non-GAAP measures are useful to investors and others in evaluating the Company's ongoing operating and financial results in a manner that is consistent with management's evaluation of business performance and understanding how such results compare with the Company's historical performance. Additionally, we believe presenting certain increases and decreases in constant currency provides a framework for assessing the performance of the Company's business outside the United States and helps investors and analysts understand the effect of significant year-over-year currency fluctuations. We believe excluding these items assists investors and others in developing expectations of future performance.

By providing the non-GAAP measures, as a supplement to GAAP information, we believe we are enhancing investors' understanding of our business and our results of operations. The non-GAAP financial measures are limited in their usefulness and should be considered in addition to, and not in lieu of, GAAP financial measures. Further, these non-GAAP measures may be unique to the Company, as they may be different from non-GAAP measures used by other companies.

For a detailed discussion on these non-GAAP measures, see Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations".

FINANCIAL CONDITION

Cash Flows - Fiscal 2020 Compared to Fiscal 2019

	Fiscal Year Ended		
	June 27, 2020	June 29, 2019	Change
	(millions)		
Net cash provided by operating activities	\$ 407.0	\$ 792.4	\$ (385.4)
Net cash provided by (used in) investing activities	44.3	(574.2)	618.5
Net cash provided by (used in) financing activities	5.9	(485.6)	491.5
Effect of exchange rate changes on cash and cash equivalents	(0.1)	(6.8)	6.7
Net increase (decrease) in cash and cash equivalents	\$ 457.1	\$ (274.2)	\$ 731.3

The Company's cash and cash equivalents increased by \$457.1 million in fiscal 2020 compared to a decrease of \$274.2 million in fiscal 2019, as discussed below.

Net cash provided by operating activities

Net cash provided by operating activities decreased \$385.4 million primarily due to changes in operating assets and liabilities of \$192.3 million, the impact of non-cash charges of \$717.8 million and changes in net income of \$1.30 billion.

The \$192.3 million change in our operating asset and liability balances was primarily driven by:

- Other liabilities changed by \$18.0 million. They were a use of cash of \$37.8 million in fiscal 2020 compared to a use of cash of \$55.8 million in fiscal 2019, primarily driven by the application of net operating losses to reduce the Transition Tax liability partially in fiscal 2019, partially offset by a reclass of liability from long-term to short-term.
- Other assets changed by \$107.5 million. They were a source of cash of \$38.3 million in fiscal 2020 as compared to a use of cash of \$69.2 million in fiscal 2019, primarily driven by timing of tax related payments.
- Inventories changed by \$46.1 million. They were a use of cash of \$58.6 million in fiscal 2020 as compared to a use of cash of \$104.7 million in fiscal 2019, primarily driven by increased inventory in transit at the end of fiscal 2019, and lower than expected sales in fiscal 2020.
- Accrued liabilities changed by \$36.4 million. They were a source of cash of \$7.6 million in fiscal 2020 as compared to a use of cash of \$28.8 million in fiscal 2019, primarily driven by the timing of income tax payments, higher reserves due to Covid-19, partially offset by the cancellation of AIP.
- Accounts payable changed by \$51.9 million. They were a use of cash of \$91.7 million in fiscal 2020 as compared to a use of cash of \$39.8 million in fiscal 2019, primarily driven by the timing of lower inventory receipts across all brands.
- Trade accounts receivable changed by \$36.2 million. They were a source of cash of \$61.9 million in fiscal 2020 as compared to a source of cash of \$25.7 million in fiscal 2019, primarily driven by a decrease in wholesale shipments across all brands and a decrease in retail sales due to store closures related to Covid-19.

Net cash provided by (used in) investing activities

Net cash provided by investing activities was \$44.3 million in fiscal 2020 compared to a use of cash of \$574.2 million in fiscal 2019, resulting in a \$618.5 million increase in net cash provided by investing activities.

The \$44.3 million source of cash in fiscal 2020 is primarily due to net cash proceeds from maturities and sales of investments of \$462.1 million. This source of cash was partially offset by purchases of investments of \$212.4 million and capital expenditures of \$205.4 million.

The \$574.2 million use of cash in fiscal 2019 is primarily due to purchase of investments of \$415.5 million and capital expenditures of \$274.2 million. This use of cash was partially offset by net cash proceeds from maturities and sales of investments of \$159.0 million.

Net cash provided by (used in) financing activities

Net cash provided by financing activities was \$5.9 million in fiscal 2020 as compared to a use of cash of \$485.6 million in fiscal 2019, resulting in a \$491.5 million increase in net cash provided by financing activities.

The \$5.9 million source of cash in fiscal 2020 was primarily due to proceeds from the draw down on the Revolving Credit Facility of \$700.0 million, partially offset by dividend payments of \$380.3 million and repurchases of common stock of \$300.0 million.

The \$485.6 million of cash used in fiscal 2019 was primarily due to dividend payments of \$390.7 million and repurchases of common stock of \$100.0 million.

Cash Flows - Fiscal 2019 Compared to Fiscal 2018

The comparison of fiscal 2019 to 2018 has been omitted from this Form 10-K, but can be referenced in our Form 10-K for the fiscal year ended June 29, 2019, filed on August 15, 2019.

Working Capital and Capital Expenditures

As of June 27, 2020, in addition to our cash flows from operations, our sources of liquidity and capital resources were comprised of the following:

	Sources of Liquidity	Outstanding Indebtedness	Total Available Liquidity ⁽¹⁾
	(millions)		
Cash and cash equivalents ⁽¹⁾	\$ 1,426.3	\$ —	\$ 1,426.3
Short-term investments ⁽¹⁾	8.1	—	8.1
Revolving Credit Facility ⁽²⁾	900.0	700.0	200.0
3.000% Senior Notes due 2022 ⁽³⁾	400.0	400.0	—
4.250% Senior Notes due 2025 ⁽³⁾	600.0	600.0	—
4.125% Senior Notes due 2027 ⁽³⁾	600.0	600.0	—
Total	\$ 3,934.4	\$ 2,300.0	\$ 1,634.4

- ⁽¹⁾ As of June 27, 2020, approximately 29.4% of our cash and short-term investments were held outside the United States. In fiscal 2019, we have analyzed our global working capital and cash requirements, and the potential tax liabilities associated with repatriation, and have determined that we will likely repatriate some portion of available foreign cash in the foreseeable future. The Company has recorded deferred taxes on certain earnings of non-US subsidiaries that are deemed likely to be repatriated. See Note 16, "Income Taxes" for more information.
- ⁽²⁾ In October 2019, the Company entered into a definitive credit agreement whereby Bank of America, N.A., as administrative agent, the other agents party thereto, and a syndicate of banks and financial institutions have made available to the Company a \$900.0 million revolving credit facility, including sub-facilities for letters of credit, with a maturity date of October 24, 2024 (the "Revolving Credit Facility"). Borrowings under the Revolving Credit Facility bear interest at a rate per annum equal to, at the Borrowers' option, either (a) an alternate base rate (which is a rate equal to the greatest of (i) the Prime Rate in effect on such day, (ii) the Federal Funds Effective Rate in effect on such day plus ½ of 1% or (iii) the Adjusted LIBO Rate for a one month Interest Period on such day plus 1%) or (b) a rate based on the rates applicable for deposits in the interbank market for U.S. Dollars or the applicable currency in which the loans are made plus, in each case, an applicable margin. The applicable margin will be determined by reference to a grid, defined in the Credit Agreement, based on the ratio of (a) consolidated debt plus operating lease liability to (b) consolidated EBITDAR. Additionally, the Company pays a commitment fee at a rate determined by the reference to the aforementioned pricing grid. On May 19, 2020, the Company entered into Amendment No. 1 (the "Amendment") to the Revolving Credit Facility. Under the terms of the Amendment, during the period from the Effective Date until October 2, 2021, the Company must maintain available liquidity of \$700 million (with available liquidity defined as the sum of unrestricted cash and cash equivalents and available commitments under credit facilities, including the Revolving Credit Facility). Following the period from the Effective Date until the compliance certificate is delivered for the fiscal quarter ending July 3, 2021 (the "Covenant Relief Period"), the Company must comply on a quarterly basis with a maximum net leverage ratio of 4.0 to 1.0. In addition, the Amendment provides that during the Covenant Relief Period, if any two of the Company's three credit ratings are non-investment grade, the Revolving Credit Facility will be guaranteed by the Company's material domestic subsidiaries and will be subject to liens on accounts receivable, inventory and intellectual property, in each case subject to customary exceptions. The Amendment also contains negative covenants that limit the ability of the Company and its subsidiaries to, among other things, incur certain debt, incur certain liens, dispose of assets, make investments, loans or advances, and engage in share buybacks during the Covenant Relief Period. An increased interest rate will be applicable during the Covenant Relief Period when the Company's gross leverage ratio exceeds 4.0 to 1.0. The \$900 million aggregate commitment amount under the revolving credit facility remains unchanged. As of June 27, 2020, \$700.0 million of borrowings were outstanding under the Revolving Credit Facility. Refer to Note 13, "Debt," for further information on our existing debt instruments.
- ⁽³⁾ In March 2015, the Company issued \$600.0 million aggregate principal amount of 4.250% senior unsecured notes due April 1, 2025 at 99.445% of par (the "2025 Senior Notes"). Furthermore, on June 20, 2017, the Company issued \$400.0 million aggregate principal amount of 3.000% senior unsecured notes due July 15, 2022 at 99.505% of par (the "2022 Senior Notes"), and \$600.0 million aggregate principal amount of 4.125% senior unsecured notes due July 15, 2027 at 99.858% of par (the "2027 Senior Notes"). Furthermore, the indentures for the 2025 Senior Notes, 2022 Senior Notes and 2027 Senior Notes contain certain covenants limiting the Company's ability to: (i) create certain liens, (ii) enter into certain sale and leaseback transactions and (iii) merge, or consolidate or transfer, sell or lease all or substantially all of the Company's assets. As of June 27, 2020, no known events of default have occurred. Refer to Note 13, "Debt," for further information on our existing debt instruments.

We believe that our Revolving Credit Facility is adequately diversified with no undue concentrations in any one financial institution. As of June 27, 2020, there were 12 financial institutions participating in the Revolving Credit Facility, with no one participant maintaining a combined maximum commitment percentage in excess of 14%. We have no reason to believe at this time that the participating institutions will be unable to fulfill their obligations to provide financing in accordance with the terms of the facility in the event we elect to draw funds in the foreseeable future.

We have the ability to draw on our credit facilities or access other sources of financing options available to us in the credit and capital markets for, among other things, acquisition or integration-related costs, our restructuring initiatives, settlement of a material contingency, or a material adverse business or macroeconomic development, as well as for other general corporate business purposes.

Management believes that cash flows from operations, access to the credit and capital markets and our credit lines, on-hand cash and cash equivalents and our investments will provide adequate funds to support our operating, capital, and debt service requirements for fiscal 2021 and beyond. There can be no assurance that any such capital will be available to the Company on acceptable terms or at all. Our ability to fund working capital needs, planned capital expenditures, and scheduled debt payments, as well as to comply with all of the financial covenants under our debt agreements, depends on future operating performance and cash flow. This future operating performance and cash flow are subject to prevailing economic conditions, which is uncertain as a result of Covid-19, and to financial, business and other factors, some of which are beyond the Company's control. The Company expects total capital expenditures to be approximately \$150 million in fiscal 2021.

Seasonality

The Company's results are typically affected by seasonal trends. During the first fiscal quarter, we build inventory for the holiday selling season. In the second fiscal quarter, working capital requirements are reduced substantially as we generate higher net sales and operating income, especially during the holiday months of November and December.

Fluctuations in net sales, operating income and operating cash flows of the Company in any fiscal quarter may be affected by the timing of wholesale shipments and other events affecting retail sales, including adverse weather conditions or other macroeconomic events, including pandemics such as Covid-19.

Share Repurchase Plan

On May 9, 2019, the Company announced that its Board of Directors had authorized the repurchase up to \$1.00 billion of shares of its outstanding common stock. Pursuant to this program, purchases of the Company's common stock will be made subject to market conditions and at prevailing market prices, through open market purchases. Repurchased shares of common stock will become authorized but unissued shares. These shares may be issued in the future for general corporate and other purposes. In addition, the Company may terminate or limit the stock repurchase program at any time. During fiscal 2020, the Company repurchased \$300.0 million of common stock. As of June 27, 2020, the Company has the authorization to repurchase up to \$600.0 million of additional shares under the plan. Amendment No. 1 to the Revolving Credit Facility contains negative covenants that limit the ability of the Company to, among other things, engage in share buybacks during the Covenant Relief Period. Refer to Part II, Item 5. "Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities," for further information.

Contractual and Other Obligations

Firm Commitments

As of June 27, 2020, the Company's contractual obligations are as follows:

	Total	Fiscal 2021	Fiscal 2022 – 2023	Fiscal 2024 – 2025	Fiscal 2026 and Beyond
			(millions)		
Capital expenditure commitments	\$ 17.0	\$ 17.0	\$ —	\$ —	\$ —
Inventory purchase obligations	280.4	280.4	—	—	—
Operating lease obligations	2,614.9	454.6	692.9	493.0	974.4
Finance lease obligations	6.9	1.4	2.8	2.7	—
Debt repayment	2,311.5	711.5	400.0	600.0	600.0
Interest on outstanding debt	325.0	67.4	113.0	94.1	50.5
Mandatory transition tax payments ⁽¹⁾	155.9	11.9	48.7	95.3	—
Other	72.8	39.5	33.3	—	—
Total	\$ 5,784.4	\$ 1,583.7	\$ 1,290.7	\$ 1,285.1	\$ 1,624.9

⁽¹⁾ Mandatory transition tax payments represent our tax obligation incurred in connection with the deemed repatriation of previously deferred foreign earnings pursuant to the Tax Legislation. Refer to Note 16, "Income Taxes," for further information.

Excluded from the above contractual obligations table is the non-current liability for unrecognized tax benefits of \$77.3 million as of June 27, 2020, as we cannot make a reliable estimate of the period in which the liability will be settled, if ever. The above table also excludes amounts included in current liabilities in the Consolidated Balance Sheet at June 27, 2020 as these items will be paid within one year and certain long-term liabilities not requiring cash payments.

Off-Balance Sheet Arrangements

In addition to the commitments included in the table above, we have outstanding letters of credit, surety bonds and bank guarantees of \$33.3 million as of June 27, 2020, primarily serving to collateralize our obligation to third parties for duty, leases, insurance claims and materials used in product manufacturing. These letters of credit expire at various dates through 2039.

We do not maintain any other off-balance sheet arrangements, transactions, obligations, or other relationships with unconsolidated entities that would be expected to have a material current or future effect on our consolidated financial statements. Refer to Note 14, "Commitments and Contingencies," for further information.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect our results of operations, financial condition and cash flows as well as the disclosure of contingent assets and liabilities as of the date of the Company's financial statements. Actual results could differ from estimates in amounts that may be material to the financial statements. Predicting future events is inherently an imprecise activity and, as such, requires the use of judgment. Actual results could differ from estimates in amounts that may be material to the financial statements. The development and selection of the Company's critical accounting policies and estimates are periodically reviewed with the Audit Committee of the Board.

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

Revenue Recognition

Revenue is recognized when the Company satisfies its performance obligations by transferring control of promised products or services to its customers, which may be at a point of time or over time. Control is transferred when the customer obtains the ability to direct the use of and obtain substantially all of the remaining benefits from the products or services. The amount of revenue recognized is the amount of consideration to which the Company expects to be entitled, including estimation of sale terms that may create variability in the consideration. Revenue subject to variability is constrained to an amount which will not result in a significant reversal in future periods when the contingency that creates variability is resolved.

Retail store and concession shop-in-shop revenues are recognized at the point-of-sale, when the customer obtains physical possession of the products. Internet revenue from sales of products ordered through the Company's e-commerce sites is recognized upon delivery and receipt of the shipment by its customers and includes shipping and handling charges paid by customers. Retail and internet revenues are recorded net of estimated returns, which are estimated by developing an expected value based on historical experience. Payment is due at the point of sale.

The Company recognizes revenue within the wholesale channel at the time title passes and risk of loss is transferred to customers, which is generally at the point of shipment of products but may occur upon receipt of the shipment by the customer in certain cases. Wholesale revenue is recorded net of estimates for returns, discounts, end-of-season markdowns, cooperative advertising allowances and other consideration provided to the customer. The Company's historical estimates of these variable amounts have not differed materially from actual results.

The Company recognizes licensing revenue over time during the contract period in which licensees are granted access to the Company's trademarks. These arrangements require licensees to pay a sales-based royalty and may include a contractually guaranteed minimum royalty amount. Revenue for contractually guaranteed minimum royalty amounts is recognized ratably over the license year and any excess sales-based royalties are recognized as earned once the minimum royalty threshold is achieved.

At June 27, 2020, a 10% change in the allowances for estimated uncollectible accounts, markdowns and returns would not have resulted in a material change in the Company's reserves and net sales.

Inventories

The Company holds inventory that is sold through retail and wholesale distribution channels, including e-commerce sites. Substantially all of the Company's inventories are comprised of finished goods, and are reported at the lower of cost or net realizable value. Inventory costs include material, conversion costs, freight and duties and are primarily determined on a weighted-average cost basis. The Company reserves for inventory, including slow-moving and aged inventory, based on current product demand, expected future demand and historical experience. A decrease in product demand due to changing customer tastes, buying patterns or increased competition could impact the Company's evaluation of its inventory and additional reserves might be required. Estimates may differ from actual results due to the quantity, quality and mix of products in inventory, consumer and retailer preferences and market conditions. At June 27, 2020, a 10% change in the inventory reserve, would not have resulted in material change in inventory and cost of sales.

Business Combinations

In connection with an acquisition, the Company records all assets acquired and liabilities assumed of the acquired business at their acquisition date fair value, including the recognition of contingent consideration at fair value on the acquisition date. These fair value determinations require judgment and may involve the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates, asset lives, and market multiples, among other items. Furthermore, the Company may utilize independent third-party valuation firms to assist in making these fair value determinations. If goodwill is identified based upon the valuation of an acquired business, the goodwill is assigned to the reporting units which will benefit from the synergies that result from the business combination and reported within the segment that such reporting units comprise. Refer to Note 4, "Acquisitions," for detailed disclosures related to our acquisitions.

Goodwill and Other Intangible Assets

Upon acquisition, the Company estimates and records the fair value of purchased intangible assets, which primarily consists of brands, customer relationships, right-of-use assets and order backlog. Goodwill and certain other intangible assets deemed to have indefinite useful lives, including brand intangible assets, are not amortized, but are assessed for impairment at least annually. Finite-lived intangible assets are amortized over their respective estimated useful lives and, along with other long-lived assets as noted above, are evaluated for impairment periodically whenever events or changes in circumstances indicate that their related carrying values may not be fully recoverable. Estimates of fair value for finite-lived and indefinite-lived intangible assets are primarily determined using discounted cash flows and the multi-period excess earnings method, respectively, with consideration of market comparisons as appropriate. This approach uses significant estimates and assumptions, including projected future cash flows, discount rates and growth rates.

The Company generally performs its annual goodwill and indefinite-lived intangible assets impairment analysis using a quantitative approach. The quantitative goodwill impairment test identifies the existence of potential impairment by comparing the fair value of each reporting unit with its carrying value, including goodwill. If the fair value of a reporting unit exceeds its carrying value, the reporting unit's goodwill is considered not to be impaired. If the carrying value of a reporting unit exceeds its fair value, an impairment charge is recognized in an amount equal to that excess. The impairment charge recognized is limited to the amount of goodwill allocated to that reporting unit.

Determination of the fair value of a reporting unit and intangible asset is based on management's assessment, considering independent third-party appraisals when necessary. Furthermore, this determination is judgmental in nature and often involves the use of significant estimates and assumptions, which may include projected future cash flows, discount rates, growth rates, and determination of appropriate market comparables and recent transactions. These estimates and assumptions could have a significant impact on whether or not an impairment charge is recognized and the amount of any such charge.

The Company performs its annual impairment assessment of goodwill as well as brand intangibles at the beginning of the fourth quarter of each fiscal year. The Company determined that there was no impairment in fiscal 2019 or fiscal 2018. During the third quarter of fiscal 2020, profitability trends continued to decline from those that were expected for the Stuart Weitzman brand. The reduction in both cash from operations and future expected cash flows were exacerbated by the Covid-19 pandemic, which resulted in a decline in sales driven by full and partial closures of a significant portion of our stores globally. As a result of these macroeconomic conditions, the Company concluded that a triggering event had occurred during the third quarter, resulting in the need to perform a quantitative interim impairment assessment over the Company's Stuart Weitzman reporting unit and indefinite-lived brand intangible assets. The assessment concluded that the fair values of the Stuart Weitzman reporting unit and indefinite-lived brand intangible asset as of the third quarter did not exceed their respective carrying values. Accordingly, in the third quarter of fiscal 2020, the Company recorded a goodwill impairment charge of \$210.7 million related to the Stuart Weitzman reporting unit, resulting in a full impairment. During the third quarter of fiscal 2020, the Company also recorded an impairment charge of \$267.0 million related to the Stuart Weitzman indefinite-lived brand, resulting in a full impairment. The Company considered the excess of the fair value over its carrying value for all Coach and Kate Spade reporting unit and indefinite-lived brand intangibles, management did not perform an interim assessment for these reporting units.

Based on the annual assessment, the fair values of our Coach brand reporting units significantly exceeded their respective carrying values. The fair values of the Kate Spade brand reporting unit and indefinite-lived brand as of the fiscal 2020 testing date exceeded their respective carrying values by approximately 13% and 35%, respectively. Several factors could impact the Kate Spade brand's ability to achieve expected future cash flows, including continued economic volatility and potential operational challenges related to the Covid-19 pandemic, the reception of new collections in all channels, the success of international expansion strategies including the direct operation of certain previous distributor and joint venture businesses, the optimization of the store fleet productivity, the impact of promotional activity in department stores, and the simplification of certain corporate overhead structures and other initiatives aimed at increasing profitability of the business. Given the relatively small excess of fair value over carrying value as noted above, if profitability trends decline during fiscal 2021 from those that are expected, it is possible that an interim test, or our annual impairment test, could result in an impairment of these assets.

Valuation of Long-Lived Assets

Long-lived assets, such as property and equipment, are evaluated for impairment whenever events or circumstances indicate that the carrying value of the assets may not be recoverable. In evaluating long-lived assets for recoverability, the Company uses its best estimate of future cash flows expected to result from the use of the related asset group and its eventual disposition. To the extent that estimated future undiscounted net cash flows attributable to the asset are less than its carrying value, an impairment loss is recognized equal to the difference between the carrying value of such asset and its fair value, considering external market participant assumptions.

In determining future cash flows, the Company takes various factors into account, including the effects of macroeconomic trends such as consumer spending, in-store capital investments, promotional cadence, the level of advertising and changes in

merchandising strategy. Since the determination of future cash flows is an estimate of future performance, there may be future impairments in the event that future cash flows do not meet expectations.

Share-Based Compensation

The Company recognizes the cost of equity awards to employees and the non-employee Directors based on the grant-date fair value of those awards. The grant-date fair values of share unit awards are based on the fair value of the Company's common stock on the date of grant. The grant-date fair value of stock option awards is determined using the Black-Scholes option pricing model and involves several assumptions, including the expected term of the option, expected volatility and dividend yield. The expected term of options represents the period of time that the options granted are expected to be outstanding and is based on historical experience. Expected volatility is based on historical volatility of the Company's stock as well as the implied volatility from publicly traded options on the Company's stock. Dividend yield is based on the current expected annual dividend per share and the Company's stock price. Changes in the assumptions used to determine the Black-Scholes value could result in significant changes in the Black-Scholes value.

For stock options and share unit awards, the Company recognizes share-based compensation net of estimated forfeitures and revises the estimates in subsequent periods if actual forfeitures differ from the estimates. The Company estimates the forfeiture rate based on historical experience as well as expected future behavior.

The Company grants performance-based share awards to key executives, the vesting of which is subject to the executive's continuing employment and the Company's or individual's achievement of certain performance goals. On a quarterly basis, the Company assesses actual performance versus the predetermined performance goals, and adjusts the share-based compensation expense to reflect the relative performance achievement. Actual distributed shares are calculated upon conclusion of the service and performance periods, and include dividend equivalent shares. If the performance-based award incorporates a market condition, the grant-date fair value of such award is determined using a pricing model, such as a Monte Carlo Simulation.

A hypothetical 10% change in our stock-based compensation expense would not have a material impact to our fiscal 2020 net income.

Income Taxes

The Company's effective tax rate is based on pre-tax income, statutory tax rates, tax laws and regulations, and tax planning strategies available in the various jurisdictions in which the Company operates. The Company classifies interest and penalties on uncertain tax positions in the provision for income taxes. The Company records net deferred tax assets to the extent it believes that it is more likely than not that these assets will be realized. In making such determination, the Company considers all available evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies and recent and expected future results of operation. The Company reduces deferred tax assets by a valuation allowance if, based upon the weight of available evidence, it is more likely than not that some amount of deferred tax assets is not expected to be realized. The Company is not permanently reinvested with respect to earnings of a limited number of foreign entities and has recorded the tax consequences of remitting earnings from these entities. The Company is permanently reinvested with respect to all other earnings.

The Company recognizes the impact of tax positions in the financial statements if those positions will more likely than not be sustained on audit, based on the technical merits of the position. Although the Company believes that the estimates and assumptions used are reasonable and legally supportable, the final determination of tax audits could be different than that which is reflected in historical tax provisions and recorded assets and liabilities. Tax authorities periodically audit the Company's income tax returns and the tax authorities may take a contrary position that could result in a significant impact on the Company's results of operations. Significant management judgment is required in determining the effective tax rate, in evaluating tax positions and in determining the net realizable value of deferred tax assets.

Refer to Note 16, "Income Taxes," for further information.

Recent Accounting Pronouncements

Refer to Note 3, "Significant Accounting Policies," to the accompanying audited consolidated financial statements for a description of certain recently adopted, issued or proposed accounting standards which may impact our consolidated financial statements in future reporting periods.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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 foreign currency exchange rates or interest rates. The Company manages these exposures through operating and financing activities and, when appropriate, through the use of derivative financial instruments. The use of derivative financial instruments is in accordance with the Company's risk management policies, and we do not enter into derivative transactions for speculative or trading purposes.

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

Foreign Currency Exchange Rate Risk

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. The majority of the Company's purchases and sales involving international parties, excluding international consumer sales, are denominated in U.S. dollars and, therefore, our foreign currency exchange risk is limited. The Company is exposed to risk from foreign currency exchange rate fluctuations resulting from its operating subsidiaries' transactions denominated in foreign currencies. To mitigate such risk, certain subsidiaries enter into forward currency contracts. As of June 27, 2020 and June 29, 2019, forward currency contracts designated as cash flow hedges with a notional amount of \$586.2 million and \$398.4 million, respectively, were outstanding. As a result of the use of derivative instruments, we are exposed to the risk that counterparties to the derivative instruments will fail to meet their contractual obligations. To mitigate the counterparty credit risk, we only enter into derivative contracts with carefully selected financial institutions. The Company also reviews the creditworthiness of our counterparties on a regular basis. As a result of the above considerations, we do not believe that we are exposed to any undue concentration of counterparty credit risk associated with our derivative contracts as of June 27, 2020.

The Company is also exposed to transaction risk from foreign currency exchange rate fluctuations with respect to various cross-currency intercompany loans. This primarily includes exposure to exchange rate fluctuations in the Chinese Renminbi, the British Pound Sterling and the Euro. To manage the exchange rate risk related to these loans, the Company enters into forward currency contracts. As of June 27, 2020 and June 29, 2019, the total notional values of outstanding forward foreign currency contracts related to these loans were \$76.9 million and \$14.5 million, respectively.

The fair value of outstanding forward currency contracts included in current assets at June 27, 2020 and June 29, 2019 was \$2.9 million and \$1.1 million, respectively. The fair value of outstanding foreign currency contracts included in current liabilities at June 27, 2020 and June 29, 2019 was \$1.7 million and \$4.9 million, respectively. The fair value of these contracts is sensitive to changes in foreign currency exchange rates. A sensitivity analysis of the effects of foreign exchange rate fluctuations on the fair values of our derivative contracts was performed to assess the risk of loss. As of June 27, 2020, a 10% devaluation of the U.S. Dollar against the exchange rates for foreign currencies under contract would result in an immaterial impact on derivative contract fair values.

Interest Rate Risk

The Company is exposed to interest rate risk in relation to its Revolving Credit Facility entered into under the credit agreement dated October 24, 2019 as amended May 19, 2020, the 2025 Senior Notes, 2022 Senior Notes, 2027 Senior Notes (collectively the "Senior Notes") and investments.

Our exposure to changes in interest rates is primarily attributable to debt outstanding under the Revolving Credit Facility. Borrowings under the Facility bear interest at a rate per annum equal to, at the Company's option, either (a) an alternate base rate (which is a rate equal to the greatest of (i) the Prime Rate in effect on such day, (ii) the Federal Funds Effective Rate in effect on such day plus ½ of 1% or (iii) the Adjusted LIBO Rate for a one month Interest Period on such day plus 1%) or (b) a rate based on the rates applicable for deposits in the interbank market for U.S. dollars or the applicable currency in which the loans are made plus, in each case, an applicable margin. The applicable margin will be determined by reference to a grid, as defined in the Credit Agreement, based on the ratio of (a) consolidated debt plus operating lease liability to (b) consolidated EBITDAR. A hypothetical 10% change in the credit agreement interest rate would have resulted in an immaterial change in interest expense in fiscal 2020. Furthermore, a prolonged disruption on our business resulting from the Covid-19 pandemic may impact our ability to satisfy the terms of our Revolving Credit Facility, including our liquidity covenant.

The Company is exposed to changes in interest rates related to the fair value of the Senior Notes. At June 27, 2020, the fair value of the 2025 Senior Notes, 2022 Senior Notes and 2027 Senior Notes was approximately \$577 million, \$393 million and \$565 million, respectively. At June 29, 2019, the fair value of the 2025 Senior Notes, 2022 Senior Notes and 2027 Senior Notes

was approximately \$630 million, \$399 million and \$606 million, respectively. These fair values are based on external pricing data, including available quoted market prices of these instruments, and consideration of comparable debt instruments with similar interest rates and trading frequency, among other factors, and are classified as Level 2 measurements within the fair value hierarchy. The interest rate payable on the 2022 and 2027 Senior Notes will be subject to adjustments from time to time if either Moody's or S&P or a substitute rating agency (as defined in the Prospectus Supplement furnished with the SEC on June 7, 2017) downgrades (or downgrades and subsequently upgrades) the credit rating assigned to the respective Senior Notes of such series.

The Company's investment portfolio is maintained in accordance with the Company's investment policy, which defines our investment principles including credit quality standards and limits the credit exposure of any single issuer. The primary objective of our investment activities is the preservation of principal while maximizing interest income and minimizing risk. We do not hold any investments for trading purposes.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Refer to "Index to Financial Statements," appearing at the end of this Annual Report on Form 10-K.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Based on the evaluation of the Company's disclosure controls and procedures, as that term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended, the Chief Executive Officer of the Company and the Chief Financial Officer of the Company, have concluded that the Company's disclosure controls and procedures are effective as of June 27, 2020.

Management's Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal controls over financial reporting as defined in Rule 13a-15(f). The Company's internal control system was designed to provide reasonable assurance to the Company's management and Board regarding the preparation and fair presentation of published financial statements. Management evaluated the effectiveness of the Company's internal control over financial reporting using the criteria set forth by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission in Internal Control — Integrated Framework in 2013. Management, under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of the Company's internal control over financial reporting as of June 27, 2020 and concluded that it is effective.

The Company's independent auditors have issued an audit report on the Company's internal control over financial reporting as of June 27, 2020 as included elsewhere herein.

Changes in Internal Control over Financial Reporting

During the first quarter of fiscal 2020, the Company adopted ASU 2016-02. As such, the Company implemented new controls and modifications to existing accounting processes related to lease accounting. These changes include the upgrade to a new lease accounting system and introduction of processes to evaluate and account for lease contracts under the new accounting standard.

During the second quarter of fiscal 2019, the Company completed the first phase of its ERP implementation, SAP's S4/HANA, migrating the global finance functions for Corporate, Coach and Stuart Weitzman. The second phase of this implementation which was the finance and supply chain functions were implemented for Kate Spade during the third quarter of fiscal 2019. Furthermore, the supply chain functions for Coach and Stuart Weitzman followed during fiscal 2020. As a result of the implementations, there were certain changes to processes and procedures, which resulted in changes to the Company's internal control over financial reporting. The implementation of SAP's S4/HANA is expected to strengthen the financial controls by automating certain manual processes and standardizing business processes and reporting across the organization. The Company will continue to evaluate and monitor the internal controls over financial reporting during this period of change and will continue to evaluate the operating effectiveness of related key controls. For a discussion of risks related to the implementation of new systems, see Part I, Item 1A, Risk Factors herein.

Other than the lease accounting standards adoption and ERP system implementation noted above, there were no other changes in our internal control over financial reporting during the fiscal year ended June 27, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. We have not experienced any material impact to our internal controls over financial reporting despite the fact that most of our employees are working remotely due to the Covid-19 pandemic. We are continually monitoring and assessing Covid-19 as it relates to our internal controls.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required to be included by Item 10 of Form 10-K will be included in the Proxy Statement for the 2020 Annual Meeting of Stockholders and such information is incorporated by reference herein. The Proxy Statement will be filed with the Commission within 120 days after the end of the fiscal year covered by this Form 10-K pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended.

ITEM 11. EXECUTIVE COMPENSATION

The information regarding executive and director compensation set forth in the Proxy Statement for the 2020 Annual Meeting of Stockholders is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information under the headings “Securities Authorized for Issuance Under Equity Compensation Plans” and “Tapestry Stock Ownership by Certain Beneficial Owners and Management” in the Company’s Proxy Statement for the 2020 Annual Meeting of Stockholders is incorporated herein by reference.

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

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required to be included by Item 13 of Form 10-K will be included in the Proxy Statement for the 2020 Annual Meeting of Stockholders and such information is incorporated by reference herein.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this item is incorporated herein by reference to the sections entitled “Fees For Audit and Other Services” and “Audit Committee Pre-Approval Policy” in the Proxy Statement for the 2020 Annual Meeting of Stockholders.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

- (a) Financial Statements and Financial Statement Schedules. Refer to “Index to Financial Statements” appearing herein.
- (b) Exhibits. Refer to the exhibit index which is included herein.

SIGNATURES

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

TAPESTRY, INC.

Date: August 13, 2020

By: /s/ Joanne C. Crevoiserat

Name: Joanne C. Crevoiserat

Title: Interim Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated below on August 13, 2020.

<u>Signature</u>	<u>Title</u>
<u>/s/ Joanne C. Crevoiserat</u> Joanne C. Crevoiserat	Interim Chief Executive Officer (Principal Executive Officer)
<u>/s/ Andrea Shaw Resnick</u> Andrea Shaw Resnick	Interim Chief Financial Officer (Principal Financial Officer)
<u>/s/ Manesh B. Dadlani</u> Manesh B. Dadlani	Corporate Controller (Principal Accounting Officer)
<u>/s/ Susan Kropf</u> Susan Kropf	Chair, Board of Directors
<u>/s/ John P. Bilbrey</u> John P. Bilbrey	Director
<u>/s/ Darrell Cavens</u> Darrell Cavens	Director
<u>/s/ David Denton</u> David Denton	Director
<u>/s/ Anne Gates</u> Anne Gates	Director
<u>/s/ Annabelle Yu Long</u> Annabelle Yu Long	Director
<u>/s/ Ivan Menezes</u> Ivan Menezes	Director

TAPESTRY, INC.

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All other schedules are omitted because they are not applicable or the required information is shown in the Consolidated Financial Statements or Notes thereto.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of Tapestry, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Tapestry, Inc. and subsidiaries (the "Company") as of June 27, 2020 and June 29, 2019, the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows, for each of the three years in the period ended June 27, 2020, and the related notes and the financial statement Schedule II listed in the Index to the Consolidated Financial Statements (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of June 27, 2020 and June 29, 2019, and the results of its operations and its cash flows for each of the three years in the period ended June 27, 2020, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of June 27, 2020, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated August 13, 2020, expressed an unqualified opinion on the Company's internal control over financial reporting.

Change in Accounting Principle

As discussed in Note 3 to the financial statements, effective June 30, 2019, the Company adopted Accounting Standards Update ("ASU") No. 2016-02, "Leases (Topic 842)" ("ASC 842"), using the modified retrospective approach. Recently adopted accounting standards - ASC 842 is also communicated as a critical audit matter below.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Goodwill and Other Intangible Assets - Kate Spade - Refer to Notes 3 and 15 to the financial statements

Critical Audit Matter Description

The Company's evaluation of goodwill and indefinite-lived brand intangible assets for impairment involves the comparison of carrying value to their respective fair values. The determination of the fair values requires management to make significant estimates and assumptions related to forecasts of future revenue growth rates and profit margins, as well as discount rates. Changes in these assumptions could have a significant impact on either the fair values, the amount of any impairment charge, or both.

The carrying value of goodwill associated with the Kate Spade reporting unit was \$639.4 million and the carrying value of the Kate Spade indefinite-lived brand intangible asset was \$1,300.0 million at June 27, 2020. The fair value of goodwill and the Kate Spade indefinite-lived brand intangible asset exceeded their carrying values by approximately 13% and 35%, respectively. Several factors could impact the Kate Spade brand's ability to achieve expected future cash flows, including continued economic volatility and operational challenges related to the Covid-19 pandemic, the reception of new collections in all channels, the success of international expansion strategies including the direct operation of certain previous distributor and joint venture businesses, the optimization of the store fleet productivity, the impact of promotional activity in department stores, and the simplification of certain corporate overhead structures and other initiatives aimed at increasing profitability of the business.

Given the significant judgments made by management to estimate the fair value of the Kate Spade operations used in both the goodwill and Kate Spade indefinite-lived brand intangible fair value analyses and the difference between their fair values and carrying values, performing auditing procedures to evaluate the reasonableness of management's judgments regarding the business and valuation assumptions utilized in the valuation model, particularly the forecasts of future revenue growth rates and profit margins and the selection of the discount rate, required a high degree of auditor judgment and an increased extent of effort, including the need to involve our fair value specialists.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the projected future revenue growth rates and profit margins and discount rates included the following:

- We tested the effectiveness of management's controls over its goodwill and indefinite-lived brand intangible asset impairment evaluations, including controls over the forecasts of future revenue and profit margin, and the selection of the discount rate.
- We evaluated management's ability to accurately forecast by comparing actual revenue and profit margin results to historical projections.
- We evaluated management's revenue and profit margin projections over the projection period with (1) internal communications to management and the board of directors, (2) peer companies, and (3) industry and market conditions.
- We used the assistance of our fair value specialists to assess the acceptability of the weighting applied to value indications from different valuation techniques.
- We used the assistance of our fair value specialists to assess the acceptability of the implied equity premium. With respect to the market value of equity, we tested the calculations used in developing the respective market value of equity.
- We used the assistance of our fair value specialists in evaluating the fair value methodology and the discount rate, including testing the underlying source information and the mathematical accuracy of the calculations. Specific to the discount rate, we considered the inputs and calculations, and we developed a range of independent estimates and compared those to the respective discount rates selected by management.

Goodwill and Other Intangible Assets - Stuart Weitzman - Refer to Notes 3 and 15 to the financial statements

Critical Audit Matter Description

The Company's evaluation of goodwill and indefinite-lived brand intangible assets for impairment involves the comparison of carrying value to their respective fair values. The determination of the fair values requires management to make significant estimates and assumptions related to forecasts of future revenue growth rates and profit margins, as well as discount rates. Changes in these assumptions could have a significant impact on either the fair values, the amount of any impairment charge, or both.

During the third quarter of fiscal year 2020, revenue growth rate and profit margin trends continued to decline from those that were forecasted for the Stuart Weitzman brand, which resulted in reductions of both current and future forecasted cash flows. As a result of these conditions, the Company concluded that a triggering event had occurred during the third quarter, resulting in the need to perform a quantitative interim impairment assessment over the Company's Stuart Weitzman reporting unit and Stuart Weitzman indefinite-lived brand intangible asset. The assessment concluded that the fair values of the Stuart Weitzman reporting unit and Stuart Weitzman indefinite-lived brand intangible asset as of March 28, 2020 did not exceed their respective carrying values. The Company recorded a goodwill impairment charge of approximately \$210.7 million related to the Stuart Weitzman reporting unit, and an impairment charge of approximately \$267.0 million related to the Stuart Weitzman indefinite-lived brand intangible asset, each resulting in a full impairment.

Given the significant judgments made by management to estimate the fair value of the Stuart Weitzman operations used in both the goodwill and indefinite-lived brand intangible fair value analyses and the resulting impairment recorded, performing auditing

procedures to evaluate the reasonableness of management’s judgments regarding the business and valuation assumptions utilized in the valuation model, particularly the forecasts of future revenue growth rates and profit margins and the selection of the discount rate, required a high degree of auditor judgment and an increased extent of effort, including the need to involve our fair value specialists.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the projected future revenue growth rates and profit margins and discount rates included the following:

- We tested the effectiveness of management’s controls over its goodwill and indefinite-lived brand intangible asset impairment evaluations, including controls over the forecasts of future revenue and profit margin, and the selection of the discount rate.
- We evaluated management’s ability to accurately forecast by comparing actual revenue and profit margin results to historical projections.
- We evaluated management’s revenue and profit margin projections over the projection period with (1) internal communications to management and the board of directors, (2) peer companies, and (3) industry and market conditions.
- With the assistance of our fair value specialists, we evaluated the market approach, including evaluating the reasonableness of the selected guideline public companies and the resulting market multiples calculations, as well as benchmarking the selected multiples against these guideline public companies.
- We used the assistance of our fair value specialists to assess the acceptability of the weighting applied to value indications from different valuation techniques.
- We used the assistance of our fair value specialists in evaluating the fair value methodology and the discount rate, including testing the underlying source information and the mathematical accuracy of the calculations. Specific to the discount rate, we considered the inputs and calculations, and we developed a range of independent estimates and compared those to the respective discount rates selected by management.
- We evaluated the reasonableness of the inputs and the mathematical accuracy of the calculation used to calculate the impairment recorded.

Recently adopted accounting standards - ASC 842- Incremental Borrowing Rate - Refer to Notes 3 and 11 to the financial statements (also see Change in Accounting Principle explanatory paragraph above)

Critical Audit Matter Description

The Company adopted the provisions of ASC 842, Leases (“ASC 842”), as of June 30, 2020. The Company recorded lease liabilities for the present value of its lease commitments and corresponding right-of-use (ROU) assets of approximately \$2.32 billion and \$2.13, respectively, upon adoption. The Company developed estimated collateralized incremental borrowing rates (IBR) for each lease portfolio to present value the lease payments as required by ASC 842 when the discount rate is not implicit in the lease. The determination of an IBR required management to use significant estimates and assumptions including its credit rating, credit spread, and adjustments for the impact of collateral, lease tenors, economic environment and currency.

We identified the IBRs used in the adoption of ASC 842 as a critical audit matter because of the significant impact of management’s assumptions and estimates in determining the selected IBRs for each lease portfolio and the related material impact upon the lease liabilities and corresponding right-of-use (ROU) assets recorded upon adoption. Management’s assumptions and estimates used in determining the selected IBRs were the Company’s credit rating, credit spread, and adjustments for the impact of collateral, lease tenors, economic environment and currency. Given these significant judgments made by management in determining the IBRs, performing audit procedures to evaluate the reasonableness of the methods and assumptions related to these assumptions and estimates involved a high degree of auditor judgment and an increased extent of effort, including the need to involve our fair value specialists.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the IBRs used in the adoption of ASC 842 included the following, among others:

- We tested the effectiveness of controls over the methods and assumptions used by management to estimate the IBRs, including those over the credit rating, credit spreads and adjustments for the impact of collateral, lease tenors, economic environment and currency.
- With the assistance of our fair value specialists, we evaluated the methods and assumptions used by management to estimate the IBRs and tested the inputs used by management to develop the IBRs as follows:
 - Assessed the reasonableness of the methodology and models used to estimate the IBRs based on the definition

and guidance in ASC 842 and other reference materials.

- Assessed the reasonableness of the significant inputs used to estimate the IBRs by comparing to Company specific benchmarks, comparable companies and other market information:
 - The credit rating ascribed to the Company.
 - The credit spreads applied in determining the IBRs.
 - The collateral, lease tenors, economic environment and currency adjustments applied in determining the IBRs.

/s/ DELOITTE & TOUCHE LLP

New York, New York
August 13, 2020

We have served as the Company's auditor since 2002.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of Tapestry, Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Tapestry, Inc. and subsidiaries (the "Company") as of June 27, 2020 based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 27, 2020, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements and financial statement schedule as of and for the year ended June 27, 2020, of the Company and our report dated August 13, 2020, expressed an unqualified opinion on those financial statements and financial statement schedule and included an explanatory paragraph regarding the Company's adoption of Accounting Standards Update ("ASU") No. 2016-02, "Leases (Topic 842)", using the modified retrospective approach.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

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

Definition and Limitations of Internal Control over Financial Reporting

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

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ DELOITTE & TOUCHE LLP

New York, New York
August 13, 2020

TAPESTRY, INC.
CONSOLIDATED BALANCE SHEETS

	June 27, 2020	June 29, 2019
(millions)		
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 1,426.3	\$ 969.2
Short-term investments	8.1	264.6
Trade accounts receivable, less allowances of \$15.9 and \$4.4, respectively	193.3	298.1
Inventories	736.9	778.3
Income tax receivable	46.0	55.8
Prepaid expenses	57.5	99.8
Other current assets	85.0	91.0
Total current assets	2,553.1	2,556.8
Property and equipment, net	775.2	938.8
Operating lease right-of-use assets	1,757.0	—
Long-term investments	0.1	0.1
Goodwill	1,301.1	1,516.2
Intangible assets	1,379.4	1,711.9
Deferred income taxes	55.9	19.4
Other assets	102.4	134.1
Total assets	\$ 7,924.2	\$ 6,877.3
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 130.8	\$ 243.6
Accrued liabilities	511.0	673.6
Current portion of operating lease liabilities	388.8	—
Current debt	711.5	0.8
Total current liabilities	1,742.1	918.0
Long-term debt	1,587.9	1,601.9
Long-term operating lease liabilities	1,799.8	—
Deferred income taxes	155.1	234.1
Long-term income taxes payable	144.0	155.9
Other liabilities	218.9	454.0
Total liabilities	5,647.8	3,363.9
See Note 14 on commitments and contingencies		
Stockholders' Equity:		
Preferred stock: (authorized 25.0 million shares; \$0.01 par value) none issued	—	—
Common stock: (authorized 1.0 billion shares; \$0.01 par value) issued and outstanding – 276.2 million and 286.8 million shares, respectively	2.8	2.9
Additional paid-in-capital	3,358.5	3,302.1
Retained earnings (accumulated deficit)	(992.7)	291.6
Accumulated other comprehensive income (loss)	(92.2)	(83.2)
Total stockholders' equity	2,276.4	3,513.4
Total liabilities and stockholders' equity	\$ 7,924.2	\$ 6,877.3

See accompanying Notes.

TAPESTRY, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Fiscal Year Ended		
	June 27, 2020	June 29, 2019	June 30, 2018
	(millions, except per share data)		
Net sales	\$ 4,961.4	\$ 6,027.1	\$ 5,880.0
Cost of sales	1,722.1	1,973.4	2,031.5
Gross profit	3,239.3	4,053.7	3,848.5
Other selling, general and administrative expenses	3,312.4	3,234.0	3,176.5
Impairment of goodwill and intangible assets	477.7	—	—
Operating income (loss)	(550.8)	819.7	672.0
Interest expense, net	60.1	47.9	74.0
Other expense (income)	13.3	5.6	1.2
Income (loss) before provision for income taxes	(624.2)	766.2	596.8
Provision for income taxes	27.9	122.8	199.3
Net income (loss)	\$ (652.1)	\$ 643.4	\$ 397.5
Net income (loss) per share:			
Basic	\$ (2.34)	\$ 2.22	\$ 1.39
Diluted	\$ (2.34)	\$ 2.21	\$ 1.38
Shares used in computing net income (loss) per share:			
Basic	278.6	289.4	285.4
Diluted	278.6	290.8	288.6
Cash dividends declared per common share	\$ 1.013	\$ 1.350	\$ 1.350

See accompanying Notes.

TAPESTRY, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Fiscal Year Ended		
	June 27, 2020	June 29, 2019	June 30, 2018
	(millions)		
Net income (loss)	\$ (652.1)	\$ 643.4	\$ 397.5
Other comprehensive income (loss), net of tax:			
Unrealized gains (losses) on cash flow hedging derivatives, net	5.6	(5.9)	(1.6)
Unrealized gains (losses) on available-for-sale investments, net	0.5	(0.5)	0.4
Change in pension liability, net	(1.7)	0.6	1.5
Foreign currency translation adjustments	(13.4)	5.4	3.8
Other comprehensive income (loss), net of tax	(9.0)	(0.4)	4.1
Comprehensive income (loss)	\$ (661.1)	\$ 643.0	\$ 401.6

See accompanying Notes.

TAPESTRY, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Shares of Common Stock	Common Stock	Additional Paid-in- Capital	Retained Earnings / (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
(millions, except per share data)						
Balance at July 1, 2017	281.9	\$ 2.8	\$ 2,978.3	\$ 107.7	\$ (86.9)	\$ 3,001.9
Net income (loss)	—	—	—	397.5	—	397.5
Other comprehensive income (loss)	—	—	—	—	4.1	4.1
Shares issued, pursuant to stock-based compensation arrangements, net of shares withheld for taxes	6.1	0.1	133.8	—	—	133.9
Share-based compensation	—	—	88.1	—	—	88.1
Additional paid-in-capital as part of purchase consideration	—	—	5.3	—	—	5.3
Dividends declared (\$1.350 per share)	—	—	—	(386.2)	—	(386.2)
Balance at June 30, 2018	288.0	2.9	3,205.5	119.0	(82.8)	3,244.6
Net income (loss)	—	—	—	643.4	—	643.4
Other comprehensive income (loss)	—	—	—	—	(0.4)	(0.4)
Shares issued, pursuant to stock-based compensation arrangements, net of shares withheld for taxes	2.2	—	8.6	—	—	8.6
Share-based compensation	—	—	88.0	—	—	88.0
Repurchase of common stock	(3.4)	—	—	(100.0)	—	(100.0)
Dividends declared (\$1.350 per share)	—	—	—	(391.0)	—	(391.0)
Cumulative adjustment from adoption of new accounting standards (see Note 3)	—	—	—	20.2	—	20.2
Balance at June 29, 2019	286.8	2.9	3,302.1	291.6	(83.2)	3,513.4
Net income (loss)	—	—	—	(652.1)	—	(652.1)
Other comprehensive income (loss)	—	—	—	—	(9.0)	(9.0)
Shares issued, pursuant to stock-based compensation arrangements, net of shares withheld for taxes	1.3	—	(10.5)	—	—	(10.5)
Share-based compensation	—	—	66.9	—	—	66.9
Repurchase of common stock	(11.9)	(0.1)	—	(299.9)	—	(300.0)
Dividends declared (\$1.013 per share)	—	—	—	(283.5)	—	(283.5)
Cumulative adjustment from adoption of new accounting standards (see Note 3)	—	—	—	(48.8)	—	(48.8)
Balance at June 27, 2020	276.2	\$ 2.8	\$ 3,358.5	\$ (992.7)	\$ (92.2)	\$ 2,276.4

See accompanying Notes.

TAPESTRY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Fiscal Year Ended		
	June 27, 2020	June 29, 2019	June 30, 2018
	(millions)		
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES			
Net income (loss)	\$ (652.1)	\$ 643.4	\$ 397.5
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	248.3	268.2	260.3
Impairment charges	813.5	—	—
Provision for bad debt	26.0	7.1	1.3
Share-based compensation	53.1	84.8	81.3
Acceleration program charges	24.8	—	—
Integration and restructuring activities	14.0	32.5	134.9
Deferred income taxes	(115.7)	34.5	(50.9)
Changes to lease related balances, net	73.1	—	—
Other non-cash charges, net	2.3	(5.5)	3.1
Changes in operating assets and liabilities:			
Trade accounts receivable	61.9	25.7	(5.6)
Inventories	(58.6)	(104.7)	30.4
Other liabilities	(37.8)	(55.8)	157.7
Accounts payable	(91.7)	(39.8)	(77.3)
Accrued liabilities	7.6	(28.8)	(16.1)
Other assets	38.3	(69.2)	80.9
Net cash provided by operating activities	407.0	792.4	997.5
CASH FLOWS (USED IN) PROVIDED BY INVESTING ACTIVITIES			
Acquisitions, net of cash acquired	—	(43.5)	(2,375.8)
Purchases of property and equipment	(205.4)	(274.2)	(267.4)
Purchases of investments	(212.4)	(415.5)	(3.8)
Proceeds from maturities and sales of investments	462.1	159.0	482.2
Acquisition of lease rights, net of proceeds	—	—	—
Net cash (used in) provided by investing activities	44.3	(574.2)	(2,164.8)
CASH FLOWS (USED IN) PROVIDED BY FINANCING ACTIVITIES			
Dividend payments	(380.3)	(390.7)	(384.1)
Repurchase of common stock	(300.0)	(100.0)	—
Proceeds from revolver	700.0	—	—
Proceeds from issuance of debt, net of discount	—	—	1,100.0
Repayment of debt	—	—	(1,100.0)
Proceeds from share-based awards	4.3	35.3	165.7
Taxes paid to net settle share-based awards	(14.9)	(27.0)	(31.5)
Payment of deferred purchase price	(2.4)	(2.5)	—
Payments of finance lease liabilities	(0.8)	(0.7)	(0.8)
Net cash (used in) provided by financing activities	5.9	(485.6)	(250.7)
Effect of exchange rate changes on cash and cash equivalents	(0.1)	(6.8)	(11.5)
(Decrease) increase in cash and cash equivalents	457.1	(274.2)	(1,429.5)
Cash and cash equivalents at beginning of year	969.2	1,243.4	2,672.9
Cash and cash equivalents at end of year	\$ 1,426.3	\$ 969.2	\$ 1,243.4
Supplemental information:			
Cash paid for income taxes, net	\$ 87.2	\$ 183.8	\$ 16.4
Cash paid for interest	\$ 68.1	\$ 64.1	\$ 63.0
Non-cash investing activity – property and equipment obligations	\$ 21.1	\$ 48.3	\$ 30.1

See accompanying Notes.

Notes to Consolidated Financial Statements**1. NATURE OF OPERATIONS**

Tapestry, Inc. (the "Company") is a leading New York-based house of modern luxury accessories and lifestyle brands. Tapestry owns the Coach, Kate Spade and Stuart Weitzman brands. The Company's primary product offerings, manufactured by third-party suppliers, include women's and men's bags, small leather goods, footwear, ready-to-wear including outerwear, watches, weekend and travel accessories, scarves, eyewear, fragrance, jewelry and other lifestyle products.

The Coach segment includes global sales of Coach products to customers through Coach operated stores, including the Internet and concession shop-in-shops, and sales to wholesale customers and through independent third party distributors.

The Kate Spade segment includes global sales primarily of kate spade new york brand products to customers through Kate Spade operated stores, including the Internet, sales to wholesale customers, through concession shop-in-shops and through independent third party distributors.

The Stuart Weitzman segment includes global sales of Stuart Weitzman brand products primarily through Stuart Weitzman operated stores, including the Internet, sales to wholesale customers and through numerous independent third party distributors.

2. BASIS OF PRESENTATION AND ORGANIZATION***Fiscal Year***

The Company's fiscal year ends on the Saturday closest to June 30. Unless otherwise stated, references to years in the financial statements relate to fiscal years. The fiscal years ended June 27, 2020 ("fiscal 2020"), June 29, 2019 ("fiscal 2019") and June 30, 2018 ("fiscal 2018") were 52-week periods. The fiscal year ending July 3, 2021 ("fiscal 2021") will be a 53-week period.

Covid-19 Pandemic

The outbreak of a novel strain of coronavirus ("Covid-19") continues to grow worldwide, impacting a significant majority of the regions in which we operate. In March 2020, the outbreak was labeled a global pandemic by the World Health Organization. National, state and local governments have responded to the Covid-19 pandemic in a variety of ways, including, but not limited to, by declaring states of emergency, restricting people from gathering in groups or interacting within a certain physical distance (i.e., social distancing), requiring individuals to stay at home, and in most cases, ordering non-essential businesses to close or limit operations. The Company had temporarily closed the majority of its directly operated stores globally for some period of time to help reduce the spread of Covid-19. As of the end of the fiscal year, the vast majority of the Company's stores had been re-opened for either in-store or pick-up service. Many of the Company's wholesale partners also closed their bricks and mortar stores as required by government orders during the third and fourth quarter.

The global Covid-19 pandemic continues to evolve and the full extent to which it will impact the Company - including unforeseen increased costs to the Company's business - will depend on future developments, which are highly uncertain and cannot be predicted, including the ultimate duration, severity and geographic spread of the virus and the success of actions to contain the virus or treat its impact, among others. While the full magnitude of the effects on the Company's business is difficult to predict at this time, the Covid-19 pandemic has and is expected to continue to have a material adverse impact on the Company's business, financial condition, results of operations and cash flows for the foreseeable future. The Company believes that cash flows from operations, access to the credit and capital markets and our credit lines, on-hand cash and cash equivalents and our investments provide adequate funds to support our operating, capital, and debt service requirements for fiscal 2021 and beyond. The Company could experience other potential adverse impacts as a result of the Covid-19 pandemic, including, but not limited to, further charges from adjustments to the carrying amount of goodwill and other intangible assets, long-lived asset impairment charges, reserves for uncollectible accounts receivable and reserves for the realizability of inventory. In addition, the negative impacts of the Covid-19 pandemic could result in the establishment of additional valuation allowances in certain jurisdictions.

In response to the Covid-19 pandemic, the Company has taken actions to reinforce its liquidity and financial flexibility. Specific actions include: suspending its quarterly dividend and all share repurchases for the foreseeable future, actively reducing non-essential SG&A expense, reducing in its corporate and retail workforce, reducing corporate compensation, tightly managing inventory and reducing capital expenditures.

Furthermore, the Company borrowed \$700 million under its \$900 million definitive credit agreement, as entered on October 24, 2019 ("Revolving Credit Facility") as a precautionary measure. If stores are required to close again for an extended period of time due to a "second wave" of increased infections, its liquidity may continue to be negatively impacted and it may need to draw additional funds from our Revolving Credit Facility or seek additional sources of financing, which may or may not be available. On May 19, 2020, the Company entered into Amendment No. 1 (the "Amendment") to the Revolving Credit Facility, which sets

Notes to Consolidated Financial Statements (Continued)

forth the modifications pertaining to the leverage ratio financial covenant required. Refer to Note 13, "Debt", for additional information regarding the Company's outstanding notes payable and applicable amendments.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and footnotes thereto. Actual results could differ from estimates in amounts that may be material to the financial statements.

Significant estimates inherent in the preparation of the consolidated financial statements include reserves for the realizability of inventory; customer returns, end-of-season markdowns and operational chargebacks; useful lives and impairments of long-lived tangible and intangible assets; accounting for income taxes (including the impacts of recently enacted tax legislation) and related uncertain tax positions; accounting for business combinations; the valuation of stock-based compensation awards and related expected forfeiture rates; reserves for restructuring; and reserves for litigation and other contingencies, amongst others.

Principles of Consolidation

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

Share Repurchases

The Company accounts for stock repurchases by allocating the repurchase price to common stock and retained earnings. Under Maryland law, the Company's state of incorporation, there are no treasury shares. As a result, all repurchased shares are authorized but unissued shares. The Company may terminate or limit the stock repurchase program at any time. The total amount of common stock repurchase price allocated to accumulated deficit as of June 27, 2020 was \$299.9 million.

Reclassifications

Certain reclassifications have been made to the prior periods' financial information in order to conform to the current period's presentation. Beginning in fiscal 2020, the Company presented the impact of foreign currency gains and losses within Other expense (income) within its Consolidated Statements of Operations. Accordingly, foreign currency gains and losses that were reported within Selling, general and administrative expenses ("SG&A") in fiscal 2019 are now reflected within Other expense (income).

3. SIGNIFICANT ACCOUNTING POLICIES***Cash and Cash Equivalents***

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

Investments

Short-term investments consist primarily of high-credit quality U.S. and non-U.S. issued corporate debt securities, and U.S. Treasuries and government agency securities with original maturities greater than three months and with maturities within one year of balance sheet date, classified as available-for-sale. Long-term investments typically consist of high-credit quality U.S. and non-U.S. issued corporate debt securities, U.S. Treasuries and government agency securities, classified as available-for-sale, and recorded at fair value, with unrealized gains and losses recorded in other comprehensive income. Dividend and interest income are recognized when earned.

Additionally, GAAP requires the consolidation of all entities for which a Company has a controlling voting interest and all variable interest entities ("VIEs") for which a Company is deemed to be the primary beneficiary. An entity is generally a VIE if it meets any of the following criteria: (i) the entity has insufficient equity to finance its activities without additional subordinated financial support from other parties, (ii) the equity investors cannot make significant decisions about the entity's operations or (iii) the voting rights of some investors are not proportional to their obligations to absorb the expected losses of the entity or receive the expected returns of the entity and substantially all of the entity's activities involve or are conducted on behalf of the investor with disproportionately few voting rights.

Notes to Consolidated Financial Statements (Continued)***Concentration of Credit Risk***

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

Inventories

The Company holds inventory that is sold through retail and wholesale distribution channels, including e-commerce sites. Substantially all of the Company's inventories are comprised of finished goods, and are reported at the lower of cost or net realizable value. Inventory costs include material, conversion costs, freight and duties and are primarily determined on a weighted-average cost basis. The Company reserves for inventory, including slow-moving and aged inventory, based on current product demand, expected future demand and historical experience. A decrease in product demand due to changing customer tastes, buying patterns or increased competition could impact the Company's evaluation of its inventory and additional reserves might be required.

Property and Equipment, Net

Property and equipment, net is stated at cost less accumulated depreciation including the impact of long-lived asset impairment and disposals. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. Buildings are depreciated over 40 years and building improvements are depreciated over ten to 40 years. Machinery and equipment are depreciated over lives of five to seven years, furniture and fixtures are depreciated over lives of three to ten years, and software and computer equipment is depreciated over lives of three to seven years. Leasehold improvements are amortized over the shorter of their estimated useful lives or the related lease terms. Maintenance and repair costs are charged to earnings as incurred while expenditures for major renewals and improvements are capitalized.

Valuation of Long-Lived Assets

Long-lived assets, such as property and equipment and right-of-use assets are evaluated for impairment whenever events or circumstances indicate that the carrying value of the assets may not be recoverable. In evaluating long-lived assets for recoverability, the Company uses its best estimate of future cash flows expected to result from the use of the related asset group and its eventual disposition. To the extent that estimated future undiscounted net cash flows attributable to the asset are less than its carrying value, an impairment loss is recognized equal to the difference between the carrying value of such asset and its fair value, considering external market participant assumptions. The Company recorded \$267.7 million and \$7.4 million of impairment charges in fiscal 2020 and fiscal 2019, respectively.

In determining future cash flows, the Company takes various factors into account, including the effects of macroeconomic trends such as consumer spending, in-store capital investments, promotional cadence, the level of advertising and changes in merchandising strategy. Since the determination of future cash flows is an estimate of future performance, there may be future impairments in the event that future cash flows do not meet expectations.

Business Combinations

In connection with an acquisition, the Company records all assets acquired and liabilities assumed of the acquired business at their acquisition date fair value, including the recognition of contingent consideration at fair value on the acquisition date. These fair value determinations require judgment and may involve the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates, asset lives, and market multiples, among other items. Furthermore, the Company may utilize independent third-party valuation firms when necessary. Refer to Note 4, "Acquisitions," for detailed disclosures related to our acquisitions.

Goodwill and Other Intangible Assets

Upon acquisition, the Company estimates and records the fair value of purchased intangible assets, which primarily consists of brands, customer relationships, right-of-use assets and order backlog. Goodwill and certain other intangible assets deemed to have indefinite useful lives, including brand intangible assets, are not amortized, but are assessed for impairment at least annually. Finite-lived intangible assets are amortized over their respective estimated useful lives and, along with other long-lived assets as noted above, are evaluated for impairment periodically whenever events or changes in circumstances indicate that their related carrying values may not be fully recoverable. Estimates of fair value for finite-lived and indefinite-lived intangible assets are primarily determined using discounted cash flows and the multi-period excess earnings method, respectively, with consideration of market comparisons when appropriate. This approach uses significant estimates and assumptions, including projected future cash flows, discount rates and growth rates.

Notes to Consolidated Financial Statements (Continued)

The Company generally performs its annual goodwill and indefinite-lived intangible assets impairment analysis using a quantitative approach. The quantitative goodwill impairment test identifies the existence of potential impairment by comparing the fair value of each reporting unit with its carrying value, including goodwill. If the fair value of a reporting unit exceeds its carrying value, the reporting unit's goodwill is considered not to be impaired. If the carrying value of a reporting unit exceeds its fair value, an impairment charge is recognized in an amount equal to that excess. The impairment charge recognized is limited to the amount of goodwill allocated to that reporting unit.

Determination of the fair value of a reporting unit and intangible asset is based on management's assessment, considering independent third-party appraisals when necessary. Furthermore, this determination is judgmental in nature and often involves the use of significant estimates and assumptions, which may include projected future cash flows, discount rates, growth rates, and determination of appropriate market comparables and recent transactions. These estimates and assumptions could have a significant impact on whether or not an impairment charge is recognized and the amount of any such charge.

The Company performs its annual impairment assessment of goodwill as well as brand intangibles during the fourth quarter of each fiscal year. The Company determined that there was no impairment in fiscal 2019 or fiscal 2018. In fiscal 2020, the Company recorded a goodwill impairment charge of \$210.7 million related to the Stuart Weitzman reporting unit and an impairment charge of \$267.0 million related to the Stuart Weitzman indefinite-lived brand.

Operating Leases

As discussed in "Recent Accounting Pronouncements" herein, the Company adopted Accounting Standards Update ("ASU") No. 2016-02, "Leases (Topic 842)" ("ASU 2016-02") and related ASUs at the beginning of fiscal 2020. The Company leases retail space, office space, warehouse facilities, distribution centers, storage space, machinery, equipment and certain other items under operating leases. These leases may also include rent escalation clauses or lease incentives in the form of construction allowances and rent reduction. In determining the lease term used in the lease right-of-use ("ROU") asset and lease liability calculations, the Company considers various factors such as market conditions and the terms of any renewal or termination options that may exist. When deemed reasonably certain, the renewal and termination options are included in the determination of the lease term and calculation of the lease ROU asset and lease liability. The Company is typically required to make fixed minimum rent payments, variable rent payments primarily based on performance (i.e., percentage-of-sales-based payments), or a combination thereof, directly related to its ROU asset. The Company is also often required, by the lease, to pay for certain other costs including real estate taxes, insurance, common area maintenance fees, and/or certain other costs, which may be fixed or variable, depending upon the terms of the respective lease agreement. To the extent these payments are fixed, the Company has included them in calculating the lease ROU assets and lease liabilities.

The Company calculates lease ROU assets and lease liabilities as the present value of fixed lease payments over the reasonably certain lease term beginning at the commencement date. Per the guidance, the use of the implicit rate to determine the present value of lease payments is required. As the rate implicit in the Company's leases is not readily determinable, the Company uses its incremental borrowing rate based on the information available at the lease commencement date, including the Company's credit rating, credit spread and adjustments for the impact of collateral, lease tenors, economic environment and currency.

For operating leases, fixed lease payments are recognized as operating lease cost on a straight-line basis over the lease term. For finance leases and impaired operating leases, the ROU asset is depreciated on a straight-line basis over the remaining lease term, along with recognition of interest expense associated with accretion of the lease liability. For leases with a lease term of 12 months or less ("short-term lease"), any fixed lease payments are recognized on a straight-line basis over such term, and are not recognized on the Consolidated Balance Sheets. Variable lease cost for both operating and finance leases, if any, is recognized as incurred.

Asset retirement obligations represent legal obligations associated with the retirement of a tangible long-lived asset. The Company's asset retirement obligations are primarily associated with leasehold improvements in which the Company is contractually obligated to remove at the end of a lease to comply with the lease agreement. When such an obligation exists, the Company recognizes an asset retirement obligation at the inception of a lease at its estimated fair value. The asset retirement obligation is recorded in current liabilities or non-current liabilities (based on the expected timing of payment of the related costs) and is subsequently adjusted for any changes in estimates. The associated estimated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset and depreciated over its useful life. As of the end of fiscal 2020 and fiscal 2019, the Company had asset retirement obligations of \$35.6 million and \$33.2 million, respectively, primarily classified within other non-current liabilities in the Company's Consolidated Balance Sheets.

Revenue Recognition

Revenue is recognized when the Company satisfies its performance obligations by transferring control of promised products or services to its customers, which may be at a point of time or over time. Control is transferred when the customer obtains the ability to direct the use of and obtain substantially all of the remaining benefits from the products or services. The amount of revenue recognized is the amount of consideration to which the Company expects to be entitled, including estimation of sale terms

Notes to Consolidated Financial Statements (Continued)

that may create variability in the consideration. Revenue subject to variability is constrained to an amount which will not result in a significant reversal in future periods when the contingency that creates variability is resolved.

Retail store and concession shop-in-shop revenues are recognized at the point-of-sale, when the customer obtains physical possession of the products. Internet revenue from sales of products ordered through the Company's e-commerce sites is recognized upon delivery and receipt of the shipment by its customers and includes shipping and handling charges paid by customers. Retail and internet revenues are recorded net of estimated returns, which are estimated by developing an expected value based on historical experience. Payment is due at the point of sale.

The Company recognizes revenue within the wholesale channel at the time title passes and risk of loss is transferred to customers, which is generally at the point of shipment of products but may occur upon receipt of the shipment by the customer in certain cases. Wholesale revenue is recorded net of estimates for returns, discounts, end-of-season markdowns, cooperative advertising allowances and other consideration provided to the customer. The Company's historical estimates of these variable amounts have not differed materially from actual results.

The Company recognizes licensing revenue over time during the contract period in which licensees are granted access to the Company's trademarks. These arrangements require licensees to pay a sales-based royalty and may include a contractually guaranteed minimum royalty amount. Revenue for contractually guaranteed minimum royalty amounts is recognized ratably over the license year and any excess sales-based royalties are recognized as earned once the minimum royalty threshold is achieved.

Gift cards issued by the Company are recorded as a liability until they are redeemed, at which point revenue is recognized. The Company also uses historical information to estimate the amount of gift card balances that will never be redeemed and recognizes that amount as revenue over time in proportion to actual customer redemptions if the Company does not have a legal obligation to remit unredeemed gift cards to any jurisdiction as unclaimed property.

The Company accounts for sales taxes and other related taxes on a net basis, excluding such taxes from revenue.

Refer to Note 5, "Revenue," for additional information.

Cost of Sales

Cost of sales consists of inventory costs and other related costs such as reserves for inventory realizability and shrinkage, destruction costs, damages and replacements.

Selling, General and Administrative ("SG&A") Expenses

Selling expenses include store employee compensation, occupancy costs, depreciation, supply costs, wholesale and retail account administration compensation globally. These expenses are affected by the number of stores open during any fiscal period and store performance, as compensation and rent expenses can vary with sales. Advertising, marketing and design expenses include employee compensation, media space and production, advertising agency fees, new product design costs, public relations and market research expenses. Distribution and customer service expenses include warehousing, order fulfillment, shipping and handling, customer service, employee compensation and bag repair costs. SG&A expenses also include compensation costs for corporate functions including: executive, finance, human resources, legal and information systems departments, as well as corporate headquarters occupancy costs, consulting fees and software expenses.

Shipping and Handling

Shipping and handling costs incurred were \$128.1 million, \$123.6 million and \$101.5 million in fiscal 2020, fiscal 2019 and fiscal 2018, respectively, and are included in SG&A expenses. The Company includes inbound product-related transportation costs from manufacturers within Cost of sales. The balance of the Company's transportation-related costs related to its distribution network is included in SG&A expenses rather than in cost of sales. The amount previously recorded as shipping and handling costs in fiscal 2019 has been corrected in the current year disclosure to exclude other costs.

Advertising

Advertising costs include expenses related to direct marketing activities, such as direct mail pieces, digital and other media and production costs. In fiscal 2020, fiscal 2019 and fiscal 2018, advertising expenses for the Company totaled \$238.0 million, \$247.1 million and \$228.4 million, respectively, and are included in SG&A expenses. Advertising costs are generally expensed when the advertising first appears.

Cash Paid for Interest

Cash paid for interest includes cash paid for interest related to the Company's Revolving Credit Facility, Senior Notes, and Note Payable and was \$68.1 million, \$64.1 million and \$63.0 million in fiscal 2020, fiscal 2019 and fiscal 2018, respectively, and is disclosed as supplemental information on the Consolidated Statement of Cash Flows. The amount previously reported as cash paid for interest in fiscal 2019 has been corrected in the current year disclosure.

Notes to Consolidated Financial Statements (Continued)***Share-Based Compensation***

The Company recognizes the cost of equity awards to employees and the non-employee Directors based on the grant-date fair value of those awards. The grant-date fair values of share unit awards are based on the fair value of the Company's common stock on the date of grant. The grant-date fair value of stock option awards is determined using the Black-Scholes option pricing model and involves several assumptions, including the expected term of the option, expected volatility and dividend yield. The expected term of options represents the period of time that the options granted are expected to be outstanding and is based on historical experience. Expected volatility is based on historical volatility of the Company's stock as well as the implied volatility from publicly traded options on the Company's stock. Dividend yield is based on the current expected annual dividend per share and the Company's stock price. Changes in the assumptions used to determine the Black-Scholes value could result in significant changes in the Black-Scholes value.

For stock options and share unit awards, the Company recognizes share-based compensation net of estimated forfeitures and revises the estimates in subsequent periods if actual forfeitures differ from the estimates. The Company estimates the forfeiture rate based on historical experience as well as expected future behavior.

The Company grants performance-based share awards to key executives, the vesting of which is subject to the executive's continuing employment and the Company's or individual's achievement of certain performance goals. On a quarterly basis, the Company assesses actual performance versus the predetermined performance goals, and adjusts the share-based compensation expense to reflect the relative performance achievement. Actual distributed shares are calculated upon conclusion of the service and performance periods, and include dividend equivalent shares. If the performance-based award incorporates a market condition, the grant-date fair value of such award is determined using a pricing model, such as a Monte Carlo Simulation.

Income Taxes

The Company's effective tax rate is based on pre-tax income, statutory tax rates, tax laws and regulations, and tax planning strategies available in the various jurisdictions in which the Company operates. The Company classifies interest and penalties on uncertain tax positions in the provision for income taxes. The Company records net deferred tax assets to the extent it believes that it is more likely than not that these assets will be realized. In making such determination, the Company considers all available evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies and recent and expected future results of operation. The Company reduces deferred tax assets by a valuation allowance if, based upon the weight of available evidence, it is more likely than not that some amount of deferred tax assets is not expected to be realized. The Company is not permanently reinvested with respect to earnings of a limited number of foreign entities and has recorded the tax consequences of remitting earnings from these entities. The Company is permanently reinvested with respect to all other earnings.

The Company recognizes the impact of tax positions in the financial statements if those positions will more likely than not be sustained on audit, based on the technical merits of the position. Although the Company believes that the estimates and assumptions used are reasonable and legally supportable, the final determination of tax audits could be different than that which is reflected in historical tax provisions and recorded assets and liabilities. Tax authorities periodically audit the Company's income tax returns and the tax authorities may take a contrary position that could result in a significant impact on the Company's results of operations. Significant management judgment is required in determining the effective tax rate, in evaluating tax positions and in determining the net realizable value of deferred tax assets.

Refer to Note 16, "Income Taxes," herein for further discussion on the Company's income taxes.

Derivative Instruments

The majority of the Company's purchases and sales involving international parties, excluding international customer sales, are denominated in U.S. dollars, which limits the Company's exposure to the transactional effects of foreign currency exchange rate fluctuations. However, the Company is exposed to foreign currency exchange risk related to its foreign operating subsidiaries' U.S. dollar-denominated inventory transactions and various cross-currency intercompany loans. The Company uses derivative financial instruments to manage these risks. These derivative transactions are in accordance with the Company's risk management policies. The Company does not enter into derivative transactions for speculative or trading purposes.

The Company records all derivative contracts at fair value on the Consolidated Balance Sheets. The fair values of foreign currency derivatives are based on the forward curves of the specific indices upon which settlement is based and include an adjustment for the Company's credit risk. Judgment is required of management in developing estimates of fair value. The use of different market assumptions or methodologies could affect the estimated fair value.

For derivative instruments that qualify for hedge accounting, the changes in the fair value of these instruments is either (i) offset against the changes in fair value of the hedged assets or liabilities through earnings or (ii) recognized as a component of

Notes to Consolidated Financial Statements (Continued)

accumulated other comprehensive income (loss) ("AOCI") until the hedged item is recognized in earnings, depending on whether the derivative is being used to hedge changes in fair value or cash flows, respectively.

Each derivative instrument entered into by the Company that qualifies for hedge accounting is expected to be highly effective at reducing the risk associated with the exposure being hedged. For each derivative that is designated as a hedge, the Company documents the related risk management objective and strategy, including identification of the hedging instrument, the hedged item and the risk exposure, as well as how hedge effectiveness will be assessed over the term of the instrument. The extent to which a hedging instrument has been and is expected to remain highly effective in achieving offsetting changes in fair value or cash flows is assessed and documented by the Company on at least a quarterly basis.

If it is determined that a derivative instrument has not been highly effective, and will continue not to be highly effective in hedging the designated exposure, hedge accounting is discontinued and further gains (losses) are recognized in earnings within foreign currency gains (losses). Upon discontinuance of hedge accounting, the cumulative change in fair value of the derivative previously recorded in AOCI is recognized in earnings when the related hedged item affects earnings, consistent with the original hedging strategy, unless the forecasted transaction is no longer probable of occurring, in which case the accumulated amount is immediately recognized in earnings within foreign currency gains (losses).

As a result of the use of derivative instruments, the Company may be exposed to the risk that the counterparties to such contracts will fail to meet their contractual obligations. To mitigate this counterparty credit risk, the Company has a policy of only entering into contracts with carefully selected financial institutions based upon an evaluation of their credit ratings, among other factors.

The fair values of the Company's derivative instruments are recorded on its Consolidated Balance Sheets on a gross basis. For cash flow reporting purposes, the Company classifies proceeds received or amounts paid upon the settlement of a derivative instrument in the same manner as the related item being hedged, primarily within cash from operating activities.

Hedging Portfolio

The Company enters into forward currency contracts primarily to reduce its risks related to exchange rate fluctuations on foreign currency denominated inventory transactions, as well as various cross-currency intercompany loans. To the extent its derivative contracts designated as cash flow hedges are highly effective in offsetting changes in the value of the hedged items, the related gains (losses) are initially deferred in AOCI and subsequently recognized in the Consolidated Statements of Operations as part of the cost of the inventory purchases being hedged within cost of sales, when the related inventory is sold to a third party. Current maturity dates range from July 2020 to June 2021. Forward foreign currency exchange contracts designated as fair value hedges and associated with intercompany and other contractual obligations are recognized within foreign currency gains (losses) generally in the period in which the related balances being hedged are revalued. Current maturity dates are in July 2020, and such contracts are typically renewed upon maturity if the related balance has not been settled.

Foreign Currency

The functional currency of the Company's foreign operations is generally the applicable local currency. Assets and liabilities are translated into U.S. dollars using the current exchange rates in effect at the balance sheet date, while revenues and expenses are translated at the weighted-average exchange rates for the period. The resulting translation adjustments are included in the Consolidated Statements of Comprehensive Income as a component of other comprehensive income (loss) ("OCI") and in the Consolidated Statements of Equity within AOCI.

The Company recognizes gains and losses on transactions that are denominated in a currency other than the respective entity's functional currency in earnings. Foreign currency transaction gains and losses also include amounts realized on the settlement of certain intercompany loans with foreign subsidiaries.

Recent Accounting Pronouncements***Recently Adopted Accounting Pronouncements***

During the first quarter of fiscal 2020, the Company adopted Accounting Standards Update ("ASU") No. 2016-02, "*Leases (Topic 842)*" ("ASU 2016-02") and related ASUs. This ASU requires recognition of lease assets and lease liabilities on the balance sheet for all leases other than short-term leases. The Company elected the package of practical expedients intended to ease transition whereby the Company need not reassess as of the adoption date (1) whether contracts are or contain leases, (2) the lease classification for any existing leases and (3) initial direct costs for any existing leases. The Company also elected the practical expedient to combine non-lease components and lease components for real estate leases. The Company applied the provisions of ASU No. 2018-11, "*Leases (Topic 842): Targeted Improvements*" ("ASU 2018-11"), allowing it to recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption without restating the comparative prior year periods.

Notes to Consolidated Financial Statements (Continued)

The effects of the adoption on selected line items within the Company's Consolidated Balance Sheet as of June 30, 2019 were as follows:

	June 29, 2019		June 30, 2019
	As Reported under ASC 840	ASC 842 Adjustments	As Reported under ASC 842
	(millions)		
Current Assets:			
Prepaid expenses ⁽¹⁾	\$ 99.8	\$ (37.8)	\$ 62.0
Other current assets ⁽¹⁾	91.0	(2.3)	88.7
Long-term Assets:			
Operating lease right-of-use assets ⁽¹⁾	—	2,133.7	2,133.7
Intangible assets ⁽¹⁾	1,711.9	(58.5)	1,653.4
Deferred income tax assets ⁽³⁾	19.4	1.7	21.1
Other assets and long-term investments ⁽¹⁾	134.2	(27.4)	106.8
Current Liabilities:			
Accrued liabilities ⁽¹⁾⁽³⁾	673.6	(39.2)	634.4
Operating lease liabilities ⁽²⁾	—	362.3	362.3
Current debt	0.8	(0.8)	—
Long-term Liabilities:			
Long-term debt	1,601.9	(5.3)	1,596.6
Operating lease liabilities ⁽²⁾	—	1,961.6	1,961.6
Deferred income tax liabilities ⁽³⁾	234.1	(13.1)	221.0
Other liabilities ⁽¹⁾⁽³⁾	454.0	(207.2)	246.8
Stockholder's Equity:			
Retained earnings (accumulated deficit) ⁽³⁾	291.6	(48.9)	242.7

(1) Upon adoption, the Company recognized operating lease right-of-use ("ROU") assets on the Consolidated Balance Sheet. In conjunction with this recognition, the Company reclassified amounts to lease right-of-use assets including: prepaid rent from prepaid expenses; key money and lease right intangibles from current and long-term other assets; deferred rent, lease incentives, unfavorable lease right liability and other accrued rent from current and long-term other liabilities. In addition, upon adoption in the first quarter of fiscal 2020, the Company recognized initial ROU asset balances of \$2.13 billion on its Consolidated Balance Sheet.

(2) Upon adoption, the Company recognized lease liabilities of \$2.32 billion on the Consolidated Balance Sheet, which were recorded within Current and Long-term lease liabilities.

(3) Upon adoption, the Company recognized a cumulative adjustment of \$63.7 million, net of tax, decreasing the opening balance of Retained earnings, related to right-of-use asset impairment charges for certain of the Company's stores where it was previously determined that the carrying value of assets was not recoverable. This adjustment was partially offset by (\$14.8) million, net of tax, of increases to retained earnings to recognize deferred gains resulting from real estate transactions.

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers," which provides a single, comprehensive revenue recognition model for all contracts with customers, and contains principles to determine the measurement of revenue and timing of when it is recognized. The model supersedes most existing revenue recognition guidance, and also requires enhanced revenue-related disclosures. The FASB has also issued several related ASUs which provide additional implementation guidance and clarify the requirements of the model.

The Company adopted ASU 2014-09 beginning in the first quarter of fiscal 2019 utilizing the modified retrospective approach. The cumulative effect of initially applying the new standard did not result in a change to opening Retained earnings. Prior year comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods. Effects of adoption include balance sheet presentation changes including presentation of estimated returned products and refund liabilities on a gross basis, as well as an increase in deferred revenue related to current year licensing contract activity due to a change in the method of recognizing sales-based royalties. These balance sheet presentation changes resulted in an increase of \$7.4 million to Other current assets, an increase of \$2.3 million to Accrued liabilities and a decrease of \$5.1 million to Accounts

Notes to Consolidated Financial Statements (Continued)

receivable as of June 29, 2019. Furthermore, the adoption changed the income statement classification of certain items, primarily related to cooperative advertising allowances and other consideration provided to wholesale customers. The following table compares the reported results in fiscal 2019 under the new standard to the amounts that would have been reported if the standard had not been adopted:

	As Reported	Impact of Adoption	Balances Excluding Adoption
	(millions)		
Net sales	\$ 6,027.1	\$ (2.2)	\$ 6,029.3
Cost of sales	1,973.4	1.7	1,971.7
Gross profit	4,053.7	(3.9)	4,057.6
Selling, general and administrative expenses	3,234.0	(3.9)	3,237.9
Operating income	\$ 819.7	\$ —	\$ 819.7

For further information regarding revenue from contracts with customers, refer to Note 5, "Revenue."

In October 2016, the FASB issued ASU No. 2016-16, "Intra-Entity Transfers of Assets Other Than Inventory" ("ASU 2016-16"). This ASU requires recognition of income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs, rather than when the asset has been sold to a third party. The Company adopted ASU 2016-16 beginning in the first quarter of fiscal 2019 utilizing the modified retrospective approach, which resulted in a cumulative adjustment of \$20.2 million to its opening Retained earnings balance. Overall, the adoption of ASU 2016-16 did not have a material impact on the Company's consolidated financial statements.

Recently Issued Accounting Pronouncements Not Yet Adopted

In August 2018, the FASB issued ASU No. 2018-13, "Fair Value Measurement (Topic 820)" ("ASU 2018-13"), which is intended to improve the effectiveness of fair value disclosures. The ASU removes or modifies certain disclosure requirements related to fair value information, as well as adds new disclosure requirements for Level 3 fair value measurements. The requirements of the new standard will be effective for annual reporting periods beginning after December 15, 2019, and interim periods within those annual periods, which for the Company is the first quarter of fiscal 2021. Early adoption is permitted. The Company does not currently expect that the adoption of ASU 2018-13 will have a material impact on its consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-15, "Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40)" ("ASU 2018-15"), which is intended to clarify the accounting for implementation costs of cloud computing arrangements which are deemed to be a service contract rather than a software license. The requirements of the new standard will be effective for annual reporting periods beginning after December 15, 2019, and interim periods within those annual periods, which for the Company is the first quarter of fiscal 2021. Early adoption is permitted. The Company does not currently expect that the adoption of ASU 2018-15 will have a material impact on its consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, "Measurement of Credit Losses on Financial Instruments" ("ASU 2016-13"), which requires companies to use a forward-looking approach based on expected losses to estimate credit losses on certain types of financial instruments, including trade receivables. The FASB has subsequently issued updates to the standard to provide additional clarification on specific topics. The requirement of the new standard will be effective for annual reporting periods beginning after December 15, 2019, and interim periods within those annual periods, which for the Company is the first quarter of fiscal 2021. Early adoption is permitted. The Company does not currently expect that the adoption of ASU 2016-13 will have a material impact on its consolidated financial statements.

4. ACQUISITIONS

Fiscal 2019 Acquisitions

Distributor Acquisitions

During the fiscal year ended June 29, 2019, the Company acquired designated assets of its Stuart Weitzman distributor in Southern China and Australia and of its Kate Spade distributor in Australia, Malaysia and Singapore.

The aggregate purchase consideration for the acquisitions was \$47.8 million, \$44.0 million of which was cash consideration and the remaining is related to non-cash consideration. Of the \$44.0 million of cash consideration, \$43.5 million was paid during fiscal 2019 and the remaining will be paid in the future. Of the total purchase consideration of \$47.8 million, \$21.8 million of net assets were recorded at their fair values. The excess of the purchase consideration over the fair value of the net assets acquired was recorded as non-tax deductible goodwill in the amount of \$26.0 million, of which \$13.3 million was assigned to the Stuart Weitzman segment and \$12.7 million was assigned to the Kate Spade segment.

Notes to Consolidated Financial Statements (Continued)

The results of the operations of each acquired entity have been included in the consolidated financial statements since the respective date of each acquisition. The pro forma results are not presented for these acquisitions as they are immaterial.

Fiscal 2018 Acquisitions

Kate Spade & Company Acquisition

On July 11, 2017, the Company completed its acquisition of Kate Spade & Company for \$18.50 per share in cash for a total of \$2.40 billion. As a result, Kate Spade became a wholly owned subsidiary of the Company.

The aggregate cash paid in connection with the acquisition of Kate Spade was \$2.39 billion (or \$2.32 billion net of cash acquired). Consideration also includes \$5.3 million as a result of the conversion of previously granted unvested equity awards held by Kate Spade employees. The Company funded the acquisition through cash on-hand, as well as debt proceeds. Refer to Note 13, "Debt", for information regarding the Company's outstanding debt.

The Company accounted for the acquisition of Kate Spade under the acquisition method of accounting for business combinations. Accordingly, the cost was allocated to the underlying net assets based on their respective fair values. The excess of the purchase price over the estimated fair value of the net assets acquired was recorded as goodwill, which consists largely of the synergies expected from the acquisition.

The purchase price allocation for the assets acquired and liabilities assumed is complete. The following table summarizes the fair value of the assets acquired and liabilities assumed as of the acquisition date:

Assets Acquired and Liabilities Assumed	Fair Value At Acquisition Date	Measurement Period Adjustments	Adjusted Fair Value
	(millions)		
Cash and cash equivalents	\$ 71.8	\$ —	\$ 71.8
Trade accounts receivable	62.8	—	62.8
Inventories ⁽¹⁾	310.1	—	310.1
Prepaid expenses and other current assets	33.9	(1.2)	32.7
Property and equipment	175.5	—	175.5
Goodwill ⁽²⁾⁽³⁾	916.1	(16.1)	900.0
Brand intangible asset ⁽⁴⁾	1,300.0	—	1,300.0
Other intangible assets ⁽⁵⁾	119.2	—	119.2
Other assets	59.0	11.1	70.1
Total assets acquired	3,048.4	(6.2)	3,042.2
Accounts payable and accrued liabilities	233.3		233.3
Deferred income taxes ⁽⁶⁾	333.0	(7.3)	325.7
Other liabilities ⁽⁷⁾	84.8	1.1	85.9
Total liabilities assumed	651.1	(6.2)	644.9
Total purchase price	2,397.3	—	2,397.3
Less: Cash acquired	(71.8)	—	(71.8)
Total purchase price, net of cash acquired	\$ 2,325.5	\$ —	\$ 2,325.5

⁽¹⁾ Included a step-up adjustment of \$67.5 million, which was amortized over 4 months.

⁽²⁾ The majority of the goodwill balance is not deductible for tax purposes.

Notes to Consolidated Financial Statements (Continued)

- (3) The Company assigned \$324.0 million of goodwill associated with the Kate Spade acquisition to Coach brand reporting units based upon the analysis of expected synergies, including the allocation of corporate synergies to the brands. Refer to Note 15, "Goodwill and Other Intangible Assets," for further information.
- (4) The brand intangible asset, of which the majority is not deductible for tax purposes, was valued based on the multi-period excess earnings method.
- (5) The components of other intangible assets included favorable lease rights of \$72.2 million (amortized over the remainder of the underlying lease terms), customer relationships of \$45.0 million (amortized over 15 years) and order backlog of \$2.0 million (amortized over 6 months). Favorable lease rights were valued based on a comparison of market participant information and Company-specific lease terms. The customer relationship intangible asset was valued using the excess earnings method, which discounts the estimated after-tax cash flows associated with the existing base of customers as of the acquisition date, factoring in expected attrition of the existing base. The order backlog intangible asset was valued using the excess earnings method, which discounts the estimated after-tax cash flows associated with open customer orders as of the acquisition date.
- (6) The Company acquired \$200.1 million of net deferred tax assets related to Kate Spade historical federal and state net operating losses, net of a \$39.3 million valuation allowance, which the Company expects to be able to utilize. The deferred tax adjustments resulting from the step-up in basis of acquired assets, most notably the brand intangible asset, resulted in an overall deferred tax liability.
- (7) Includes an adjustment for unfavorable lease rights of \$49.5 million (amortized over the remainder of the underlying lease terms).

The operational results of Kate Spade for the post-acquisition period from July 11, 2017 to June 29, 2019 are included in the Company's accompanying Consolidated Statement of Operations for the year ended June 29, 2019. Refer to Note 18, "Segment Information," for the operating results of the Kate Spade business.

The following pro forma information has been prepared as if the Kate Spade acquisition and the related debt financing had occurred as of the beginning of fiscal 2017. These adjustments include the removal of certain historical amounts. The pro forma amounts reflect the combined historical operational results for Tapestry and Kate Spade, after giving effect to adjustments related to the impact of purchase accounting, transaction costs and financing. The pro forma financial information is not indicative of the operational results that would have been obtained had the transactions actually occurred as of that date, nor is it necessarily indicative of the Company's future operational results. The following adjustments have been made:

- (i) Depreciation and amortization expenses related to the fair value adjustments to Kate Spade's property and equipment and intangible assets have been reflected in the year ended June 30, 2018. Short-term purchase accounting amortization has been excluded from the pro forma amounts due to the non-recurring nature.
- (ii) Transaction costs in the year ended June 30, 2018 have been excluded from the pro forma amounts due to their non-recurring nature.
- (iii) Interest expense of debt issued to finance the acquisition, including amortization of deferred financing fees, has been reflected in the year ended June 30, 2018. Historical interest expense for Kate Spade has been removed.
- (iv) The tax effects of the pro forma adjustments at an estimated statutory rate of 40.0%.
- (v) Earnings per share amounts are calculated using unrounded numbers and the Company's historical weighted average shares outstanding.

Notes to Consolidated Financial Statements (Continued)

	Fiscal Year Ended	
	June 30, 2018	July 1, 2017
	(unaudited)	
	(millions, except per share data)	
Pro forma Net sales⁽¹⁾	\$ 5,912.9	\$ 5,837.4
Pro forma Net income⁽¹⁾	472.8	695.4
Pro forma Net income per share:		
Basic	\$ 1.66	\$ 2.48
Diluted	\$ 1.64	\$ 2.46

⁽¹⁾ The pro forma results for the year ended June 30, 2018 include revenue and operating income from the pre-combination period in fiscal 2018.

Distributor Acquisitions and Kate Spade Joint Ventures Operational Control

During the third quarter of fiscal 2018, the Company acquired designated assets of its Stuart Weitzman distributor in Northern China, entered into an agreement to obtain operational control of the Kate Spade Joint Ventures that operate in Greater China in which the Company has 50% interest, and acquired designated assets of its Coach distributor in Australia and New Zealand.

The aggregate purchase consideration for the three acquisitions was \$153.7 million, of which \$106.9 million will be paid in cash and the remaining is related to non-cash consideration. Of the cash consideration, \$61.5 million (or \$55.6 million net of cash acquired) was paid during fiscal 2018, \$2.5 million was paid during fiscal 2019 and the remaining will be paid in the future. Of the total purchase consideration of \$153.7 million, \$50.0 million of net assets were recorded at their fair values, and the excess of the purchase consideration over the fair value of the net assets acquired was recorded as non-tax deductible goodwill in the amount of \$103.7 million. Of this amount, \$52.8 million, \$49.3 million and \$1.6 million were recorded to the Company's Kate Spade, Stuart Weitzman and Coach segments, respectively. During the fourth quarter of fiscal 2018, there were measurement period adjustments of \$2.3 million and \$0.5 million, related to the Kate Spade and Stuart Weitzman segments, respectively, which decreased Goodwill. Refer to Note 15, "Goodwill and Other Intangible Assets," for further information.

The results of the operations of each acquired entity have been included in the consolidated financial statements since the respective date of each acquisition. The pro forma results are not presented for these acquisitions as they are immaterial.

5. REVENUE

The Company recognizes revenue primarily from sales of the products of its brands through retail and wholesale channels, including the Internet. The Company also generates revenue from royalties related to licensing its trademarks, as well as sales in ancillary channels. In all cases, revenue is recognized upon the transfer of control of the promised products or services to the customer, which may be at a point in time or over time. Control is transferred when the customer obtains the ability to direct the use of and obtain substantially all of the remaining benefits from the products or services. The amount of revenue recognized is the amount of consideration to which the Company expects to be entitled, including estimation of sale terms that may create variability in the consideration. Revenue subject to variability is constrained to an amount which will not result in a significant reversal in future periods when the contingency that creates variability is resolved.

The Company recognizes revenue in its retail stores, including concession shop-in-shops, at the point-of-sale when the customer obtains physical possession of the products. Internet revenue from sales of products ordered through the Company's e-commerce sites is recognized upon delivery and receipt of the shipment by its customers and includes shipping and handling charges paid by customers. Retail and Internet revenues are recorded net of estimated returns, which are estimated by developing an expected value based on historical experience. Payment is due at the point of sale.

Gift cards issued by the Company are recorded as a liability until redeemed by the customer, at which point revenue is recognized. The Company also uses historical information to estimate the amount of gift card balances that will never be redeemed and recognizes that amount as revenue over time in proportion to actual customer redemptions if the Company does not have a legal obligation to remit unredeemed gift cards to any jurisdiction as unclaimed property.

Notes to Consolidated Financial Statements (Continued)

Certain of the Company's retail operations use sales incentive programs, such as customer loyalty programs and the issuance of coupons. Loyalty programs provide the customer a material right to acquire additional products and give rise to the Company having a separate performance obligation. Additionally, certain products sold by the Company include an assurance warranty that is not considered a separate performance obligation. These programs are immaterial individually and in the aggregate.

The Company recognizes revenue within the wholesale channel at the time title passes and risk of loss is transferred to customers, which is generally at the point of shipment of products but may occur upon receipt of the shipment by the customer in certain cases. Payment is generally due 30 to 90 days after shipment. Wholesale revenue is recorded net of estimates for returns, discounts, end-of-season markdowns, cooperative advertising allowances and other consideration provided to the customer. Discounts are based on contract terms with the customer, while cooperative advertising allowances and other consideration may be based on contract terms or negotiated on a case by case basis. Returns and markdowns generally require approval from the Company and are estimated based on historical trends, current season results and inventory positions at the wholesale locations, current market and economic conditions as well as, in select cases, contractual terms. The Company's historical estimates of these variable amounts have not differed materially from actual results.

The Company recognizes licensing revenue over time during the contract period in which licensees are granted access to the Company's trademarks. These arrangements require licensees to pay a sales-based royalty and may include a contractually guaranteed minimum royalty amount. Revenue for contractually guaranteed minimum royalty amounts is recognized ratably over the license year and any excess sales-based royalties are recognized as earned once the minimum royalty threshold is achieved. Payments from the customer are generally due quarterly in an amount based on the licensee's sales of goods bearing the licensed trademarks during the period, which may differ from the amount of revenue recorded during the period thereby generating a contract asset or liability. Contract assets and liabilities and contract costs related to the licensing arrangements are immaterial as the licensing business represents approximately 1% of total net sales in the fiscal year ended June 27, 2020.

The Company has elected a practical expedient not to disclose the remaining performance obligations that are unsatisfied as of the end of the period related to contracts with an original duration of one year or less or variable consideration related to sales-based royalty arrangements. There are no other contracts with transaction price allocated to remaining performance obligations other than future minimum royalties as discussed above, which are not material.

Other practical expedients elected by the Company include (i) assuming no significant financing component exists for any contract with a duration of one year or less, (ii) accounting for shipping and handling as a fulfillment activity within SG&A expense regardless of the timing of the shipment in relation to the transfer of control and (iii) excluding sales and value added tax from the transaction price.

TAPESTRY, INC.

Notes to Consolidated Financial Statements (Continued)

Disaggregated Net Sales

The following table disaggregates the Company's net sales into geographies that depict how economic factors may impact the revenues and cash flows for the periods presented. Each geography presented includes net sales related to the Company's directly operated channels, global travel retail business and to wholesale customers, including distributors, in locations within the specified geographic area.

	North America	Greater China ⁽¹⁾	Other Asia ⁽²⁾	Other ⁽³⁾	Total
	(millions)				
Fiscal 2020					
Coach	\$ 2,015.5	\$ 600.8	\$ 691.0	\$ 218.4	\$ 3,525.7
Kate Spade	889.4	48.3	141.6	70.2	1,149.5
Stuart Weitzman	146.2	81.2	18.3	40.5	286.2
Total	\$ 3,051.1	\$ 730.3	\$ 850.9	\$ 329.1	\$ 4,961.4
Fiscal 2019					
Coach	\$ 2,401.6	\$ 779.8	\$ 836.0	\$ 253.5	\$ 4,270.9
Kate Spade	1,067.4	52.9	157.8	88.7	1,366.8
Stuart Weitzman	216.3	80.2	23.6	69.3	389.4
Total	\$ 3,685.3	\$ 912.9	\$ 1,017.4	\$ 411.5	\$ 6,027.1
Fiscal 2018					
Coach	\$ 2,414.1	\$ 774.7	\$ 792.6	\$ 240.1	\$ 4,221.5
Kate Spade	1,030.6	25.7	137.3	91.1	1,284.7
Stuart Weitzman	239.9	36.7	17.4	79.8	373.8
Total	\$ 3,684.6	\$ 837.1	\$ 947.3	\$ 411.0	\$ 5,880.0

⁽¹⁾ Greater China includes mainland China, Hong Kong SAR, Macao SAR and Taiwan.

⁽²⁾ Other Asia includes Japan, Australia, New Zealand, South Korea, Thailand and other countries within Asia.

⁽³⁾ Other sales primarily represents sales in Europe, the Middle East and royalties related to licensing.

Deferred Revenue

Deferred revenue results from cash payments received or receivable from customers prior to the transfer of the promised goods or services, and is primarily related to unredeemed gift cards, net of breakage which has been recognized. Additional deferred revenue may result from sales-based royalty payments received or receivable which exceed the revenue recognized during the contractual period. The balance of such amounts as of June 27, 2020 and June 29, 2019 was \$28.1 million and \$27.5 million, respectively, which were primarily recorded within Accrued liabilities on the Company's Consolidated Balance Sheets and are generally expected to be recognized as revenue within a year. For the fiscal year ended June 27, 2020, net sales of \$12.3 million were recognized from amounts recorded as deferred revenue as of June 29, 2019. For the fiscal year ended June 29, 2019, net sales of \$18.6 million were recognized from amounts recorded as deferred revenue as of June 30, 2018.

6. INTEGRATION

Fiscal 2020

During the fiscal year ended June 27, 2020, the Company incurred integration and acquisition-related costs of \$12.9 million. The charges recorded in cost of sales for the fiscal year ended June 27, 2020 were \$5.6 million. Of the amount recorded to cost of sales for the fiscal year ended June 27, 2020, \$4.3 million was recorded within the Stuart Weitzman segment, \$1.2 million was recorded within the Kate Spade segment and \$0.1 million was recorded within the Coach segment. The charges recorded in SG&A

TAPESTRY, INC.

Notes to Consolidated Financial Statements (Continued)

expenses for the fiscal year ended June 27, 2020 were \$7.3 million. Of the amount recorded to SG&A expenses for the fiscal year ended June 27, 2020, \$8.7 million was recorded within Corporate, \$0.5 million was recorded within the Coach segment, \$0.1 million was recorded within the Kate Spade segment and a reduction of expense of \$2.0 million was recorded within the Stuart Weitzman segment. Of the total costs of \$12.9 million, \$2.6 million were non-cash charges related to inventory, organization-related costs and purchase accounting adjustments.

Fiscal 2019

During the fiscal year ended June 29, 2019, the Company incurred integration and acquisition-related costs of \$94.4 million. The charges recorded in cost of sales for the fiscal year ended June 29, 2019 were \$27.8 million. Of the amount recorded to cost of sales for the fiscal year ended June 29, 2019, \$6.3 million was recorded within the Kate Spade segment, \$19.6 million was recorded within the Stuart Weitzman segment and \$1.9 million was recorded within the Coach segment. The charges recorded in SG&A expenses for the fiscal year ended June 29, 2019 were \$66.6 million. Of the amount recorded to SG&A expenses for the fiscal year ended June 29, 2019, \$14.5 million was recorded in the Kate Spade segment, \$30.0 million was recorded within Corporate, \$15.0 million was recorded within the Stuart Weitzman segment and \$7.1 million was recorded within the Coach segment. Of the total costs of \$94.4 million, \$32.5 million were non-cash charges related to inventory, organization-related costs and asset write-offs.

Refer to Note 4, "Acquisitions," for more information.

A summary of the integration and acquisition charges is as follows:

	Fiscal Year Ended	
	June 27, 2020	June 29, 2019
	(millions)	
Purchase accounting adjustments ⁽¹⁾	\$ 0.8	\$ 10.1
Acquisition costs ⁽²⁾	—	1.3
Inventory-related charges ⁽³⁾	4.8	17.6
Contractual payments ⁽⁴⁾	—	8.1
Other ⁽⁵⁾	7.3	57.3
Total	\$ 12.9	\$ 94.4

⁽¹⁾ Purchase accounting adjustments primarily relate to the short-term impact of the amortization of fair value adjustments.

⁽²⁾ Acquisition costs primarily relate to deal fees associated with the acquisitions.

⁽³⁾ Inventory-related charges primarily relate to inventory reserves for the fiscal year ended June 27, 2020. For the fiscal year ended June 29, 2019, these charges primarily relate to one-time write-off of inventory.

⁽⁴⁾ For the fiscal year ended June 29, 2019, contractual payments primarily relate to contract termination charges.

⁽⁵⁾ Other primarily relates to professional fees, severance charges, asset write-offs and inventory true-up.

7. RESTRUCTURING ACTIVITIES

A description of significant restructuring and other activities and their related costs is included below.

Acceleration Program

The Company is undergoing a review of its business under its multi-year growth agenda. This multi-faceted, multi-year strategic growth plan (the "Acceleration Program") reflects: (i) actions to streamline the Company's organization; (ii) select store closures as the Company optimizes its fleet (including store closure costs incurred as the Company exits certain regions in which it currently operates); and (iii) professional fees and compensation costs incurred as a result of the development and execution of the Company's comprehensive strategic initiatives aimed at increasing profitability. Under the Acceleration Program, the Company expects to incur total pre-tax charges of approximately \$185 - \$200 million. The Acceleration Program is expected to be substantially complete by the end of fiscal 2022.

Under the Acceleration Program, the Company incurred charges of \$87.0 million during the fourth quarter of fiscal 2020, of which \$8.4 million was recorded within cost of sales and \$78.6 million was recorded within SG&A expenses. Of the \$8.4 million recorded within cost of sales, \$8.4 million was recorded within the Stuart Weitzman segment. Of the \$78.6 million recorded within SG&A expenses, \$28.9 million was recorded within Corporate, \$18.5 million was recorded within the Coach segment, \$17.6 million was recorded within the Stuart Weitzman segment and \$13.6 million was recorded within the Kate Spade segment. A summary of charges and related liabilities under the Acceleration Program is as follows:

	Organization-Related ⁽¹⁾ Store Closure ⁽²⁾ Other ⁽³⁾ Total			
	(millions)			
Fiscal 2020 charges	\$ 44.7	\$ 32.3	\$ 10.0	\$ 87.0
Cash payments	(15.8)	(11.0)	(7.1)	(33.9)
Non-cash charges	(4.0)	(20.8)	—	(24.8)
Liability balance as of June 27, 2020	\$ 24.9	\$ 0.5	\$ 2.9	\$ 28.3

-
- (1) Organization-related charges, recorded within SG&A expenses, primarily relates to severance and other related costs.
 - (2) Store closure charges represent lease termination penalties, removal or modification of lease assets and liabilities established in connection with the adoption of the new lease accounting standard, establishing inventory reserves, accelerated depreciation and severance.
 - (3) Other charges, recorded within SG&A, primarily relates to professional fees incurred related to the Acceleration Program.

The Company expects to incur approximately \$100 - \$115 million in additional charges under its the Acceleration Program, of which the majority is estimated to be cash and mostly expected to be recorded in fiscal 2021.

Notes to Consolidated Financial Statements (Continued)

8. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The components of accumulated other comprehensive income (loss), as of the dates indicated, are as follows:

	Unrealized Gains (Losses) on Cash Flow Hedging Derivatives ⁽¹⁾	Unrealized Gains (Losses) on Available-for- Sale Investments	Cumulative Translation Adjustment	Other ⁽²⁾	Total
(millions)					
Balances at June 30, 2018	\$ 1.4	\$ —	\$ (85.3)	\$ 1.1	\$ (82.8)
Other comprehensive income (loss) before reclassifications	(4.3)	(0.4)	5.4	—	0.7
Less: amounts reclassified from accumulated other comprehensive income (loss)	1.6	0.1	—	(0.6)	1.1
Net current-period other comprehensive income (loss)	(5.9)	(0.5)	5.4	0.6	(0.4)
Balances at June 29, 2019	\$ (4.5)	\$ (0.5)	\$ (79.9)	\$ 1.7	\$ (83.2)
Other comprehensive income (loss) before reclassifications	(2.6)	—	(13.4)	—	(16.0)
Less: amounts reclassified from accumulated other comprehensive income (loss)	(8.2)	(0.5)	—	1.7	(7.0)
Net current-period other comprehensive income (loss)	5.6	0.5	(13.4)	(1.7)	(9.0)
Balances at June 27, 2020	\$ 1.1	\$ —	\$ (93.3)	\$ —	\$ (92.2)

⁽¹⁾ The ending balances of AOCI related to cash flow hedges are net of tax of \$(0.2) million and \$(1.3) million as of June 27, 2020 and June 29, 2019, respectively. The amounts reclassified from AOCI are net of tax of \$4.2 million and \$(1.0) million as of June 27, 2020 and June 29, 2019, respectively.

⁽²⁾ Other represents the accumulated loss on the Company's minimum pension liability adjustment. The balance at June 29, 2019 is net of tax of \$0.5 million. There was no remaining balance at June 27, 2020.

9. SHARE-BASED COMPENSATION

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

	June 27, 2020 ⁽¹⁾	June 29, 2019 ⁽¹⁾	June 30, 2018 ⁽¹⁾
(millions)			
Share-based compensation expense	\$ 66.9	\$ 88.0	\$ 88.1
Income tax benefit related to share-based compensation expense	13.8	16.2	23.5

⁽¹⁾ During the fiscal year ended June 27, 2020, the Company incurred \$9.8 million of share-based compensation expense related to its organization-related and integration activities and \$4.0 million of share-based compensation expense related to its Acceleration Program. During the fiscal year ended June 29, 2019 and June 30, 2018, the Company incurred \$3.2 million and \$6.0 million of share-based compensation expense related to integration efforts, respectively. There were no share-based compensation expense under the Operational Efficiency Plan in fiscal years ended June 27, 2020 or June 29, 2019. During the fiscal year ended June 30, 2018, the Company incurred \$0.8 million of share-based compensation expense under the Company's Operational Efficiency Plan, respectively, primarily as a result of the accelerated vesting of certain awards. Refer to Note 6, "Integration," and Note 7, "Restructuring Activities," for further information.

Notes to Consolidated Financial Statements (Continued)

Stock-Based Plans

The Company maintains the Amended and Restated 2010 Stock Incentive Plan to award stock options and shares to certain members of management and the outside members of its Board of Directors (“Board”). The Company maintains the 2004 Stock Incentive Plan for awards granted prior to the establishment of the 2010 Stock Incentive Plan. These plans were approved by the Company’s stockholders. The exercise price of each stock option equals 100% of the market price of the Company’s stock on the date of grant and generally has a maximum term of 10 years. Stock options and service based share awards that are granted as part of the annual compensation process generally vest ratably over four years. Stock option and share awards are subject to forfeiture until completion of the vesting period, which ranges from one to four years. The Company issues new shares upon the exercise of stock options or vesting of share awards.

Stock Options

A summary of stock option activity during the fiscal year ended June 27, 2020 is as follows:

	Number of Options Outstanding <small>(millions)</small>	Weighted- Average Exercise Price per Option	Weighted- Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value <small>(millions)</small>
Outstanding at June 29, 2019	12.4	\$ 44.24		
Granted	5.5	21.31		
Exercised	—	28.34		
Forfeited or expired	(2.9)	35.00		
Outstanding at June 27, 2020	15.0	37.62	6.2	\$ —
Vested and expected to vest at June 27, 2020	15.3	38.48	6.3	—
Exercisable at June 27, 2020	9.5	44.12	4.3	—

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

	June 27, 2020	June 29, 2019	June 30, 2018
Expected term (years)	5.1	5.1	5.1
Expected volatility	37.6%	30.0%	28.4%
Risk-free interest rate	1.5%	2.6%	1.8%
Dividend yield	6.3%	3.9%	3.3%

The expected term of options represents the period of time that the options granted are expected to be outstanding and is based on historical experience. Expected volatility is based on historical volatility of the Company’s stock as well as the implied volatility from publicly traded options on the Company’s stock. The risk free interest rate is based on the zero-coupon U.S. Treasury issue as of the date of the grant. Dividend yield is based on the current expected annual dividend per share and the Company’s stock price.

The weighted-average grant-date fair value of options granted during fiscal 2020, fiscal 2019 and fiscal 2018 was \$3.83, \$6.74 and \$7.76, respectively. The total intrinsic value of options exercised during fiscal 2020, fiscal 2019 and fiscal 2018 was \$0.0 million, \$10.2 million and \$59.2 million, respectively. The total cash received from option exercises was \$0.1 million, \$30.7 million and \$161.5 million in fiscal 2020, fiscal 2019 and fiscal 2018, respectively, and the cash tax benefit realized for the tax deductions from these option exercises was \$0.0 million, \$2.6 million and \$11.4 million, respectively.

At June 27, 2020, \$17.0 million of total unrecognized compensation cost related to non-vested stock option awards is expected to be recognized over a weighted-average period of 1.4 years.

Notes to Consolidated Financial Statements (Continued)

Service-based Restricted Stock Unit Awards (“RSUs”)

A summary of service-based RSU activity during the year ended June 27, 2020 is as follows:

	Number of Non-vested RSUs (millions)	Weighted- Average Grant- Date Fair Value per RSU
Non-vested at June 29, 2019	3.3	\$ 45.49
Granted	4.1	21.31
Vested	(1.4)	43.56
Forfeited	(1.1)	31.26
Non-vested at June 27, 2020	4.9	29.72

At June 27, 2020, \$83.3 million of total unrecognized compensation cost related to non-vested share awards is expected to be recognized over a weighted-average period of 1.4 years.

The weighted-average grant-date fair value of share awards granted during fiscal 2020, fiscal 2019 and fiscal 2018 was \$21.31, \$49.13 and \$41.75, respectively. The total fair value of shares vested during fiscal 2020, fiscal 2019 and fiscal 2018 was \$33.5 million, \$75.0 million and \$83.4 million, respectively.

Performance-based Restricted Stock Unit Awards (“PRSU”)

The Company grants PRSUs to key executives, the vesting of which is subject to the executive’s continuing employment and the Company’s achievement of certain performance goals. A summary of PRSU activity during the fiscal year ended June 27, 2020 is as follows:

	Number of Non-vested PRSUs (millions)	Weighted- Average Grant- Date Fair Value per PRSU
Non-vested at June 29, 2019	0.9	\$ 44.41
Granted	0.6	21.43
Change due to performance condition achievement	(0.2)	51.08
Vested	(0.3)	39.87
Forfeited	(0.2)	30.67
Non-vested at June 27, 2020	0.8	32.68

At June 27, 2020, \$0.2 million of total unrecognized compensation cost related to non-vested share awards is expected to be recognized over a weighted-average period of 0.3 years.

The weighted-average grant-date fair value per share of PRSU awards granted during fiscal 2020, fiscal 2019 and fiscal 2018 was \$21.43, \$49.78 and \$43.80, respectively. The total fair value of awards that vested during fiscal 2020, fiscal 2019 and fiscal 2018 was \$8.3 million, \$9.7 million and \$11.4 million, respectively.

During the fiscal years ended June 27, 2020 and June 29, 2019, the Company granted 0.6 million shares (with a fair value of \$12.9 million) and 0.3 million shares (with a fair value of \$12.3 million) of common stock to executives, respectively. The shares are subject to a three-year cliff vesting, subject to the employee’s continuing employment and the Company’s achievement of the performance goals established at the beginning of the performance period. The fair value of the PRSU’s is based on the price of the Company’s common stock on the date of grant.

In fiscal 2020, fiscal 2019 and fiscal 2018, the cash tax benefit realized for the tax deductions from all RSUs (service and performance-based) was \$8.8 million, \$16.6 million and \$17.9 million, respectively.

Notes to Consolidated Financial Statements (Continued)

Employee Stock Purchase Plan

Under the 2001 Employee Stock Purchase Plan, eligible employees are permitted to purchase a limited number of Company common shares at 85% of market value. Under this plan, the Company sold 0.2 million, 0.2 million and 0.1 million shares to employees in fiscal 2020, fiscal 2019 and fiscal 2018, respectively. Compensation expense is calculated for the fair value of employees' purchase rights using the Black-Scholes model and the following weighted-average assumptions:

	Fiscal Year Ended		
	June 27, 2020	June 29, 2019	June 30, 2018
Expected term (years)	0.5	0.5	0.5
Expected volatility	50.2%	27.7%	26.9%
Risk-free interest rate	1.9%	2.3%	1.3%
Dividend yield	4.9%	3.3%	3.1%

The weighted-average fair value of the purchase rights granted during fiscal 2020, fiscal 2019 and fiscal 2018 was \$7.75, \$9.15 and \$9.62, respectively. The Company issues new shares for employee stock purchases.

10. INVESTMENTS

The following table summarizes the Company's primarily U.S. dollar-denominated investments, recorded within the Consolidated Balance Sheets as of June 27, 2020 and June 29, 2019:

	June 27, 2020			June 29, 2019		
	Short-term	Long-term	Total	Short-term	Long-term	Total
	(millions)					
Available-for-sale investments:						
Commercial paper ⁽¹⁾	\$ —	\$ —	\$ —	\$ 17.9	\$ —	\$ 17.9
Government securities – U.S. ⁽²⁾	—	—	—	102.6	—	102.6
Corporate debt securities – U.S. ⁽²⁾	—	—	—	95.8	—	95.8
Corporate debt securities – non-U.S. ⁽²⁾	—	—	—	37.3	—	37.3
Available-for-sale investments, total	\$ —	\$ —	\$ —	\$ 253.6	\$ —	\$ 253.6
Other:						
Time deposits ⁽¹⁾	0.7	—	0.7	0.6	—	0.6
Other	7.4	0.1	7.5	10.4	0.1	10.5
Total Investments	\$ 8.1	\$ 0.1	\$ 8.2	\$ 264.6	\$ 0.1	\$ 264.7

⁽¹⁾ These securities have original maturities greater than three months and are recorded at fair value.

⁽²⁾ These securities as of June 29, 2019 had maturity dates between calendar years 2019 and 2020 and were recorded at fair value.

There were no material gross unrealized gains or losses on available-for-sale investments as of the periods ended June 27, 2020 and June 29, 2019.

Notes to Consolidated Financial Statements (Continued)

11. LEASES

The Company leases retail space, office space, warehouse facilities, distribution centers, storage space, machinery, equipment and certain other items under operating leases. The Company's leases have initial terms ranging from 1 to 20 years and may have renewal or early termination options ranging from 1 to 10 years. These leases may also include rent escalation clauses or lease incentives in the form of construction allowances and rent reduction. In determining the lease term used in the lease ROU asset and lease liability calculations, the Company considers various factors such as market conditions and the terms of any renewal or termination options that may exist. When deemed reasonably certain, the renewal and termination options are included in the determination of the lease term and calculation of the lease ROU asset and lease liability. The Company is typically required to make fixed minimum rent payments, variable rent payments primarily based on performance (i.e., percentage-of-sales-based payments), or a combination thereof, directly related to its ROU asset. The Company is also often required, by the lease, to pay for certain other costs including real estate taxes, insurance, common area maintenance fees, and/or certain other costs, which may be fixed or variable, depending upon the terms of the respective lease agreement. To the extent these payments are fixed, the Company has included them in calculating the lease ROU assets and lease liabilities.

The Company calculates lease ROU assets and lease liabilities as the present value of fixed lease payments over the reasonably certain lease term beginning at the commencement date. ASU 2016-02 requires the use of the implicit rate to determine the present value of lease payments. As the rate implicit in the Company's leases is not readily determinable, the Company uses its incremental borrowing rate based on the information available at the lease commencement date, including the Company's credit rating, credit spread and adjustments for the impact of collateral, lease tenors, economic environment and currency.

For operating leases, fixed lease payments are recognized as operating lease cost on a straight-line basis over the lease term. For finance leases and impaired operating leases, the ROU asset is depreciated on a straight-line basis over the remaining lease term, along with recognition of interest expense associated with accretion of the lease liability. For leases with a lease term of 12 months or less ("short-term lease"), any fixed lease payments are recognized on a straight-line basis over such term, and are not recognized on the Consolidated Balance Sheets. Variable lease cost for both operating and finance leases, if any, is recognized as incurred.

The Company acts as sublessor in certain leasing arrangements, primarily related to a sublease of a portion of the Company's leased headquarters space as well as certain retail locations. Fixed sublease payments received are recognized on a straight-line basis over the sublease term.

ROU assets, along with any other related long-lived assets, are periodically evaluated for impairment.

The following table summarizes the ROU assets and lease liabilities recorded on the Company's Consolidated Balance Sheet as of June 27, 2020:

	June 27, 2020	Location Recorded on Balance Sheet
	(millions)	
Assets:		
Operating leases	\$ 1,757.0	Operating lease right-of-use assets
Finance leases	3.3	Property and equipment, net
Total lease assets	<u>\$ 1,760.3</u>	
Liabilities:		
<u>Operating leases:</u>		
Current lease liabilities	\$ 388.8	Current lease liabilities
Long-term lease liabilities	1,799.8	Long-term lease liabilities
Total operating lease liabilities	<u>\$ 2,188.6</u>	
<u>Finance leases:</u>		
Current lease liabilities	\$ 0.9	Accrued liabilities
Long-term lease liabilities	4.4	Other liabilities
Total finance lease liabilities	<u>\$ 5.3</u>	
Total lease liabilities	<u>\$ 2,193.9</u>	

TAPESTRY, INC.

Notes to Consolidated Financial Statements (Continued)

The following table summarizes the composition of net lease costs, primarily recorded within SG&A expenses on the Company's Consolidated Statement of Operations for the fiscal year ended June 27, 2020:

	Fiscal Year Ended	
	June 27, 2020	
	(millions)	
Finance lease cost:		
Amortization of right-of-use assets	\$	0.8
Interest on lease liabilities ⁽¹⁾		0.6
Total finance lease cost		1.4
Operating lease cost		427.3
Short-term lease cost		13.6
Variable lease cost ⁽²⁾		181.1
Operating lease right-of-use impairment ⁽³⁾		170.9
Less: sublease income		(19.2)
Total net lease cost	\$	775.1

⁽¹⁾ Interest on lease liabilities is recorded within Interest expense, net on the Company's Consolidated Statement of Operations.

⁽²⁾ Rent concessions negotiated related to Covid-19 are recorded in variable lease expense and were not material in fiscal 2020.

⁽³⁾ Operating lease right-of-use impairment includes charges under the Acceleration Program.

TAPESTRY, INC.

Notes to Consolidated Financial Statements (Continued)

The following table summarizes certain cash flow information related to the Company's leases for the fiscal year ended June 27, 2020:

	Fiscal Year Ended	
	June 27, 2020	
	(millions)	
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$	398.4
Operating cash flows from finance leases		0.6
Financing cash flows from finance leases		0.8
Non-cash transactions:		
Right-of-use assets obtained in exchange for operating lease liabilities		168.8
Right-of-use assets obtained in exchange for finance lease liabilities		—

The following table provides a maturity analysis of the Company's lease liabilities recorded on the Consolidated Balance Sheet as of June 27, 2020:

	June 27, 2020		
	Operating Leases	Finance Leases	Total
	(millions)		
Fiscal 2021	\$ 454.6	\$ 1.4	\$ 456.0
Fiscal 2022	369.7	1.4	371.1
Fiscal 2023	323.2	1.4	324.6
Fiscal 2024	271.6	1.4	273.0
Fiscal 2025	221.4	1.3	222.7
Fiscal 2026 and thereafter	974.4	—	974.4
Total lease payments	2,614.9	6.9	2,621.8
Less: imputed interest	(426.3)	(1.6)	(427.9)
Total lease liabilities	\$ 2,188.6	\$ 5.3	\$ 2,193.9

The future minimum fixed sublease receipts under non-cancelable operating lease agreements as of June 27, 2020 are as follows:

	June 27, 2020	
	(millions)	
Fiscal 2021	\$	17.5
Fiscal 2022		16.7
Fiscal 2023		13.9
Fiscal 2024		14.3
Fiscal 2025		14.8
Fiscal 2026 and thereafter		172.0
Total sublease income	\$	249.2

TAPESTRY, INC.

Notes to Consolidated Financial Statements (Continued)

The following table summarizes the weighted-average remaining lease terms and weighted-average discount rates related to the Company's operating leases and finance leases recorded on the Consolidated Balance Sheet as of June 27, 2020:

	June 27, 2020
Weighted average remaining lease term (years):	
Operating leases	8.7
Finance leases	4.9
Weighted average discount rate:	
Operating leases	3.8%
Finance leases	11.3%

Additionally, the Company had an immaterial amount of future payment obligations related to executed lease agreements for which the related lease has not yet commenced as of June 27, 2020.

As reported under the previous accounting standard, the following table provides a summary of future minimum rental payments under non-cancelable operating leases, as of June 29, 2019:

	June 29, 2019	
	(millions)	
2020	\$	399.0
2021		341.5
2022		308.2
2023		270.4
2024		226.5
Subsequent to 2024		1,065.7
Total minimum future rental payments	\$	2,611.3

12. FAIR VALUE MEASUREMENTS

The Company categorizes its assets and liabilities, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy as set forth below. The three levels of the hierarchy are defined as follows:

Level 1 — Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 — Observable inputs other than quoted prices included in Level 1. Level 2 inputs include quoted prices for identical assets or liabilities in non-active markets, quoted prices for similar assets or liabilities in active markets, and inputs other than quoted prices that are observable for substantially the full term of the asset or liability.

Level 3 — Unobservable inputs reflecting management's own assumptions about the input used in pricing the asset or liability. The Company does not have any Level 3 investments.

TAPESTRY, INC.

Notes to Consolidated Financial Statements (Continued)

The following table shows the fair value measurements of the Company's financial assets and liabilities at June 27, 2020 and June 29, 2019:

	Level 1		Level 2	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
(millions)				
Assets:				
Cash equivalents ⁽¹⁾	\$ 569.4	\$ 454.3	\$ 0.3	\$ 0.4
Short-term investments:				
Time deposits ⁽²⁾	—	—	0.7	0.6
Commercial paper ⁽²⁾	—	—	—	17.9
Government securities - U.S. ⁽²⁾	—	102.6	—	—
Corporate debt securities - U.S. ⁽²⁾	—	—	—	95.8
Corporate debt securities - non U.S. ⁽²⁾	—	—	—	37.3
Other	—	—	7.4	10.4
Long-term investments:				
Other	—	—	0.1	0.1
Derivative Assets:				
Inventory-related instruments ⁽³⁾	—	—	2.8	1.1
Intercompany loan hedges ⁽³⁾	—	—	0.1	—
Liabilities:				
Derivative liabilities:				
Inventory-related instruments ⁽³⁾	\$ —	\$ —	\$ 1.3	\$ 4.9
Intercompany loan hedges ⁽³⁾	—	—	0.4	0.1

(1) Cash equivalents consist of money market funds and time deposits with maturities of three months or less at the date of purchase. Due to their short term maturity, management believes that their carrying value approximates fair value.

(2) Short-term available-for-sale investments are recorded at fair value, which approximates their carrying value, and are primarily based upon quoted vendor or broker priced securities in active markets.

(3) The fair value of these hedges is primarily based on the forward curves of the specific indices upon which settlement is based and includes an adjustment for the counterparty's or Company's credit risk.

Refer to Note 13, "Debt," for the fair value of the Company's outstanding debt instruments.

Non-Financial Assets and Liabilities

The Company's non-financial instruments, which primarily consist of goodwill, intangible assets and property and equipment, are not required to be measured at fair value on a recurring basis and are reported at carrying value. However, on a periodic basis whenever events or changes in circumstances indicate that their carrying value may not be fully recoverable (and at least annually for goodwill and indefinite-lived intangible assets), non-financial instruments are assessed for impairment and, if applicable, written-down to and recorded at fair value, considering market participant assumptions. Refer to Note 4, "Acquisitions," for further discussion of the approaches used in valuing acquired assets and assumed liabilities.

During the fiscal year ended June 27, 2020, the Company recorded a full impairment of \$267.0 million to the Stuart Weitzman indefinite-lived brand intangibles, and a full impairment of \$210.7 million to goodwill pertaining to the Stuart Weitzman reporting unit. Refer to Note 15, "Goodwill and Other Intangible Assets" for further information.

Notes to Consolidated Financial Statements (Continued)

Furthermore, when the Company evaluates its long-lived assets for impairment, the assessment is performed for the related asset group that represents the lowest level for which identifiable cash flows are independent of the cash flows of other assets. This determination requires a significant amount of judgment, and is dependent on the Company's overall operating strategy. The Company historically grouped select flagship locations with other stores located within the geographic area surrounding the flagship store as the Company believed the assets of the related group benefited from the Company's investments in the flagship location. Beginning in fiscal 2020, the Company began to (i) evaluate select flagship store closures across all brands, (ii) be more selective about new store openings as it focuses on store productivity and (iii) invest more significantly in growing its digital business and capabilities. Following this shift in strategy, during the quarter ended September 28, 2019, the Company determined for these certain flagship locations that the individual store represents the lowest level of independent identifiable cash flows.

As a result, the Company identified impairment indicators at certain flagship store locations and recorded lease ROU assets and property and equipment asset impairment charges. In addition, during the third and fourth quarter of fiscal 2020, the Company identified impairment indicators at various store locations globally as a result of the Covid-19 pandemic. The fair value of these assets were determined based on Level 3 measurements. Inputs to these fair value measurements included estimates of the amounts and the timing of the stores' net future discounted cash flows based on historical experience, current trends and market conditions.

During the fiscal year ended June 27, 2020, the Company recorded \$111.8 million of impairment charges to reduce the carrying amount of certain store assets within property and equipment, net to their estimated fair values. During the fiscal year ended June 29, 2019, the Company recorded \$7.4 million of impairment charges to reduce the carrying amount of certain store assets (primarily leasehold improvements at selected retail store locations) within property and equipment, net to their estimated fair values.

During the fiscal year ended June 27, 2020, the Company recorded \$155.4 million of impairment charges to reduce the carrying amount of certain operating lease right-of-use assets to their estimated fair values.

13. DEBT

The following table summarizes the components of the Company's outstanding debt:

	June 27, 2020	June 29, 2019
	(millions)	
Current Debt:		
Capital Lease Obligations	\$ —	\$ 0.8
Revolving Credit Facility	700.0	—
Note Payable	11.5	—
Total Current Debt	\$ 711.5	\$ 0.8
Long-Term Debt:		
4.250% Senior Notes due 2025	600.0	600.0
3.000% Senior Notes due 2022	400.0	400.0
4.125% Senior Notes due 2027	600.0	600.0
Note Payable	—	11.4
Capital Lease Obligations	—	5.3
Total Long-Term Debt	1,600.0	1,616.7
Less: Unamortized Discount and Debt Issuance Costs on Senior Notes	(12.1)	(14.8)
Total Long-Term Debt, net	\$ 1,587.9	\$ 1,601.9

During fiscal 2020, 2019 and 2018 the Company recognized interest expense related to the outstanding debt of \$71.5 million, \$66.9 million and \$86.3 million, respectively.

Revolving Credit Facility

On October 24, 2019, the Company entered into a definitive credit agreement whereby Bank of America, N.A., as administrative agent, the other agents party thereto, and a syndicate of banks and financial institutions have made available to the Company

Notes to Consolidated Financial Statements (Continued)

a \$900.0 million revolving credit facility, including sub-facilities for letters of credit, with a maturity date of October 24, 2024 (the “Revolving Credit Facility”). The Revolving Credit Facility may be used to finance the working capital needs, capital expenditures, permitted investments, share purchases, dividends and other general corporate purposes of the Company and its subsidiaries (which may include commercial paper back-up). Letters of credit and swing line loans may be issued under the Revolving Credit Facility as described below.

Borrowings under the Revolving Credit Facility bear interest at a rate per annum equal to, at the Borrowers’ option, either (a) an alternate base rate (which is a rate equal to the greatest of (i) the Prime Rate in effect on such day, (ii) the Federal Funds Effective Rate in effect on such day plus ½ of 1% or (iii) the Adjusted LIBO Rate for a one month Interest Period on such day plus 1%) or (b) a rate based on the rates applicable for deposits in the interbank market for U.S. Dollars or the applicable currency in which the loans are made plus, in each case, an applicable margin. The applicable margin will be determined by reference to a grid, as defined in the Credit Agreement, based on the ratio of (a) consolidated debt plus operating lease liability to (b) consolidated EBITDAR. Additionally, the Company pays a commitment fee at a rate determined by the reference to the aforementioned pricing grid.

On May 19, 2020, the Company entered into Amendment No. 1 (the “Amendment”) to the Revolving Credit Facility under the terms of the Amendment, during the period from the Effective Date until October 2, 2021, the Company must maintain available liquidity of \$700 million (with available liquidity defined as the sum of unrestricted cash and cash equivalents and available commitments under credit facilities, including the Revolving Credit Facility). Following the period from the Effective Date until the compliance certificate is delivered for the fiscal quarter ending July 3, 2021 (the “Covenant Relief Period”), the Company must comply on a quarterly basis with a maximum net leverage ratio of 4.0 to 1.0. In addition, the Amendment provides that during the Covenant Relief Period, if any two of the Company’s three credit ratings are non-investment grade, the Revolving Credit Facility will be guaranteed by the Company’s material domestic subsidiaries and will be subject to liens on accounts receivable, inventory and intellectual property, in each case subject to customary exceptions. The Amendment also contains negative covenants that limit the ability of the Company and its subsidiaries to, among other things, incur certain debt, incur certain liens, dispose of assets, make investments, loans or advances, and engage in share buybacks during the Covenant Relief Period. An increased interest rate will be applicable during the Covenant Relief Period when the Company’s gross leverage ratio exceeds 4.0 to 1.0. The \$900 million aggregate commitment amount under the revolving credit facility remains unchanged. As of June 27, 2020, \$700.0 million of borrowings were outstanding under the Revolving Credit Facility.

4.250% Senior Notes due 2025

On March 2, 2015, the Company issued \$600.0 million aggregate principal amount of 4.250% senior unsecured notes due April 1, 2025 at 99.445% of par (the “2025 Senior Notes”). Interest is payable semi-annually on April 1 and October 1 beginning October 1, 2015. Prior to January 1, 2025 (90 days prior to the scheduled maturity date), the Company may redeem the 2025 Senior Notes in whole or in part, at its option at any time or from time to time, at a redemption price equal to the greater of (1) 100% of the principal amount of the 2025 Senior Notes to be redeemed or (2) the sum of the present values of the remaining scheduled payments of principal and interest thereon that would have been payable in respect of the 2025 Senior Notes calculated as if the maturity date of the 2025 Senior Notes was January 1, 2025 (not including any portion of payments of interest accrued to the date of redemption), discounted to the redemption date on a semi-annual basis at the Adjusted Treasury Rate (as defined in the indenture for the 2025 Senior Notes) plus 35 basis points, plus, in the case of each of (1) and (2), accrued and unpaid interest to the redemption date. On and after January 1, 2025 (90 days prior to the scheduled maturity date), the Company may redeem the 2025 Senior Notes in whole or in part, at its option at any time or from time to time, at a redemption price equal to 100% of the principal amount of the 2025 Senior Notes to be redeemed, plus accrued and unpaid interest to the redemption date.

3.000% Senior Notes due 2022

On June 20, 2017, the Company issued \$400.0 million aggregate principal amount of 3.000% senior unsecured notes due July 15, 2022 at 99.505% of par (the “2022 Senior Notes”). Interest is payable semi-annually on January 15 and July 15 beginning January 15, 2018. Prior to June 15, 2022 (one month prior to the scheduled maturity date), the Company may redeem the 2022 Senior Notes in whole or in part, at its option at any time or from time to time, at a redemption price equal to the greater of (1) 100% of the principal amount of the 2022 Senior Notes to be redeemed or (2) as determined by a Quotation Agent, the sum of the present values of the remaining scheduled payments of principal and interest thereon that would have been payable in respect of the 2022 Senior Notes calculated as if the maturity date of the 2022 Senior Notes was June 15, 2022 (not including any portion of payments of interest accrued to the date of redemption), discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Adjusted Treasury Rate (as defined in the Prospectus Supplement) plus 25 basis points, plus, in the case of each of (1) and (2), accrued and unpaid interest to the redemption date.

Notes to Consolidated Financial Statements (Continued)

4.125% Senior Notes due 2027

On June 20, 2017, the Company issued \$600.0 million aggregate principal amount of 4.125% senior unsecured notes due July 15, 2027 at 99.858% of par (the "2027 Senior Notes"). Interest is payable semi-annually on January 15 and July 15 beginning January 15, 2018. Prior to April 15, 2027 (the date that is three month prior to the scheduled maturity date), the Company may redeem the 2027 Senior Notes in whole or in part, at its option at any time or from time to time, at a redemption price equal to the greater of (1) 100% of the principal amount of the 2027 Senior Notes to be redeemed or (2) as determined by a Quotation Agent, the sum of the present values of the remaining scheduled payments of principal and interest thereon that would have been payable in respect of the 2027 Senior Notes calculated as if the maturity date of the 2027 Senior Notes was April 15, 2027 (not including any portion of payments of interest accrued to the date of redemption), discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Adjusted Treasury Rate (as defined in the Prospectus Supplement) plus 30 basis points, plus, in the case of each of (1) and (2), accrued and unpaid interest to the redemption date.

At June 27, 2020, the fair value of the 2025, 2022 and 2027 Senior Notes was approximately \$576.6 million, \$393.4 million, and \$565.0 million, respectively, based on external pricing data, including available quoted market prices of these instruments, and consideration of comparable debt instruments with similar interest rates and trading frequency, among other factors, and is classified as Level 2 measurements within the fair value hierarchy. At June 29, 2019, the fair value of the 2025, 2022 and 2027 Senior Notes was approximately \$629.6 million, \$398.6 million and \$605.5 million, respectively.

Note Payable

As a result of taking operational control of the Kate Spade Joint Ventures, the Company has an outstanding Note Payable of \$11.5 million and \$11.4 million as of June 27, 2020 and June 29, 2019, respectively, to the other partner of the Kate Spade Joint Ventures to be payable in fiscal 2021.

Debt Maturities

As of June 27, 2020, the Company's aggregate debt is approximately \$2.30 billion, of which \$711.5 million is due in fiscal 2021, \$400.0 million is due in fiscal 2023 and \$1.20 billion is due subsequent to fiscal 2023.

14. COMMITMENTS AND CONTINGENCIES

Letters of Credit

The Company had standby letters of credit, surety bonds and bank guarantees totaling \$33.3 million and \$34.5 million outstanding at June 27, 2020 and June 29, 2019, respectively. The agreements, which expire at various dates through calendar 2039, primarily collateralize the Company's obligation to third parties for duty, leases, insurance claims and materials used in product manufacturing. The Company pays certain fees with respect to letters of credit that are issued.

Tax Legislation

The Tax Legislation requires the Company to pay a one-time tax, or Transition Tax, on previously unremitted earnings of certain non-U.S. subsidiaries. The Company expects to pay approximately \$155.9 million related to the Transition Tax. Refer to Note 16, "Income Taxes," for more information related to the impact of the Tax Legislation.

Other

The Company had other contractual cash obligations as of June 27, 2020, including \$280.4 million related to inventory purchase obligations, \$17.0 million related to capital expenditure purchase obligations, \$72.8 million of other purchase obligations, \$2.31 billion of debt repayments, \$6.9 million of finance lease obligations and \$325.0 million of interest payments on the outstanding debt. Refer to Note 11, "Leases," for a summary of the Company's future minimum rental payments under non-cancelable leases.

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

15. GOODWILL AND OTHER INTANGIBLE ASSETS

The Company performs its annual impairment assessment of goodwill as well as brand intangibles at the beginning of the fourth quarter of each fiscal year or if an event occurs that would more likely than not reduce the fair value below its carrying amount.

Notes to Consolidated Financial Statements (Continued)

During the third quarter of fiscal 2020, profitability trends continued to decline from those that were expected for the Stuart Weitzman brand. This reduction in both current and future expected cash flows was exacerbated by the Covid-19 pandemic, which resulted in a decline in sales driven by full and partial closures of a significant portion of our stores globally. As a result of these conditions, the Company concluded that a triggering event had occurred during the third quarter, resulting in the need to perform a quantitative interim impairment assessment over the Company's Stuart Weitzman reporting unit and indefinite-lived brand intangible assets. The assessment concluded that the fair values of the Stuart Weitzman reporting unit and indefinite-lived brand intangible asset as of March 28, 2020 did not exceed their respective carrying values.

Accordingly, the Company recorded a goodwill impairment charge of \$210.7 million related to the Stuart Weitzman reporting unit, resulting in a full impairment, during the third quarter of the fiscal year. The Company also recorded an impairment charge of \$267.0 million related to the Stuart Weitzman indefinite-lived brand, resulting in a full impairment. The goodwill and brand intangible impairment charges were recorded within total SG&A expenses on the Company's Consolidated Statement of Operations.

The estimated fair value of the Stuart Weitzman reporting unit was based on a weighted average of the income and market approaches. The income approach is based on estimated discounted future cash flows, while the market approach is based on earnings multiples of selected guideline companies. The approach, which qualifies as level 3 in the fair value hierarchy, incorporated a number of significant assumptions and judgments, including, but not limited to, estimated future cash flows, discount rates, income tax rates, terminal growth rates and valuation multiples derived from comparable publicly traded companies. In considering the excess of the fair value over its carrying value for the Coach and Kate Spade reporting units and indefinite-lived brand intangibles, management did not perform an interim assessment for these reporting units.

Goodwill

The change in the carrying amount of the Company's goodwill by segment is as follows:

	Coach	Kate Spade	Stuart Weitzman	Total
	(millions)			
Balance at June 30, 2018	\$ 654.8	\$ 627.0	\$ 202.5	\$ 1,484.3
Acquisition of goodwill ⁽¹⁾	—	12.7	13.3	26.0
Foreign exchange impact	7.0	0.7	(1.8)	5.9
Balance at June 29, 2019	661.8	640.4	214.0	1,516.2
Impairment charges	—	—	(210.7)	(210.7)
Foreign exchange impact	(0.1)	(1.0)	(3.3)	(4.4)
Balance at June 27, 2020	\$ 661.7	\$ 639.4	\$ —	\$ 1,301.1

⁽¹⁾ Refer to Note 4, "Acquisitions," for further information.

TAPESTRY, INC.

Notes to Consolidated Financial Statements (Continued)

Intangible Assets

Intangible assets consist of the following:

	Fiscal Year Ended					
	June 27, 2020			June 29, 2019		
	Gross Carrying Amount	Accum. Amort.	Net	Gross Carrying Amount	Accum. Amort.	Net
	(millions)					
Intangible assets subject to amortization:						
Customer relationships	\$ 100.6	\$ (31.0)	\$ 69.6	\$ 100.6	\$ (24.0)	\$ 76.6
Favorable lease rights ⁽¹⁾	—	—	—	93.1	(34.6)	58.5
Total intangible assets subject to amortization	100.6	(31.0)	69.6	193.7	(58.6)	135.1
Intangible assets not subject to amortization:						
Trademarks and trade names ⁽²⁾	1,309.8	—	1,309.8	1,576.8	—	1,576.8
Total intangible assets	\$ 1,410.4	\$ (31.0)	\$ 1,379.4	\$ 1,770.5	\$ (58.6)	\$ 1,711.9

⁽¹⁾ Refer to Note 3, "Significant Accounting Policies," for further information.

⁽²⁾ The Company recognized a \$267.0 million non-cash charge related to the impairment of the Stuart Weitzman indefinite-lived brand in fiscal 2020.

As of June 27, 2020, the expected amortization expense for intangible assets is as follows:

	Amortization Expense
	(millions)
Fiscal 2021	\$ 6.5
Fiscal 2022	6.5
Fiscal 2023	6.5
Fiscal 2024	6.5
Fiscal 2025	6.5
Thereafter	37.1
Total	\$ 69.6

The expected future amortization expense above reflects remaining useful lives ranging from approximately 9.8 years to 12.0 years for customer relationships.

TAPESTRY, INC.

Notes to Consolidated Financial Statements (Continued)

16. INCOME TAXES

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

	Fiscal Year Ended					
	June 27, 2020		June 29, 2019		June 30, 2018	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
	(millions)					
Income before provision for income taxes:						
United States ⁽¹⁾	\$ (496.4)	79.5 %	\$ 335.5	43.8 %	\$ 161.2	27.0 %
Foreign	(127.8)	20.5	430.7	56.2	435.6	73.0
Total income before provision for income taxes	\$ (624.2)	100.0 %	\$ 766.2	100.0 %	\$ 596.8	100.0 %
Tax expense at U.S. statutory rate	\$ (131.1)	21.0 %	\$ 160.9	21.0 %	\$ 167.0	28.0 %
State taxes, net of federal benefit	3.9	(0.6)	(1.3)	(0.2)	2.4	0.4
Effects of foreign operations	89.8	(14.4)	(18.0)	(2.4)	(55.6)	(9.3)
Transition tax on deferred foreign earnings	—	—	7.5	1.0	266.0	44.6
Re-measurement of deferred taxes	(8.3)	1.3	(6.2)	(0.8)	(87.8)	(14.7)
Effects of tax credits and acquisition reorganization	(28.6)	4.6	(23.2)	(3.0)	(36.2)	(6.1)
Effects of Impairment ⁽³⁾	91.7	(14.7)	—	—	—	—
Change in state valuation allowance	1.6	(0.3)	4.4	0.6	(40.7)	(6.8)
Other, net	8.9	(1.4)	(1.3)	(0.2)	(15.8)	(2.7)
Taxes at effective worldwide rates ⁽²⁾	\$ 27.9	(4.5)%	\$ 122.8	16.0 %	\$ 199.3	33.4 %

⁽¹⁾ For the fiscal years ended June 27, 2020, June 29, 2019 and June 30, 2018, the United States jurisdiction includes foreign pre-tax earnings allocated to the Company from its interest in a foreign partnership.

⁽²⁾ The Company has chosen to record the future tax associated with GILTI as a period cost, and accordingly, the Company has recorded deferred taxes associated with GILTI in fiscal 2020.

⁽³⁾ This item represents the effective tax rate impact of the SW Goodwill and indefinite-lived brand intangible impairment activity recorded in fiscal 2020.

Current and deferred tax provision (benefit) was:

	Fiscal Year Ended					
	June 27, 2020		June 29, 2019		June 30, 2018	
	Current	Deferred	Current	Deferred	Current	Deferred
	(millions)					
Federal	\$ 74.1	\$ (88.7)	\$ (16.9)	\$ 62.7	\$ 181.1	\$ (1.9)
Foreign	68.8	(30.9)	76.7	(3.2)	79.1	(11.2)
State	0.7	3.9	28.5	(25.0)	(10.0)	(37.8)
Total current and deferred tax provision (benefit)	\$ 143.6	\$ (115.7)	\$ 88.3	\$ 34.5	\$ 250.2	\$ (50.9)

TAPESTRY, INC.

Notes to Consolidated Financial Statements (Continued)

The components of deferred tax assets and liabilities were:

	June 27, 2020	June 29, 2019
	(millions)	
Share-based compensation	\$ 33.5	\$ 32.2
Reserves not deductible until paid	48.9	41.1
Deferred lease obligation	0.8	30.9
Employee benefits	16.4	22.6
Foreign investments	3.9	4.9
Net operating loss	108.8	100.6
Other	47.1	8.1
Inventory	40.5	24.2
Lease liability	457.8	—
Gross deferred tax assets	757.7	264.6
Valuation allowance	39.6	32.9
Deferred tax assets after valuation allowance	\$ 718.1	\$ 231.7
Goodwill	78.5	83.7
Other intangibles	313.7	320.2
Property and equipment	45.2	41.3
Right-of-use	378.2	—
Prepaid expenses	1.7	1.2
Gross deferred tax liabilities	817.3	446.4
Net deferred tax (liabilities) assets	\$ (99.2)	\$ (214.7)
Consolidated Balance Sheets Classification		
Deferred income taxes – noncurrent asset	55.9	19.4
Deferred income taxes – noncurrent liability	(155.1)	(234.1)
Net deferred tax (liabilities) assets	\$ (99.2)	\$ (214.7)

Significant judgment is required in determining the worldwide provision for income taxes, and there are many transactions for which the ultimate tax outcome is uncertain. It is the Company's policy to establish provisions for taxes that may become payable in future years, including those due to an examination by tax authorities. The Company establishes the provisions based upon management's assessment of exposure associated with uncertain tax positions. The provisions are analyzed at least quarterly and adjusted as appropriate based on new information or circumstances in accordance with the requirements of ASC 740.

Notes to Consolidated Financial Statements (Continued)

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

	June 27, 2020	June 29, 2019	June 30, 2018
	(millions)		
Balance at beginning of fiscal year	\$ 85.8	\$ 75.3	\$ 94.1
Gross increase due to tax positions related to prior periods	11.2	21.8	3.8
Gross decrease due to tax positions related to prior periods	(1.6)	(0.8)	(4.0)
Gross increase due to tax positions related to current period	6.8	10.7	6.4
Decrease due to lapse of statutes of limitations	(8.6)	(20.1)	(23.9)
Decrease due to settlements with taxing authorities	(5.1)	(1.1)	(25.1)
Increase due to current year acquisitions	—	—	24.0
Balance at end of fiscal year	\$ 88.5	\$ 85.8	\$ 75.3

Of the \$88.5 million ending gross unrecognized tax benefit balance as of June 27, 2020, \$61.1 million relates to items which, if recognized, would impact the effective tax rate. Of the \$85.8 million ending gross unrecognized tax benefit balance as of June 29, 2019, \$58.1 million relates to items which, if recognized, would impact the effective tax rate. As of June 27, 2020 and June 29, 2019, gross interest and penalties payable was \$10.9 million and \$12.6 million, respectively, which are included in Other liabilities. During fiscal 2020, fiscal 2019 and fiscal 2018, the Company recognized gross interest and penalty income of \$1.2 million, gross interest and penalty expense of \$0.2 million and gross interest and penalty income of \$10.8 million, respectively.

The Company files income tax returns in the U.S. federal jurisdiction, as well as various state and foreign jurisdictions. Tax examinations are currently in progress in select foreign and state jurisdictions that are extending the years open under the statutes of limitation. Fiscal years 2017 to present are open to examination in the U.S. federal jurisdiction, fiscal 2010 to present in select state jurisdictions and fiscal 2013 to present in select foreign jurisdictions. The Company is currently under audit in the U.S. for fiscal 2017 and fiscal 2018. The Company anticipates that one or more of these audits may be finalized and certain statutes of limitation may expire in the foreseeable future. However, based on the status of these examinations, and the average time typically incurred in finalizing audits with the relevant tax authorities, the Company cannot reasonably estimate the impact these audits may have in the next 12 months, if any, to previously recorded uncertain tax positions. The Company accrues for certain known and reasonably anticipated income tax obligations after assessing the likely outcome based on the weight of available evidence. Although the Company believes that the estimates and assumptions used are reasonable and legally supportable, the final determination of tax audits could be different than that which is reflected in historical income tax provisions and recorded assets and liabilities. With respect to all jurisdictions, the Company has made adequate provision for all income tax uncertainties.

As of June 27, 2020, the Company had the following tax loss carryforwards available: U.S. federal loss carryforwards of \$127.7 million, state tax loss carryforwards of \$810.1 million and tax loss carryforwards of various foreign jurisdictions of \$131.3 million. As of June 29, 2019, the Company had the following tax loss carryforwards available: U.S. federal loss carryforwards of \$127.7 million, state tax loss carryforwards of \$717.2 million and tax loss carryforwards of various foreign jurisdictions of \$116.0 million. The federal and state net operating loss carryforwards generally start to expire in 2031 and 2020, respectively. The majority of the foreign net operating loss can be carried forward indefinitely. Deferred tax assets, including the deferred tax assets recognized on these net operating losses, have been reduced by a valuation allowance of \$39.6 million as of June 27, 2020 and \$32.9 million as of June 29, 2019.

The Company is not permanently reinvested with respect to the earnings of a limited number of foreign entities and has recorded the tax consequences of remitting earnings from these entities. The Company is permanently reinvested with respect to all other earnings. The total estimated amount of unremitted earnings of foreign subsidiaries as of June 27, 2020 and June 29, 2019 was \$739.4 million and \$2.04 billion, respectively. The Company intends to distribute \$739.4 million of earnings that were previously subject to U.S. Federal Tax and has recorded a deferred tax liability of \$5.5 million during fiscal 2020 for U.S. state taxes and foreign withholding taxes related to the future distribution. Based on the Company's current analysis, there is no further unrecognized deferred tax liability related to unremitted earnings.

Tax Legislation

The Tax Legislation requires the Company to pay a one-time tax, or Transition Tax, on previously unremitted earnings of certain non-US subsidiaries. The Company has elected to pay the Transition Tax in installments. As shown in the table below, the remaining Transition Tax payable is \$155.9 million and is payable between fiscal 2021 and fiscal 2025.

Notes to Consolidated Financial Statements (Continued)

	Transition Tax Payments	
	(millions)	
Fiscal 2021		11.9
Fiscal 2022		16.9
Fiscal 2023		31.8
Fiscal 2024		42.4
Fiscal 2025		52.9
Total	\$	155.9

CARES Act

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”) was signed into law in response to the Covid-19 pandemic. The CARES Act contains numerous income tax provisions, such as refundable payroll tax credits, deferral of the employer portion of certain payroll taxes, net operating loss carrybacks, modifications to net interest deduction limitations and technical corrections to tax depreciation methods for qualified improvement property. The CARES Act require the Company to make significant judgments and estimates in the interpretation of the law and in the calculation of the provision for income taxes. However, additional guidance may be issued by the Internal Revenue Service (“IRS”), the Department of the Treasury, or other governing body that may significantly differ from our interpretation of the law, which may result in a material effect on our business, cash flow, results of operations, or financial conditions.

17. DEFINED CONTRIBUTION PLAN

The Company maintains the Tapestry, Inc. 401(k) Savings Plan, which is a defined contribution plan. Employees who meet certain eligibility requirements and are not part of a collective bargaining agreement may participate in this program. The annual expense incurred by the Company for this defined contribution plan was \$12.3 million, \$12.8 million and \$12.3 million in fiscal 2020, fiscal 2019 and fiscal 2018, respectively.

18. SEGMENT INFORMATION

The Company has three reportable segments:

- *Coach* - Includes global sales of Coach products to customers through Coach operated stores, including the Internet and concession shop-in-shops, and sales to wholesale customers and through independent third party distributors.
- *Kate Spade* - Includes global sales primarily of kate spade new york brand products to customers through Kate Spade operated stores, including the Internet, sales to wholesale customers, through concession shop-in-shops and through independent third party distributors.
- *Stuart Weitzman* - Includes global sales of Stuart Weitzman brand products primarily through Stuart Weitzman operated stores, including the Internet, sales to wholesale customers and through numerous independent third party distributors.

In deciding how to allocate resources and assess performance, the Company's chief operating decision maker regularly evaluates the sales and operating income of these segments. Operating income is the gross margin of the segment less direct expenses of the segment. Beginning in fiscal 2020, the Company presented the impact of foreign currency gains and losses within Other expense (income) within its Consolidated Statements of Operations. Accordingly, foreign currency gains and losses that were reported within Selling, general and administrative expenses ("SG&A") in fiscal 2019 and fiscal 2018 are now reflected within Other expense (income).

TAPESTRY, INC.

Notes to Consolidated Financial Statements (Continued)

The following table summarizes segment performance for fiscal 2020, fiscal 2019 and fiscal 2018:

	Coach ⁽¹⁾	Kate Spade ⁽¹⁾	Stuart Weitzman ⁽¹⁾	Corporate ⁽²⁾	Total
	(millions)				
Fiscal 2020					
Net sales	\$ 3,525.7	\$ 1,149.5	\$ 286.2	\$ —	\$ 4,961.4
Gross profit ⁽³⁾	2,411.6	682.9	144.8	—	3,239.3
Operating income (loss)	589.4	(99.3)	(621.4)	(419.5)	(550.8)
Income (loss) before provision for income taxes	589.4	(99.3)	(621.4)	(492.9)	(624.2)
Depreciation and amortization expense ⁽⁴⁾	159.1	97.8	518.8	53.5	829.2
Total assets	2,616.6	2,769.2	305.1	2,233.3	7,924.2
Additions to long-lived assets ⁽⁵⁾	75.7	62.0	14.3	54.4	206.4
Fiscal 2019					
Net sales	\$ 4,270.9	\$ 1,366.8	\$ 389.4	\$ —	\$ 6,027.1
Gross profit	2,996.4	863.6	193.7	—	4,053.7
Operating income (loss)	1,148.4	165.4	(51.5)	(442.6)	819.7
Income (loss) before provision for income taxes	1,148.4	165.4	(51.5)	(496.1)	766.2
Depreciation and amortization expense ⁽⁴⁾	137.2	63.5	19.4	50.3	270.4
Total assets	1,945.9	2,596.1	749.4	1,585.9	6,877.3
Additions to long-lived assets ⁽⁵⁾	85.0	74.2	12.3	102.7	274.2
Fiscal 2018					
Net sales	\$ 4,221.5	\$ 1,284.7	\$ 373.8	\$ —	\$ 5,880.0
Gross profit	2,931.5	705.7	211.3	—	3,848.5
Operating income (loss)	1,119.4	(22.9)	(2.8)	(421.7)	672.0
Income (loss) before provision for income taxes	1,119.4	(22.9)	(2.8)	(496.9)	596.8
Depreciation and amortization expense ⁽⁴⁾	139.5	67.2	20.8	43.8	271.3
Total assets	2,256.8	2,626.3	746.4	1,048.8	6,678.3
Additions to long-lived assets ⁽⁵⁾	134.4	34.4	7.8	90.8	267.4

⁽¹⁾ During fiscal 2019, the Company acquired certain distributors for the Stuart Weitzman and Kate Spade brands. During the first quarter of fiscal 2018, the Company acquired Kate Spade & Company. During the third quarter of fiscal 2018, the Company acquired certain distributors for the Coach and Stuart Weitzman brands and obtained operational control of the Kate Spade Joint Ventures. The operating results of the respective entity have been consolidated commencing on the date of each transaction.

⁽²⁾ Corporate, which is not a reportable segment, represents certain costs that are not directly attributable to a brand. These costs primarily represent administrative and information systems expense.

⁽³⁾ Gross profit reflects charges recorded within Cost of sales of \$61.9 million within the Coach segment, \$32.3 million within the Kate Spade segment and \$9.8 million within the Stuart Weitzman segment for the fiscal year ended June 27, 2020 as a result of establishing inventory reserves directly related to the expected impact of Covid-19 on the Company's future sales projections. The non-cash portion of these charges are presented within Impairment charges on the Consolidated Statement of Cash Flows.

Notes to Consolidated Financial Statements (Continued)

(4) Depreciation and amortization expense includes \$0.4 million and \$2.2 million of Integration & Acquisition costs for the fiscal year ended June 27, 2020 and June 29, 2019, respectively. Depreciation and amortization expense includes impairment charges of \$44.6 million for Coach, \$36.0 million for Kate Spade and \$499.9 million for Stuart Weitzman for the fiscal year ended June 27, 2020. Refer to Note 12, "Fair Value Measurements," and Note 15, "Goodwill and Other Intangible Assets" for further information. Depreciation and amortization expense for the segments includes an allocation of expense related to assets which support multiple segments.

(5) Additions to long-lived assets for the reportable segments primarily includes store assets as well as assets that support a specific brand. Corporate additions include all other assets which includes a combination of Corporate assets, as well as assets that may support all segments. As such, depreciation expense for these assets may be subsequently allocated to a reportable segment.

The following table shows net sales for each product category represented:

	Fiscal Year Ended					
	June 27, 2020		June 29, 2019		June 30, 2018 ⁽¹⁾	
	Amount	% of total net sales	Amount	% of total net sales	Amount	% of total net sales
(millions)						
Coach						
Women's Handbags	\$ 1,852.0	37%	\$ 2,261.3	38%	\$ 2,298.2	39%
Men's	688.0	14	862.0	14	844.6	14
Women's Accessories	645.4	13	766.5	13	747.1	13
Other Products	340.3	7	381.1	6	331.6	6
Total Coach	\$ 3,525.7	71%	\$ 4,270.9	71%	\$ 4,221.5	72%
Kate Spade						
Women's Handbags	\$ 648.9	13%	\$ 763.7	13%	\$ 703.4	12%
Other Products	260.0	5	315.2	5	311.6	5
Women's Accessories	240.6	5	287.9	5	269.7	5
Total Kate Spade	\$ 1,149.5	23%	\$ 1,366.8	23%	\$ 1,284.7	22%
Stuart Weitzman ⁽²⁾	\$ 286.2	6%	\$ 389.4	6%	\$ 373.8	6%
Total Net sales	\$ 4,961.4	100%	\$ 6,027.1	100%	\$ 5,880.0	100%

(1) The Company completed its acquisition of Kate Spade in fiscal 2018. The operating results of the Kate Spade brand have been consolidated in the Company's operating results commencing on July 11, 2017.

(2) The significant majority of sales for the Stuart Weitzman brand is attributable to women's footwear.

TAPESTRY, INC.

Notes to Consolidated Financial Statements (Continued)

Geographic Area Information

Geographic revenue information is based on the location of our customer sale. Geographic long-lived asset information is based on the physical location of the assets at the end of each fiscal year and includes property and equipment, net, right of use assets and other assets.

	United States	Japan	Greater China ⁽²⁾	Other ⁽³⁾	Total
	(millions)				
Fiscal 2020					
Net sales ⁽¹⁾	\$ 2,839.7	\$ 602.9	\$ 730.3	\$ 788.5	\$ 4,961.4
Long-lived assets	1,933.6	166.0	156.0	379.0	2,634.6
Fiscal 2019					
Net sales ⁽¹⁾	\$ 3,395.0	\$ 711.9	\$ 912.9	\$ 1,007.3	\$ 6,027.1
Long-lived assets	708.9	90.2	114.2	159.6	1,072.9
Fiscal 2018					
Net sales ⁽¹⁾	\$ 3,457.4	\$ 695.7	\$ 837.1	\$ 889.8	\$ 5,880.0
Long-lived assets	663.3	60.6	98.4	181.9	1,004.2

⁽¹⁾ Includes net sales from our global travel retail business in locations within the specified geographic area.

⁽²⁾ Greater China includes mainland China, Hong Kong SAR, Macao SAR and Taiwan.

⁽³⁾ Other includes sales in Europe, Canada, South Korea, Malaysia, Singapore, Australia and New Zealand and royalties related to licensing.

19. EARNINGS PER SHARE

Basic net income per share is calculated by dividing net income by the weighted-average number of shares outstanding during the period. Diluted net income per share is calculated similarly but includes potential dilution from the exercise of stock options and restricted stock units and any other potentially dilutive instruments, only in the periods in which such effects are dilutive under the treasury stock method.

Notes to Consolidated Financial Statements (Continued)

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

	Fiscal Year Ended		
	June 27, 2020	June 29, 2019	June 30, 2018
	(millions, except per share data)		
Net income (loss)	\$ (652.1)	\$ 643.4	\$ 397.5
Weighted-average basic shares	278.6	289.4	285.4
Dilutive securities:			
Effect of dilutive securities ⁽¹⁾	—	1.4	3.2
Weighted-average diluted shares	278.6	290.8	288.6
Net income (loss) per share:			
Basic	\$ (2.34)	\$ 2.22	\$ 1.39
Diluted	\$ (2.34)	\$ 2.21	\$ 1.38

⁽¹⁾ There was no dilutive effect for fiscal year 2020 as the impact of these items would be anti-dilutive as a result of the net loss incurred during the period.

At June 27, 2020, options to purchase 15.0 million shares of common stock were outstanding but not included in the computation of diluted earnings per share, as these options' exercise prices, ranging from \$15.38 to \$78.46, were greater than the average market price of the common shares.

At June 29, 2019, options to purchase 12.3 million shares of common stock were outstanding but not included in the computation of diluted earnings per share, as these options' exercise prices, ranging from \$31.46 to \$78.46, were greater than the average market price of the common shares.

At June 30, 2018, options to purchase 3.4 million shares of common stock were outstanding but not included in the computation of diluted earnings per share, as these options' exercise prices, ranging from \$48.08 to \$78.46, were greater than the average market price of the common shares.

Earnings per share amounts have been calculated based on unrounded numbers. Options to purchase shares of the Company's common stock at an exercise price greater than the average market price of the common stock during the reporting period are anti-dilutive and therefore not included in the computation of diluted net income (loss) per common share. In addition, the Company has outstanding restricted stock unit awards that are issuable only upon the achievement of certain performance goals. Performance-based restricted stock unit awards are included in the computation of diluted shares only to the extent that the underlying performance conditions (and any applicable market condition modifiers) (i) are satisfied as of the end of the reporting period or (ii) would be considered satisfied if the end of the reporting period were the end of the related contingency period and the result would be dilutive under the treasury stock method. As of June 27, 2020, June 29, 2019 and June 30, 2018, there were approximately 16.2 million, 12.6 million, and 4.2 million, respectively, of shares issuable upon exercise of anti-dilutive options and contingent vesting of performance-based restricted stock unit awards, which were excluded from the diluted share calculations.

20. RELATED PARTIES

The Stuart Weitzman brand owns approximately 50% of a factory located in Spain, which is involved in the production of Stuart Weitzman inventory. Payments to this factory represented \$14.9 million and \$16.8 million in fiscal 2020 and fiscal 2019, respectively. Amounts payable to this factory were not material at June 27, 2020 or June 29, 2019.

TAPESTRY, INC.

Notes to Consolidated Financial Statements (Continued)

21. SUPPLEMENTAL BALANCE SHEET INFORMATION

The components of certain balance sheet accounts are as follows:

	June 27, 2020	June 29, 2019
(millions)		
Property and equipment		
Land and building	\$ 21.8	\$ 21.8
Machinery and equipment	47.2	51.0
Software and computer equipment	592.5	541.8
Furniture and fixtures	362.1	413.2
Leasehold improvements	833.7	1,006.3
Construction in progress	47.4	105.2
Less: accumulated depreciation	(1,129.5)	(1,200.5)
Total property and equipment, net	<u>\$ 775.2</u>	<u>\$ 938.8</u>
Accrued liabilities		
Payroll and employee benefits	\$ 60.4	\$ 63.6
Accrued rent	13.7	67.3
Accrued income taxes	100.5	52.9
Dividends payable	—	96.8
Operating expenses	336.4	393.0
Total accrued liabilities	<u>\$ 511.0</u>	<u>\$ 673.6</u>
Other liabilities		
Deferred lease obligation	\$ 70.5	\$ 221.6
Gross unrecognized tax benefit	88.5	85.8
Other	59.9	146.6
Total other liabilities	<u>\$ 218.9</u>	<u>\$ 454.0</u>

22. SUBSEQUENT EVENTS

Subsequent to the end of the fiscal year, the Company announced that Jide Zeitlin resigned as the Company's Chairman, Chief Executive Officer and from the Company's Board of Directors, effective July 20, 2020. Effective July 21, 2020, the Company appointed Joanne Crevoiserat, the Company's Chief Financial Officer, as Interim Chief Executive Officer. The Company also appointed Andrea Shaw Resnick, the Company's Global Head of Investor Relations and Corporate Communications, as Interim Chief Financial Officer.

TAPESTRY, INC.

Schedule II — Valuation and Qualifying Accounts
For the Fiscal Years Ended June 27, 2020, June 29, 2019 and June 30, 2018

	Balance at Beginning of Year	Additions Charged to Costs and Expenses	Other Adjustments ⁽¹⁾	Write-offs/ Allowances Taken	Balance at End of Year
(millions)					
Fiscal 2020					
Allowance for bad debts	\$ 4.4	\$ 26.0	\$ —	\$ (14.5)	\$ 15.9
Allowance for returns	10.6	29.1	—	(20.4)	19.3
Allowance for markdowns	17.8	39.9	—	(48.0)	9.7
Valuation allowance	32.9	9.3	—	(2.6)	39.6
Total	<u>\$ 65.7</u>	<u>\$ 104.3</u>	<u>\$ —</u>	<u>\$ (85.5)</u>	<u>\$ 84.5</u>
Fiscal 2019					
Allowance for bad debts	\$ 1.5	\$ 7.1	\$ —	\$ (4.2)	\$ 4.4
Allowance for returns	11.5	20.3	2.8	(24.0)	10.6
Allowance for markdowns	16.7	54.9	2.3	(56.1)	17.8
Valuation allowance	305.9	21.9	—	(294.9)	32.9
Total	<u>\$ 335.6</u>	<u>\$ 104.2</u>	<u>\$ 5.1</u>	<u>\$ (379.2)</u>	<u>\$ 65.7</u>
Fiscal 2018					

Allowance for bad debts	\$	1.9	\$	1.3	\$	—	\$	(1.7)	\$	1.5
Allowance for returns		4.4		12.9		5.0		(10.8)		11.5
Allowance for markdowns		9.4		51.4		9.1		(53.2)		16.7
Valuation allowance		196.1		20.7		129.8		(40.7)		305.9
Total	\$	211.8	\$	86.3	\$	143.9	\$	(106.4)	\$	335.6

- ⁽¹⁾ During the fiscal year ended June 29, 2019, other adjustments of \$5.1 million represent the adjustment to the allowance for returns as a result of the adoption of ASU 2014-09, "Revenue from Contracts with Customers." During the fiscal year ended June 30, 2018, other adjustments of \$143.9 million represent additions as a result of acquisitions.

TAPESTRY, INC.

Quarterly Financial Data
(unaudited)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
(millions, except per share data)				
Fiscal 2020⁽¹⁾				
Net sales	\$ 1,357.9	\$ 1,816.0	\$ 1,072.7	\$ 714.8
Gross profit	914.5	1,209.7	616.2	498.9
Net income (loss)	20.0	298.8	(677.1)	(293.8)
Net income (loss) per common share:				
Basic	\$ 0.07	\$ 1.08	\$ (2.45)	\$ (1.06)
Diluted	\$ 0.07	\$ 1.08	\$ (2.45)	\$ (1.06)
Fiscal 2019⁽¹⁾				
Net sales	\$ 1,381.2	\$ 1,800.8	\$ 1,331.4	\$ 1,513.7
Gross profit	935.1	1,203.5	915.9	999.2
Net income (loss)	122.3	254.8	117.4	148.9
Net income (loss) per common share:				
Basic	\$ 0.42	\$ 0.88	\$ 0.40	\$ 0.51
Diluted	\$ 0.42	\$ 0.88	\$ 0.40	\$ 0.51
Fiscal 2018⁽¹⁾				
Net sales	\$ 1,288.9	\$ 1,785.0	\$ 1,322.4	\$ 1,483.7
Gross profit	762.9	1,176.2	907.6	1,001.8
Net income (loss)	(17.7)	63.2	140.3	211.7
Net income (loss) per common share:				
Basic	\$ (0.06)	\$ 0.22	\$ 0.49	\$ 0.74
Diluted	\$ (0.06)	\$ 0.22	\$ 0.48	\$ 0.73

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

EXHIBITS TO FORM 10-K

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

Exhibit	Description
3.1	<u>Amended and Restated Bylaws of Tapestry, Inc., effective as of October 31, 2017, which is incorporated herein by reference from Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed on October 31, 2017</u>
3.2	<u>Articles of Incorporation, dated June 1, 2000, which is incorporated herein by reference from Exhibit 3.1 of to the Registrant's Registration Statement on Form S-1 filed on June 16, 2000</u>
3.3	<u>Articles Supplementary of Coach, Inc., dated May 3, 2001, which is incorporated herein by reference from Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed on May 9, 2001</u>
3.4	<u>Articles of Amendment of Coach, Inc., dated May 3, 2001, which is incorporated herein by reference from Exhibit 3.3 to the Registrant's Current Report on Form 8-K filed on May 9, 2001</u>
3.5	<u>Articles of Amendment of Coach, Inc., dated May 3, 2002, which is incorporated by reference from Exhibit 3.4 to the Registrant's Annual Report on Form 10-K for the fiscal year ended June 29, 2002</u>
3.6	<u>Articles of Amendment of Coach, Inc., dated February 1, 2005, which is incorporated by reference from Exhibit 99.1 to the Registrant's Current Report on Form 8-K filed on February 2, 2005</u>
3.7	<u>Articles of Amendment to Charter of Tapestry, Inc., effective as of October 31, 2017, which is incorporated by reference from Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on October 31, 2017</u>
4.1	<u>Specimen Certificate for Common Stock of Tapestry, Inc. which is incorporated by reference from Exhibit 4.1 to the Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 2018, filed on August 16, 2018</u>
4.2	<u>Indenture, dated as of March 2, 2015, between Coach, Inc. and U.S. Bank National Association, as trustee, which is incorporated herein by reference from Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed on March 2, 2015</u>
4.3	<u>First Supplemental Indenture, dated as of March 2, 2015, relating to the 4.250% senior unsecured notes due 2025, between Coach, Inc. and U.S. Bank National Association, as trustee, which is incorporated herein by reference from Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed on March 2, 2015</u>
4.4	<u>Form of 4.250% senior unsecured notes due 2025 (included in the First Supplemental Indenture), which is incorporated herein by reference from Exhibit 4.3 to the Registrant's Current Report on Form 8-K filed on March 2, 2015</u>
4.5	<u>Second Supplemental Indenture, dated as of June 20, 2017, relating to the 3.000% senior unsecured notes due 2022, between Coach, Inc. and U.S. Bank National Association, as trustee, which is incorporated by reference from Exhibit 4.1 to the Registrant's Current Report on Form 8-K, filed on June 20, 2017</u>
4.6	<u>Third Supplemental Indenture, dated as of June 20, 2017, relating to the 4.125% senior unsecured notes due 2027, between Coach, Inc. and U.S. Bank National Association, as trustee, which is incorporated by reference from Exhibit 4.2 to the Registrant's Current Report on Form 8-K, filed on June 20, 2017</u>
4.7	<u>Form of 3.000% senior unsecured notes due 2022 (included in the Second Supplemental Indenture), which is incorporated by reference from Exhibit 4.3 to the Registrant's Current Report on Form 8-K, filed on June 20, 2017</u>
4.8	<u>Form of 4.125% senior unsecured notes due 2027 (included in the Third Supplemental Indenture), which is incorporated by reference from Exhibit 4.4 to the Registrant's Current Report on Form 8-K, filed on June 20, 2017</u>
4.9*	<u>Description of Securities</u>
10.1†	<u>Coach, Inc. Non-Qualified Deferred Compensation Plan for Outside Directors, which is incorporated by reference from Exhibit 10.14 to The Registrant's Annual Report on Form 10-K for the fiscal year ended June 28, 2003</u>
10.2†	<u>Amended and Restated Tapestry, Inc. 2001 Employee Stock Purchase Plan, which is incorporated by reference to Appendix C to the Registrant's Definitive Proxy Statement for the 2016 Annual Meeting of Stockholders filed on September 30, 2016</u>
10.3†	<u>Coach, Inc. 2004 Stock Incentive Plan, which is incorporated by reference from Appendix A to the Registrant's Definitive Proxy Statement for the 2004 Annual Meeting of Stockholders, filed on September 29, 2004</u>
10.4†	<u>Coach, Inc. 2010 Stock Incentive Plan, which is incorporated by reference from Appendix A to the Registrant's Definitive Proxy Statement for the 2010 Annual Meeting of Stockholders, filed on September 24, 2010</u>
10.5†	<u>Amendment to the Coach, Inc. 2010 Stock Incentive Plan, which is incorporated herein by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on September 22, 2014</u>
10.6†	<u>Coach, Inc. Amended and Restated 2010 Stock Incentive Plan, which is incorporated herein by reference from Appendix B to the Registrant's Definitive Proxy Statement for the 2014 Annual Meeting of Stockholders, filed on September 26, 2014</u>

Exhibit	Description
10.7†	Coach, Inc. Amended and Restated 2010 Stock Incentive Plan (Amended and Restated as of September 18, 2015), which is incorporated herein by reference from Appendix B to the Registrant's Definitive Proxy Statement for the 2015 Annual Meeting of Stockholders, filed on September 25, 2015
10.8†	Coach Inc. Executive Deferred Compensation Plan, effective as of January 1, 2016, which is incorporated herein by reference from Exhibit 10.10 to the Registrant's Annual Report on Form 10-K for the fiscal year ended June 29, 2019
10.9†	Coach, Inc. Amended and Restated 2010 Stock Incentive Plan (Amended and Restated as of September 23, 2016), which is incorporated herein by reference from Appendix B to the Registrant's Definitive Proxy Statement for the 2016 Annual Meeting of the Stockholders, filed on September 30, 2016
10.10†	Coach, Inc. Amended and Restated 2010 Stock Incentive Plan (Amended and Restated as of September 20, 2017), which is incorporated herein by reference from Appendix B to the Registrant's Definitive Proxy Statement for the 2017 Annual Meeting of the Stockholders, filed on September 29, 2017
10.11†	Tapestry Inc. 2018 Stock Incentive Plan, which is incorporated herein by reference from Appendix B to the Registrant's Definitive Proxy Statement for the 2018 Annual Meeting of Stockholders, filed on September 28, 2018
10.12†	Form of Stock Option Grant Notice and Agreement under the Tapestry, Inc. 2018 Stock Incentive Plan, which is incorporated herein by reference from Exhibit 10.14 to the Registrant's Annual Report on Form 10-K for the fiscal year ended June 29, 2019
10.13†	Form of Restricted Stock Unit Award Grant Notice and Agreement under the Tapestry, Inc. 2018 Stock Incentive Plan, which is incorporated herein by reference from Exhibit 10.15 to the Registrant's Annual Report on Form 10-K for the fiscal year ended June 29, 2019
10.14†	Form of Performance Restricted Stock Unit Agreement Grant Notice and Agreement under the Tapestry, Inc. 2018 Stock Incentive Plan, which is incorporated herein by reference from Exhibit 10.16 to the Registrant's Annual Report on Form 10-K for the fiscal year ended June 29, 2019
10.15†	Form of Stock Option Grant Notice and Agreement for Outside Directors under the Tapestry, Inc. 2018 Stock Incentive Plan, which is incorporated by reference from Exhibit 10.3 to the Registrant's Quarterly Report on Form-Q for the period ended December 29, 2018
10.16†	Form of Restricted Stock Unit Grant Notice and Agreement for Outside Directors under the Tapestry, Inc. 2018 Stock Incentive Plan, which is incorporated by reference from Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q for the period ended December 29, 2018
10.17†	Tapestry, Inc. 2018 Performance-Based Annual Incentive Plan, which is incorporated herein by reference from Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed on August 10, 2018
10.18†	Letter Agreement, dated February 13, 2013, between Coach, Inc. and Victor Luis, which is incorporated herein by reference from Exhibit 10.29 to the Registrant's Annual Report on Form 10-K for the fiscal year ended June 29, 2013
10.19†	Letter Agreement, dated June 22, 2015, between Coach, Inc. and Todd Kahn, which is incorporated by reference from Exhibit 10.2 to the Registrant's Current Report on Form 8-K, filed on June 22, 2015
10.20*†	Letter Agreement, dated August 11, 2016, between Coach Inc. and Todd Kahn
10.21†	Letter Agreement, dated August 22, 2016, between Coach, Inc. and Victor Luis, which is incorporated by reference from Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed on August 26, 2016
10.22†	Letter Agreement, dated August 22, 2016, between Coach, Inc. and Ian Bickley, which is incorporated by reference from Exhibit 10.2 to the Registrant's Current Report on Form 8-K, filed on August 26, 2016
10.23	Redemption Agreement and Amendment to Limited Liability Company Agreement, dated as of August 1, 2016, by and between Legacy Yards LLC, Coach Legacy Yards LLC and Podium Fund Tower C SPV LLC, which is incorporated by reference from Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the period ended October 1, 2016
10.24	Lease Agreement, dated as of August 1, 2016, by and between Coach, Inc. and Legacy Yards Tenant LP, which is incorporated by reference from Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the period ended October 1, 2016
10.25	Amended and Restated Development Agreement, dated as of August 1, 2016, by and between ERY Developer LLC and Coach Legacy Yards LLC, which is incorporated by reference from Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the period ended October 1, 2016
10.26	Termination and Release of the Coach Guaranty, dated as of August 1, 2016, by and between Podium Fund Tower C SPV LLC and ERY Developer LLC, which is incorporated by reference from Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q for the period ended October 1, 2016
10.27†	Employment Offer Letter, dated March 27, 2017, between Coach, Inc. and Joshua Schulman, which is incorporated by reference from Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the period ended April 1, 2017

Exhibit	Description
10.28	Sublease, dated as of September 13, 2017 between Coach, Inc. and The Guardian Life Insurance Company of America, a New York mutual insurance company, which is incorporated by reference from Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed on September 14, 2017.
10.29†	Letter Agreement, dated May 8, 2019 between the Registrant and Thomas Glaser, which is incorporated herein by reference from Exhibit 10.37 to the Registrant's Annual Report on Form 10-K for the fiscal year ended June 29, 2019
10.30†	Tapestry, Inc. Severance Pay Plan for Vice Presidents and Above, Amended and Restated effective May 9, 2019, which is incorporated herein by reference from Exhibit 10.38 to the Registrant's Annual Report on Form 10-K for the fiscal year ended June 29, 2019
10.31†	Letter Agreement, dated June 17, 2019 between the Registrant and Joanne Crevoiserat, which is incorporated herein by reference from Exhibit 10.39 to the Registrant's Annual Report on Form 10-K for the fiscal year ended June 29, 2019
10.32†	Tapestry, Inc. Special Severance Plan, effective August 12, 2019, which is incorporated herein by reference from Exhibit 10.40 to the Registrant's Annual Report on Form 10-K for the fiscal year ended June 29, 2019
10.33†	Separation and Mutual Release Agreement, between Tapestry, Inc. and Victor Luis, which is incorporated by reference from Exhibit 10.1 to Tapestry's Current Report on 8-K filed on September 4, 2019
10.34†	Letter Agreement, between Tapestry, Inc. and Jide Zeitlin, which is incorporated by reference from Exhibit 10.2 to Tapestry's Current Report on 8-K filed on September 4, 2019
10.35†	Amended & Restated Tapestry Inc. 2018 Stock Incentive Plan, which is incorporated herein by reference from Appendix B to the Registrant's Definitive Proxy Statement for the 2019 Annual Meeting of Stockholders, filed on September 27, 2019
10.36	Credit Agreement, dated as of October 24, 2019, by and among Tapestry, Inc., Bank of America, N.A. as Administrative Agent, JPMorgan Chase Bank, N.A. and HSBC Bank USA, N.A., as Co-Syndication Agents, and the other lenders party thereto, incorporated by reference from Exhibit 10.4 to Tapestry's Quarterly Report on Form 10-Q filed on November 7, 2019
10.37*	Amendment No. 1, dated May 19, 2020, to the Credit Agreement, dated as of October 24, 2019 by and among Tapestry, Inc., Bank of America, N.A. as Administrative Agent, JPMorgan Chase Bank, N.A. and HSBC Bank USA, N.A., as Co-Syndication Agents, and the other lenders party thereto
10.38*†	Letter Agreement, dated July 20, 2020 between the Registrant and Joanne Crevoiserat
10.39*†	Letter Agreement, dated July 20, 2020 between the Registrant and Andrea Shaw Resnick
10.40*†	Letter Agreement, dated July 20, 2020 between the Registrant and Todd Kahn
21.1*	List of Subsidiaries of Tapestry, Inc.
23.1*	Consent of Deloitte & Touche LLP
31.1*	Rule 13(a)-14(a)/15(d)-14(a) Certifications
32.1*	Section 1350 Certifications
101.INS*	XBRL Instance Document Note: the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document

* Filed herewith

† Management contract or compensatory plan or arrangement.

DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

The following is a summary of the material terms of the securities of Tapestry, Inc., a Maryland corporation (the "Company"), registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and provisions of the Company's charter and bylaws. The Company has one class of common stock registered under the Exchange Act, which is listed on the New York Stock Exchange under the symbol "TPR". The summary is subject to and qualified in its entirety by reference to the charter and bylaws, each of which is filed as an exhibit to our Annual Report on Form 10-K filed with the Securities and Exchange Commission, of which this Exhibit 4.9 is a part. The following also summarizes certain provisions of the Maryland General Corporation Law (the "MGCL") and is subject to and qualified in its entirety by reference to the MGCL.

General

Our charter provides that we may issue up to 1,000,000,000 shares of common stock, \$.01 par value per share (our "common stock"), and up to 25,000,000 shares of preferred stock, \$.01 par value per share (our "preferred stock"), and permits our board of directors, without stockholder approval, to amend the charter to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that we have authority to issue. Under the MGCL, stockholders generally are not personally liable for our debts or obligations solely as a result of their status as stockholders.

Common Stock

Holders of our common stock generally have no preference, conversion, exchange, sinking fund, redemption or appraisal rights and have no preemptive rights to subscribe for any of our securities. Holders of our common stock are entitled to receive dividends if, as and when authorized by our board of directors and declared by us out of assets legally available for the payment of dividends. They are also entitled to share ratably in our assets legally available for distribution to our stockholders in the event of our liquidation, dissolution or winding up, after payment of or adequate provision for all of our known debts and liabilities. These rights are subject to the preferential rights, if any, of any other class or series of our stock. All outstanding shares of our common stock are duly authorized, validly issued, fully paid and nonassessable.

Each outstanding share of common stock entitles the holder to one vote on all matters submitted to a vote of stockholders, including the election of directors. Except as provided with respect to any other class or series of stock, the holders of our common stock will possess the exclusive voting power. In uncontested elections, directors are elected by a majority of all of the votes cast in the election of directors, and in contested elections, directors are elected by a plurality of all of the votes cast in the election of directors. There is no cumulative voting in the election of directors, which means that the holders of a majority of the outstanding shares of common stock can elect all of the directors then standing for election, and the holders of the remaining shares will not be able to elect any directors.

Power to Classify or Reclassify Unissued Shares of Our Stock and Increase or Decrease Authorized Shares of Stock

Our charter provides that we may issue up to 25,000,000 shares of our preferred stock without stockholder approval. Our charter (1) authorizes our board of directors to classify and reclassify any unissued shares of our common stock and preferred stock into other classes or series of stock and (2) permits our board of directors, without stockholder approval, to amend the charter to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that we have authority to issue. Prior to issuance of shares of each class or series, the board of directors is required by the MGCL and by our charter to set the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms and conditions of redemption for each class or series. Thus, the board of directors could authorize the issuance of shares of preferred stock with terms and conditions that could have the effect of delaying, deferring or preventing a transaction or a change in control that might involve a premium price for holders of our common stock or otherwise be in their best interest. Our board of directors may take these actions without stockholder approval unless stockholder approval is required by the terms of any other class or series of our stock or the rules of any stock exchange or automatic quotation system on which our securities may be listed or traded. No shares of our preferred stock are presently outstanding, and we have no present plans to issue any preferred stock.

Transfer Agent and Registrar

The transfer agent and registrar for the common stock is Broadridge Financial Solutions, Inc.

Certain Provisions of Maryland Law and our Charter and Bylaws

Our Board of Directors

Our charter and bylaws provide that the number of directors of our Company may be established, increased or decreased only by a majority of our entire board of directors but may not be fewer than the minimum number required by the MGCL, which is one.

We have elected to be subject to a provision of the MGCL requiring that, except as may be provided by our board of directors in setting the terms of any class or series of preferred stock, any vacancy on our board of directors may be filled only by a majority of the remaining directors, even if the remaining directors do not constitute a quorum. Any director so elected will serve for the remainder of the full term of the directorship in which the vacancy occurred and until a successor is duly elected and qualifies.

Each of our directors is elected by our stockholders to serve until the next annual meeting of stockholders and until his or her successor is duly elected and qualifies. Holders of shares of our common stock will have no right to cumulative voting in the election of directors. In uncontested elections, directors are elected by a majority of all of the votes cast in the election of directors, and in contested elections, directors are elected by a plurality of all of the votes cast in the election of directors.

Removal of Directors

We have elected to be subject to a provision of the MGCL that provides that a director may be removed only by the affirmative vote of at least two-thirds of the votes entitled to be cast generally in the election of directors. This provision, when coupled with the exclusive power of our board of directors to fill vacant directorships, may preclude stockholders from removing incumbent directors except by a substantial affirmative vote and filling the vacancies created by such removal with their own nominees.

Limitation of Liability and Indemnification

Maryland law permits a Maryland corporation to include in its charter a provision eliminating the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from (i) actual receipt of an improper benefit or profit in money, property or services or (ii) active or deliberate dishonesty established in a judgment or other final adjudication to be material to the cause of action. Our charter contains a provision that eliminates the liability of our directors and officers to the maximum extent permitted by Maryland law.

The MGCL requires a Maryland corporation (unless its charter provides otherwise, which our charter does not) to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he or she is made, or threatened to be made, a party by reason of his or her service in that capacity. The MGCL permits a Maryland corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made or threatened to be made a party by reason of their service in those or other capacities unless it is established that:

- an act or omission of the director or officer was material to the matter giving rise to the proceeding and
 - o was committed in bad faith or
 - o was the result of active and deliberate dishonesty;
- the director or officer actually received an improper personal benefit in money, property or services; or
- in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful.

However, under the MGCL, a Maryland corporation may not indemnify for an adverse judgment in a suit by or in the right of the corporation or for a judgment of liability on the basis that personal benefit was improperly received, unless in either case a court orders indemnification and then only for expenses. In addition, the MGCL permits a Maryland corporation to advance reasonable expenses to a director or officer upon the corporation's receipt of:

- a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation; and
- a written undertaking by the director or officer or on the director's or officer's behalf to repay the amount paid or reimbursed by the corporation if it is ultimately determined that the director or officer did not meet the standard of conduct.

Our bylaws obligate us, to the fullest extent permitted by the MGCL, to indemnify and hold harmless and, without requiring a preliminary determination of the ultimate entitlement to indemnification, pay reasonable expenses in advance of final disposition of a proceeding to:

- any present or former director or officer who is made, or threatened to be made, a party to, or witness in, the proceeding by reason of his or her service in that capacity; or
- any individual who, while a director or officer of our Company and at our Company's request, serves or has served another corporation, partnership, joint venture, trust or other enterprise as a director, officer, employee or agent and who is made, or threatened to be made, a party to, or witness in, the proceeding by reason of his or her service in that capacity.

Business Combinations

Under the MGCL, certain "business combinations" (including a merger, consolidation, statutory share exchange or, in certain circumstances specified under the statute, an asset transfer or issuance or reclassification of equity securities) between a Maryland corporation and any interested stockholder, or an affiliate of such an interested stockholder, are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. The MGCL defines an interested stockholder as:

- any person who beneficially owns, directly or indirectly, 10% or more of the voting power of the corporation's outstanding voting stock; or
- an affiliate or associate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10% or more of the voting power of the then outstanding voting stock of the corporation.

A person is not an interested stockholder under the statute if the board of directors approved in advance the transaction by which the person otherwise would have become an interested stockholder. In approving a transaction,

however, a board of directors may provide that its approval is subject to compliance, at or after the time of the approval, with any terms and conditions determined by it.

After such five-year period, any such business combination must be recommended by the board of directors of the corporation and approved by the affirmative vote of at least:

- 80% of the votes entitled to be cast by holders of outstanding shares of voting stock of the corporation; and
- two-thirds of the votes entitled to be cast by holders of voting stock of the corporation other than shares held by the interested stockholder with whom (or with whose affiliate) the business combination is to be effected or held by an affiliate or associate of the interested stockholder.

These supermajority approval requirements do not apply if, among other conditions, the corporation's common stockholders receive a minimum price (as defined in the MGCL) for their shares and the consideration is received in cash or in the same form as previously paid by the interested stockholder for its shares.

These provisions of the MGCL do not apply, however, to business combinations that are approved or exempted by a corporation's board of directors prior to the time that the interested stockholder becomes an interested stockholder.

Control Share Acquisitions

The MGCL provides that holders of "control shares" of a Maryland corporation acquired in a "control share acquisition" have no voting rights with respect to their control shares except to the extent approved by the affirmative vote of at least two-thirds of the votes entitled to be cast in the election of directors, generally, excluding shares of stock in a corporation in respect of which any of the following persons is entitled to exercise or direct the exercise of the voting power in the election of directors: (1) the person who made or proposes to make a control share acquisition, (2) an officer of the corporation or (3) an employee of the corporation who is also a director of the corporation. "Control shares" are voting shares of stock that, if aggregated with all other such shares of stock previously acquired by the acquirer or in respect of which the acquirer is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would cause the acquirer to be entitled to exercise voting power in electing directors within one of the following ranges of voting power:

- one-tenth or more but less than one-third;
- one-third or more but less than a majority; or
- a majority or more of all voting power.

Control shares do not include shares that the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval or shares acquired directly from the corporation. A "control share acquisition" means the acquisition, directly or indirectly, of ownership of, or the power to direct the exercise of voting power with respect to, issued and outstanding control shares, subject to certain exceptions.

A person who has made or proposes to make a control share acquisition, upon satisfaction of certain conditions (including an undertaking to pay expenses and making an "acquiring person statement" as described in the MGCL), may compel the board of directors to call a special meeting of stockholders to be held within 50 days of demand to consider the voting rights of the control shares. If no request for a special meeting is made, the corporation may itself present the question at any stockholders meeting.

If voting rights of control shares are not approved at the meeting or if the acquiring person does not deliver an "acquiring person statement" as required by the statute, then, subject to certain conditions and limitations, the corporation may redeem any or all of the control shares (except those for which voting rights have previously been approved) for fair value determined, without regard to the absence of voting rights for the control shares, as of the date of any meeting of stockholders at which the voting rights of such shares are considered and not approved or, if no such meeting is held, as of the date of the last control acquisition by the acquirer. If voting rights for control shares are approved at a stockholders meeting and the acquirer becomes entitled to vote a majority of the shares entitled to vote, all other stockholders may exercise appraisal rights. The fair value of the shares as determined for

purposes of such appraisal rights may not be less than the highest price per share paid by the acquirer in the control share acquisition.

The control share acquisition statute does not apply to: (1) shares acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction or (2) acquisitions approved or exempted by the charter or bylaws of the corporation.

Our bylaws contain a provision exempting from the control share acquisition statute any and all acquisitions by any person of shares of our stock.

Subtitle 8

Subtitle 8 of Title 3 of the MGCL permits a Maryland corporation with a class of equity securities registered under the Exchange Act and at least three independent directors to elect to be subject, by provision in its charter or bylaws or a resolution of its board of directors and notwithstanding any contrary provision in the charter or bylaws, to any or all of the following five provisions:

- a classified board;
- a two-thirds vote requirement for removing a director;
- a requirement that the number of directors be fixed only by the board of directors;
- a requirement that a vacancy on the board be filled only by the remaining directors and for the remainder of the full term of the class of directors in which the vacancy occurred; or
- a majority requirement for the calling by stockholders of a special meeting of stockholders.

We have elected to be subject to the provisions of Subtitle 8 relating to the removal of directors and the filling of vacancies on our board of directors. Through provisions in our charter and bylaws unrelated to Subtitle 8, we already vest in the board the exclusive power to fix the number of directorships, subject to limitations set forth in our charter and bylaws, and require, unless called by the chairman of our board of directors, our chief executive officer, our president or our board of directors, the request of stockholders entitled to cast not less than a majority of all votes entitled to be cast on a matter at such meeting to call a special meeting to consider and vote on any matter that may properly be considered at a meeting of stockholders.

Our charter contains a provision that prohibits us from classifying our board pursuant to Subtitle 8 without the approval of a majority of the votes cast on such matter by the holders of shares entitled to vote generally in the election of directors.

Meetings of Stockholders

Pursuant to our bylaws, a meeting of our stockholders for the election of directors and the transaction of any business will be held annually on a date and at the time and place set by our board of directors. The chairman of our board of directors, our chief executive officer, our president or our board of directors may call a special meeting of our stockholders. Subject to the provisions of our bylaws, a special meeting of our stockholders to act on any matter that may properly be brought before a meeting of our stockholders must also be called by our secretary upon the written request of the stockholders entitled to cast not less than a majority of all the votes entitled to be cast at the meeting on such matter and containing the information required by our bylaws. Our secretary will inform the requesting stockholders of the reasonably estimated cost of preparing and delivering the notice of meeting (including our proxy materials), and the requesting stockholder must pay such estimated cost before our secretary is required to prepare and deliver the notice of the special meeting. Only the matters set forth in the notice of special meeting may be considered and acted upon at such meeting.

Extraordinary Actions; Amendments to Our Charter and Bylaws

Under the MGCL, a Maryland corporation generally cannot dissolve, merge, consolidate, convert, sell all or substantially all of its assets or engage in a statutory share exchange, unless approved by the affirmative vote of stockholders holding at least two-thirds of the shares entitled to vote on the matter. However, a Maryland corporation may provide in its charter for approval of these matters by a lesser percentage but not less than a

majority of all the votes entitled to be cast on the matter. Our charter provides for approval by a majority of all the votes entitled to be cast in these situations.

Our charter may be amended only if such amendment is declared advisable by our board of directors and approved by the affirmative vote of stockholders entitled to cast a majority of all of the votes entitled to be cast on the matter. Our board of directors has the power to amend, alter or repeal any provision of our bylaws and to make new bylaws. In addition, our stockholders may amend, alter or repeal any provision of our bylaws and adopt new bylaws, but only with the approval of a majority of the votes entitled to be cast on the matter.

Exclusive Forum

Our bylaws provide that, unless we consent in writing to the selection of an alternative forum, the sole and exclusive forum for (a) any derivative action or proceeding brought on our behalf, (b) any action asserting a claim of breach of any duty owed by us or by any director or officer or other employee to us or to our stockholders, (c) any action asserting a claim against us or any director or officer or other employee arising pursuant to any provision of the MGCL or our charter or bylaws or (d) any action asserting a claim against us or any director or officer or other employee that is governed by the internal affairs doctrine shall be the Circuit Court for Baltimore City, Maryland, or, if that Court does not have jurisdiction, the United States District Court for the District of Maryland, Baltimore Division.

Advance Notice of Director Nominations and New Business

Our bylaws provide that:

- with respect to an annual meeting of stockholders, nominations of individuals for election to the board of directors and the proposal of business to be considered by stockholders at the annual meeting may be made only:
 - pursuant to our notice of the meeting;
 - by or at the direction of our board of directors; or
 - by a stockholder who was a stockholder of record as of the record date set by the our board of directors for the purposes of determining stockholders entitled to vote at the annual meeting, at the time of giving of the notice required by our bylaws and at the time of the annual meeting, who is entitled to vote at the meeting in the election of each individual so nominated or on such other business and who has provided the information and certifications required by the advance notice procedures set forth in our bylaws.
- with respect to special meetings of stockholders, only the business specified in our notice of meeting may be brought before the meeting of stockholders, and nominations of individuals for election to our board of directors may be made only:
 - by or at the direction of our board of directors; or
 - provided that the meeting has been called for the purpose of electing directors, by a stockholder who is a stockholder of record as of the record date set by the our board of directors for the purposes of determining stockholders entitled to vote at the special meeting, at the time of giving of the notice required by our bylaws and at the time of the meeting, who is entitled to vote at the meeting in the election of each individual so nominated and who has provided the information and certifications required by the advance notice procedures set forth in our bylaws.

Proxy Access Procedures for Qualifying Stockholders.

Our bylaws permit a stockholder, or a group of up to 20 stockholders, that owns 3% or more of the our common stock continuously for at least three years and through the date of the annual meeting (and any postponement or adjournment thereof) to nominate and include in our proxy materials candidates for election as directors of the Company, subject to certain terms and conditions. Such stockholder(s) or group(s) of stockholders may nominate director candidates constituting up to the greater of two individuals or 20% of our board of directors, provided that the stockholder(s) and the director nominee(s) satisfy the eligibility, notice and other requirements specified in the Bylaws.

Anti-takeover Effect of Certain Provisions of Maryland law and of Our Charter and Bylaws

Our election to be subject to the provisions of Subtitle 8 regarding the removal of directors and the exclusive power of our board of directors to fill vacancies on the board and the advance notice provisions of our bylaws could delay, defer or prevent a transaction or a change of control of our company that might involve a premium price for our common stock or otherwise be in the best interests of our common stockholders. Likewise, if our board of directors were to opt in to the business combination provisions of the MGCL or if the provision in our bylaws opting out of the control share acquisition provisions of the MGCL were amended or rescinded, these provisions of the MGCL could have similar anti-takeover effects.

**AMENDMENT TO OFFER LETTER AND ADDENDUM
COMPANY POLICIES & CONDITIONS OF EMPLOYMENT**

We refer you to that certain offer letter between Coach Inc. ("Coach") and you, dated as of January 7, 2008, as amended by the amendment dated as of June 22, 2015, together with all attachments and exhibits thereto (collectively, the "Offer Letter"). In consideration of your salary increase and equity award grant for FY 2017, the terms and conditions set forth in this addendum (the "Addendum") will supplement the terms and conditions set forth in your Offer Letter. This Addendum will become effective as of the date you execute this Addendum. Except as expressly supplemented by this Addendum, the terms of your Offer Letter will remain in full force and effect. Please sign the acknowledgement at the end of this Addendum noting your understanding and agreement.

1. Notice of Intent to Terminate Employment

The reference to the period of advance written notice of your intent to terminate your employment is changed from three (3) months to six (6) months.

2. Post-Employment Restrictions

(a) Non-Competition. You are prohibited from, directly or indirectly, counseling, advising, consulting for, becoming employed by or providing services in any capacity to a "competitor" (as defined below) of Coach or any of its operating divisions, subsidiaries or affiliates (collectively, the "Coach Group") during your employment and the twelve (12) month period beginning on your last day of employment with Coach (the "Restricted Period").

"Competitor" includes: the companies, together with their respective subsidiaries, parent entities, and all other affiliates as set forth on Annex 1, attached hereto (such companies subject to change from time-to-time as posted on Coach's intranet, Coachweb). In the event your employment is terminated for any reason (other than for "cause," as defined in your Offer Letter) and Coach, at its sole discretion, elects to enforce its right to enjoin you from joining a competitor at any time during the Restricted Period, including prohibiting you from engaging in any of the activities prohibited by this Section 2(a), Coach shall compensate you at your most recent base salary, subject to usual withholdings, to be paid monthly, during the remainder of the Restricted Period. The foregoing payments will be made to you solely to the extent that severance or other termination payments are not paid to you during the remainder of the Restricted Period. Nothing herein shall impact or limit your right to receive any severance payments and benefits pursuant to the terms of your Offer Letter, except that it is expressly understood and agreed that (i) you will not be entitled to receive payments pursuant to this paragraph during any period you are receiving severance or other termination payments and (ii) your receipt of any severance or other termination payments shall not impact Coach's right to enforce its rights under this Section 2(a) or otherwise.

You agree that if you are offered and desire to accept employment with, or provide consulting services to, another business, person or enterprise, including, but not limited to, a "competitor," during the Restricted Period, you will promptly inform Coach's Global Human Resources Officer, in writing, of the identity of the prospective employer or entity, your proposed title and duties with that business, person or enterprise, and the proposed starting date of that employment or consulting services. You also agree that you will inform that prospective employer or entity of the terms of these provisions. Failure to abide by the requirements of this Section 2(a) will also

be deemed a failure to provide the required advance written notice set forth above under Notice of Intent to Terminate Employment.

(b) Non-Solicitation. You agree that during the Restricted Period, you will not, directly or indirectly, whether alone or in association with or for the benefit of others, without the prior written consent of Coach, hire or attempt to hire, employ or solicit for employment, consulting or other service, any officer, employee, or agent of the Coach Group (each, a "Protected Person"), or encourage, persuade or induce any Protected Person to terminate, diminish or otherwise alter such Protected Person's relationship with the Coach Group.

For purposes of Section 2(b) and to avoid any ambiguity, you and Coach agree that it will be a rebuttable presumption that you solicited any Protected Person if such Protected Person commences employment or other service for or on behalf of you or any entity to which you provide services or terminates, diminishes or otherwise alters such Protected Person's relationship with the Coach Group prior to the end of the Restricted Period.

(c) Non-Interference. During the Restricted Period, you will not, directly or indirectly, whether alone or in association with or for the benefit of others, whether as an employee, owner, stockholder, partner, director, officer, consultant, advisor or otherwise, assist, attempt to or encourage (i) any vendor, supplier, customer or client of, or any other person or entity in a business relationship with, the Coach Group to terminate, reduce, limit or otherwise alter such relationship, whether contractual or otherwise, (ii) any prospective vendor, supplier, customer or client not to enter into a business or contractual relationship with the Coach Group or (iii) to impair or attempt to impair any relationship, contractual or otherwise, between the Coach Group and any vendor, supplier, customer or client or any other person or entity in a business relationship with the Coach Group.

(d) Remedies. You acknowledge that compliance with this Section 2 is necessary to protect the business, good will and proprietary and confidential information of the Coach Group and that a breach or threatened breach of any provision in this Section a will irreparably and continually damage the Coach Group, for which money damages may not be adequate. Accordingly, in the event that you breach any provision in this Section 2, you will forfeit any remaining earned but unpaid bonus and Coach shall be entitled to claw back any bonus paid to you within 180 days of your last day of employment with Coach. In addition, Coach will be entitled to preliminarily or permanently enjoin you from violating Section 2 in order to prevent the continuation of such harm.

(e) Reasonableness of Restrictions. You acknowledge: (i) that the scope and duration of the restrictions on your activities under Section 2 are reasonable and necessary to protect the legitimate business interests, goodwill and confidential and proprietary information of the Coach Group; (ii) that the Coach Group does business worldwide and, therefore, you specifically agree that, in order to adequately protect the Coach Group, the scope of the restrictions in this provision is reasonable; and (iii) that you will be reasonably able to earn a living without violating the terms of these provisions.

(f) Judicial Modification. If any court of competent jurisdiction determines that any of the covenants in Section 2, or any part of them, is invalid or unenforceable, the remainder of such covenants and parts thereof shall not thereby be affected and shall be given full effect, without regard to the invalid portion. If any court of competent jurisdiction determines that any of the covenants in Section 2, or any part of them, is invalid or unenforceable because of the

geographic or temporal scope of such provisions, such court shall reduce such scope to the minimum extent necessary to make such covenants valid and enforceable. You agree that in the event that any court of competent jurisdiction finally holds that any provision of this Section 2 constitutes an unreasonable restriction against you, such provision shall not be rendered void but shall apply to such extent as such court may judicially determine constitutes a reasonable restriction under the circumstances.

If you do not sign and return this Addendum, it will be void and without effect and the value of your annual equity award grant will be reduced.

SIGNED FOR COACH



Sarah Dunn
Global HR Officer
Date:

8.11.2016

SIGNED BY TODD KAHN



Date: 2/4/16

Burberry Group PLC
Cole Haan LLC
Fast Retailing Co., Ltd.
Fung Group
G-III Apparel Group, Ltd.
The Gap, Inc.
Kering
J. Crew Group, Inc.
Kate Spade and Company
L Brands, Inc.
LVMH Moët Hennessy Louis Vuitton SA
Michael Kors Holdings Limited
PVH Corp.
Prada, S.p.A.
Proenza Schouler, LLC
Rag & Bone, Inc.
Ralph Lauren Corporation
Tory Burch LLC
Tumi Holdings, Inc.
V.F. Corporation

AMENDMENT NO. 1 TO CREDIT AGREEMENT

This AMENDMENT NO. 1 TO CREDIT AGREEMENT, dated as of May 19, 2020 (this "Amendment"), is entered into among TAPESTRY, INC., a Maryland corporation (the "Company"), the Lenders signatory hereto, and BANK OF AMERICA, N.A., as administrative agent for the Lenders (in such capacity, the "Administrative Agent") under the Credit Agreement, dated as of October 24, 2019 (as amended, supplemented or otherwise modified from time to time prior to the date hereof, the "Credit Agreement"), among the Company, the Foreign Subsidiary Borrowers party thereto, the Lenders thereto and the Administrative Agent.

WHEREAS the Company and the Lenders party hereto (which constitute the Required Lenders) desire to amend the Credit Agreement pursuant to Section 9.02(b).

NOW THEREFORE, in consideration of the mutual execution hereof and other good and valuable consideration, the parties hereto hereby agree as follows:

1. Defined Terms. Capitalized terms which are defined in the Credit Agreement and not otherwise defined herein have the meanings given in the Credit Agreement.

2. Amendment. As of the Amendment Effective Date (as defined below), the Credit Agreement is hereby amended to:

(a) delete the stricken text (indicated textually in the same manner as the following example: ~~stricken text~~) and to add the double-underlined text (indicated textually in the same manner as the following example: double-underlined text) as set forth in the pages of the Amended Credit Agreement attached as Exhibit A hereto, except that any Schedule or Exhibit to the Credit Agreement not amended pursuant to the terms of this Amendment or otherwise included as part of Exhibit A shall remain in effect without any amendment or other modification thereto;

(b) add as Exhibit E (Form of Security Agreement) to the Credit Agreement the attached Exhibit B; and

(c) add as Exhibit G (Form of Subsidiary Guaranty) to the Credit Agreement the attached Exhibit C.

The Credit Agreement, as amended by this Amendment, is hereinafter referred to as the "Amended Credit Agreement".

3. Effectiveness. This Amendment will become effective upon the first date the following conditions precedent are satisfied (such date, the "Amendment Effective Date"):

(a) The Administrative Agent shall have received from the Company, the Required Lenders and the Administrative Agent an executed counterpart of this Amendment (or photocopies thereof sent by fax, pdf or other electronic means, each of which shall be enforceable with the same effect as a signed original).

(b) After giving effect to this Amendment, the representations and warranties made by the Company contained in Section 4 below shall be true in all respects and no Default or Event of Default shall have occurred and be continuing or shall occur after giving effect to this Amendment.

(c) The Company shall have paid (i) all fees required by that certain letter agreement dated May 8, 2020 among the Company and BofA Securities, Inc. (the "Letter Agreement"), (ii) to the Administrative Agent, for the benefit of each Lender that submits a signature page to the Administrative Agent consenting to this Amendment no later than May 18, 2020 at 12:00 p.m. Eastern time (such Person, a "Consenting Lender"), a consent fee of 0.10% of such Consenting Lender's Commitment as of the Amendment Effective Date and (iii) all expenses (including the reasonable fees and expenses of counsel to the Administrative Agent) required to be paid pursuant to the Letter Agreement and the Credit Agreement for which invoices have been presented on or before the date hereof.

4. Representations and Warranties. The Company represents and warrants, as of the date hereof, that, after giving effect to the provisions of this Amendment, (a) each of the representations and warranties made by the Loan Parties in Article III of the Amended Credit Agreement is true in all material respects on and as of the date hereof as if made on and as of the date hereof, except to the extent that such representations and warranties refer to an earlier date, in which case they were true in all material respects as of such earlier date; provided that if any such representation and warranty is already qualified by materiality in the Amended Credit Agreement, Material Adverse Effect or words of similar import, such representation and warranty shall be true and correct in all respects, and (b) no Default or Event of Default has occurred and is continuing.

5. Continuing Effect of the Credit Agreement. This Amendment is limited solely to the matters expressly set forth herein and does not constitute an amendment to any provision of the Credit Agreement other than as set forth herein. Subject to the express terms of this Amendment, the Credit Agreement remains in full force and effect, and the Company and the Required Lenders acknowledge and agree that all of their obligations hereunder and under the Amended Credit Agreement shall be valid and enforceable and shall not be impaired or limited by the execution or effectiveness of this Amendment except to the extent specified herein. Upon the effectiveness of this Amendment, each reference in the Amended Credit Agreement and in any exhibits attached thereto to "this Agreement", "hereunder", "hereof", "herein" or words of similar import shall mean and be a reference to the Credit Agreement after giving effect hereto.

6. Miscellaneous. The provisions of Sections 9.03 (Expenses; Indemnity; Damage Waiver), 9.05 (Survival), 9.06 (Counterparts; Integration; Effectiveness; Electronic Execution), 9.07 (Severability), 9.09 (Governing Law; Submission to Jurisdiction; Consent to Service of Process), 9.10 (Waiver of Jury Trial), 9.11 (Descriptive Headings) and 9.12 (Confidentiality) of the Credit Agreement shall apply with like effect to this Amendment.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

TAPESTRY, INC.

By: /s/ Katia DeVita
Name: Katia DeVita
Title: Treasurer

BANK OF AMERICA, N.A., as Administrative Agent

By: /s/ Kyle D. Harding
Name: Kyle D. Harding
Title: Vice President

[Signature Page to Amendment to Tapestry, Inc. Credit Agreement]

BANK OF AMERICA, N.A., as a Lender

By: /s/ Anthony Hoye
Name: Anthony Hoye
Title: Director

[Signature Page to Amendment to Tapestry, Inc. Credit Agreement]

MUFG Union Bank, N.A., as a Lender

By: /s/ Meng Zhang
Name: Meng Zhang
Title: Vice President

[Signature Page to Amendment to Tapestry, Inc. Credit Agreement]

U.S. Bank of National Association, as a Lender

By: /s/ Michael P. Dickman

Name: Michael P. Dickman

Title: Senior Vice President

[Signature Page to Amendment to Tapestry, Inc. Credit Agreement]

BNP PARIBAS, as a Lender

By: /s/ Mike Shryrock

Name: Mike Shryrock

Title: Managing Director

By: /s/ Tony Baratta

Name: Tony Baratta

Title: Managing Director

[Signature Page to Amendment to Tapestry, Inc. Credit Agreement]

PNC BANK, NATIONAL ASSOCIATION, as a Lender

By: /s/ Lauren Potts

Name: Lauren Potts

Title: Senior Vice President

[Signature Page to Amendment to Tapestry, Inc. Credit Agreement]

BANK OF CHINA, NEW YORK BRANCH, as a Lender

By: /s/ Raymond Qiao
Name: Raymond Qiao
Title: Executive Vice President

[Signature Page to Amendment to Tapestry, Inc. Credit Agreement]

JPMORGAN CHASE BANK, N.A., as a Lender

By: /s/ James A. Knight
Name: James A. Knight
Title: Executive Director

[Signature Page to Amendment to Tapestry, Inc. Credit Agreement]

TD Bank, N.A., as a Lender

By: /s/ Jason Siewert

Name: Jason Siewert

Title: Senior Vice President

[Signature Page to Amendment to Tapestry, Inc. Credit Agreement]

CITIBANK, N.A., as a Lender

By: /s/ Jonathan Eng

Name: Jonathan Eng

Title: Senior Vice President

[Signature Page to Amendment to Tapestry, Inc. Credit Agreement]

HSBC Bank USA, National Association, as a Lender

By: /s/ Jaime Mariano

Name: Jaime Mariano

Title: Senior Vice President #21440

[Signature Page to Amendment to Tapestry, Inc. Credit Agreement]

GOLDMAN SACHS BANK USA, as a Lender

By: /s/ Jamie Minieri

Name: Jamie Minieri

Title: Authorized Signatory

[Signature Page to Amendment to Tapestry, Inc. Credit Agreement]

Wells Fargo, N.A., National Association, as a Lender

By: /s/ Denis Waltrich
Name: Denis Waltrich
Title: Director

[Signature Page to Amendment to Tapestry, Inc. Credit Agreement]

EXECUTION VERSION

Deal CUSIP: 87603BAA1
Revolver CUSIP: 87603BAB9

CREDIT AGREEMENT

dated as of

October 24, 2019

among

TAPESTRY, INC.

The Foreign Subsidiary Borrowers Party Hereto

The Lenders Party Hereto

BANK OF AMERICA, N.A.
as Administrative Agent

JPMORGAN CHASE BANK, N.A. and HSBC BANK USA, N.A.,
as Co-Syndication Agents

and

CITIBANK, N.A., TD BANK, N.A., U.S. BANK NATIONAL ASSOCIATION and WELLS FARGO BANK, NATIONAL
ASSOCIATION,
as Co-Documentation Agents

BofA SECURITIES, INC.,
JPMORGAN CHASE BANK, N.A. and HSBC SECURITIES (USA), INC.
as Joint Bookrunners and Joint Lead Arrangers

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- Exhibit C – Form of Increasing Lender Supplement
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- Exhibit E – ~~Intentionally Omitted~~[Form of Security Agreement](#)
- Exhibit F-1 – Form of Borrowing Subsidiary Agreement
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- Exhibit G – ~~Intentionally Omitted~~[Form of Subsidiary Guaranty](#)
- Exhibit H-1 – Form of U.S. Tax Certificate (Foreign Lenders That Are Not Partnerships)
- Exhibit H-2 – Form of U.S. Tax Certificate (Foreign Participants That Are Not Partnerships)
- Exhibit H-3 – Form of U.S. Tax Certificate (Foreign Participants That Are Partnerships)
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- Exhibit I – Form of Solvency Certificate

CREDIT AGREEMENT (this “Agreement”) dated as of October 24, 2019, among TAPESTRY, INC., the FOREIGN SUBSIDIARY BORROWERS from time to time party hereto, the LENDERS from time to time party hereto, and BANK OF AMERICA, N.A., as Administrative Agent.

WHEREAS, the Borrowers (such term and each other capitalized term used and not otherwise defined herein having the meaning assigned to it in Section 1.01), the lenders party thereto and Bank of America, N.A., as administrative agent thereunder, are currently party to the Credit Agreement, dated as of May 30, 2017 (and as further amended, supplemented or otherwise modified prior to the Effective Date, the “Existing Credit Agreement”);

WHEREAS, the Borrowers, the Lenders party hereto and the Administrative Agent have entered into this Agreement in order to provide for a \$900,000,000 revolving loan credit facility to replace the revolving credit loan facility in the Existing Credit Agreement as of the Effective Date and to be used for general corporate purposes;

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the parties hereto agree as follows:

ARTICLE I

Definitions

SECTION 1.01. Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

“ABR”, when used in reference to any Loan or Borrowing, refers to a Loan, or the Loans comprising such Borrowing, bearing interest at a rate determined by reference to the Alternate Base Rate.

“Acquired Rights” has the meaning assigned to such term in the definition of “Consolidated EBITDAR”.

“Act” has the meaning assigned to such term in Section 9.13.

“Additional Commitment Lender” has the meaning assigned to such term in Section 2.25(d).

“Adjusted LIBO Rate” means, with respect to any Eurocurrency Borrowing for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/100 of 1%) equal to (a) the LIBO Rate for such Interest Period multiplied by (b) the Statutory Reserve Rate.

“Adjustment” has the meaning assigned to such term in Section 2.14(d).

“Administrative Agent” means Bank of America, N.A. (including its branches and affiliates), in its capacity as administrative agent for the Lenders hereunder.

“Administrative Questionnaire” means an Administrative Questionnaire in a form supplied by the Administrative Agent.

“Affiliate” means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

“Agent Party” has the meaning assigned to such term in Section 9.01(d).

“Agreed Currencies” means (i) Dollars, (ii) euro, (iii) Pounds Sterling, (iv) Japanese Yen and (v) any other currency (x) that is a lawful currency (other than Dollars) that is readily available and freely transferable and convertible into Dollars, (y) for which a LIBOR Screen Rate is available in the Administrative Agent’s reasonable determination and (z) that is reasonably acceptable to the Administrative Agent and each of the Lenders.

“Agreement” has the meaning assigned to such term in the preamble hereto.

“Alternate Base Rate” means, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Rate in effect on such day plus ½ of 1% and (c) the Adjusted LIBO Rate for a one month Interest Period in Dollars on such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1% and, if the Alternate Base Rate is less than zero, such rate shall be deemed to be zero for purposes of this Agreement, provided that, for the avoidance of doubt, the Adjusted LIBO Rate for any day shall be based on the LIBO Rate at approximately 11:00 a.m. London time on such day, subject to the interest rate floors expressly set forth therein. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Federal Funds Rate or the Adjusted LIBO Rate shall be effective from and including the effective date of such change in the Prime Rate, the Federal Funds Rate or the Adjusted LIBO Rate, respectively.

“Alternative Rate” has the meaning assigned to such term in Section 2.14(a).

“Amendment No. 1 Effective Date” means May 19, 2020.

“Anti-Corruption Laws” means all laws, rules, and regulations of any jurisdiction applicable to the Company or its Subsidiaries from time to time concerning or relating to bribery or corruption.

“Applicable Maturity Date” has the meaning assigned to such term in Section 2.25(a).

“Applicable Percentage” means, with respect to any Lender, with respect to Revolving Loans, LC Exposure or Swingline Loans, the percentage equal to a fraction the numerator of which is such Lender’s Commitment and the denominator of which is the aggregate Commitments of all Lenders (if the Commitments have terminated or expired, the Applicable Percentages shall be determined based upon the Commitments most recently in effect, giving effect to any assignments); provided that in the case of Section 2.24 when a Defaulting Lender shall exist, any such Defaulting Lender’s Commitment shall be disregarded in the calculation.

“Applicable Period” has the meaning assigned to such term in the definition of “Applicable Rate”.

“Applicable Rate” means, for any day, with respect to any Eurocurrency Loan or any ABR Loan or with respect to the facility fees payable hereunder or with respect to any Commercial Letter of Credit, as the case may be, the applicable rate per annum set forth below under the caption “Eurocurrency Spread”, “ABR Spread”, “Facility Fee Rate” or “Commercial Letter of Credit Rate”, as the case may be, based upon the Gross Leverage Ratio applicable on such date:

	<u>Gross Leverage Ratio:</u>	<u>Eurocurrency Spread</u>	<u>- ABR Spread</u>	<u>Commercial Letter of Credit Rate</u>	<u>Facility Fee Rate</u>
<u>Category 1:</u>	≤ 1.75 to 1.00	0.805%	0%	0.3675%	0.07%
<u>Category 2:</u>	> 1.75 to 1.00 but ≤ 2.25 to 1.00	0.91%	0%	0.41%	0.09%
<u>Category 3:</u>	> 2.25 to 1.00 but ≤ 2.75 to 1.00	1.015%	0.015%	0.4525%	0.11%
<u>Category 4:</u>	> 2.75 to 1.00 but ≤ 3.50 to 1.00	1.125%	0.125%	0.5%	0.125%
<u>Category 5:</u>	> 3.50 to <u>1.00 but < 4.00 to 1.00</u>	1.225%	0.225%	0.5375%	0.15%
<u>Category 6:</u>	<u>> 4.00 to 1.00</u>	<u>1.425%</u>	<u>0.425%</u>	<u>0.7125%</u>	<u>0.20%</u>

For purposes of the foregoing,

(i) if at any time the Company fails to deliver the Financials on or before the date the Financials are due pursuant to Section 5.01, Category 5 shall be deemed applicable for the period commencing three (3) Business Days after the required date of delivery and ending on the date which is three (3) Business Days after the Financials are actually delivered, after which the Category shall be determined in accordance with the table above as applicable; provided that from and after the Amendment No. 1 Effective Date, if at any time the Company fails to deliver the Financials on or before the date the Financials are due pursuant to Section 5.01, Category 6 shall be deemed applicable for the period commencing three (3) Business Days after the required date of delivery and ending on the date which is three (3) Business Days after the Financials are actually delivered, after which the Category shall be determined in accordance with the table above as applicable;

(ii) adjustments, if any, to the Category then in effect shall be effective three (3) Business Days after the Administrative Agent has received the applicable Financials (it being understood and agreed that each change in Category shall apply during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change);

(iii) notwithstanding the foregoing, Category 3 shall be deemed to be applicable until the Administrative Agent has received the Borrower's first compliance certificate pursuant to clause (c) of Section 5.01 after the date hereof; ~~and~~ provided that notwithstanding the foregoing, from and after the Amendment No. 1 Effective Date, Category 6 shall be deemed to be applicable until the Administrative Agent has received the Borrower's first compliance certificate pursuant to clause (c) of Section 5.01 after the Amendment No. 1 Effective Date; provided, further, that Category 6 shall have no further effect (and shall be deemed to be deleted from this Agreement) on and after the date on which the Company delivers a certificate of a Financial Officer to the Administrative Agent pursuant to Section 5.01(c) in connection with the delivery of the financial statements for the Company's Fiscal Quarter ended on July 3, 2021 (and after such date Category 5 shall apply when the Gross Leverage Ratio is in excess of 4.00 to 1.00); and

(iv) in the event that any compliance certificate delivered pursuant to Section 5.01(c) is determined to be inaccurate, and such inaccuracy, if corrected, would have led to the application of a higher Applicable Rate for any period (an “Applicable Period”) than the Applicable Rate applied for such Applicable Period, then (a) the Company shall promptly (and in any event within five Business Days) following such determination deliver to the Administrative Agent a corrected compliance certificate required by Section 5.01(c) for such Applicable Period, (b) the Applicable Rate for such Applicable Period shall be determined as if the Gross Leverage Ratio were determined based on the amounts set forth in such correct compliance certificate and (c) the Company shall promptly (and in any event within ten Business Days) following delivery of such corrected compliance certificate pay to the Administrative Agent the accrued additional interest owing as a result of such increased Applicable Rate for such Applicable Period.

“Approved Fund” means any Fund that is administered or arranged by (a) a Lender, (b) an affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

“Assignment and Assumption” means an assignment and assumption agreement entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 9.04), and accepted by the Administrative Agent, in the form of Exhibit A or any other form (including an electronic documentation form generated by use of an electronic platform) approved by the Administrative Agent.

“Augmenting Lender” has the meaning assigned to such term in Section 2.20.

“Availability Period” means the period from and including the Effective Date to but excluding the earlier of the Maturity Date and the date of termination of the Commitments.

“Available Commitment” means, at any time with respect to any Lender, the Commitment of such Lender then in effect minus the Credit Exposure of such Lender at such time; it being understood and agreed that any Lender’s Swingline Exposure shall not be deemed to be a component of the Credit Exposure for purposes of calculating the facility fee under Section 2.12(a).

“Available Liquidity” means, as of any date, the amount of (x) unrestricted cash and Permitted Investments (other than Permitted Investments described in clauses (i) and (j) of the definition thereof) of the Company and its Subsidiaries on such date plus (y) the sum of (i) the Available Commitment of all Lenders available for utilization on such date; provided that on such date the Company could satisfy the conditions set forth in Section 4.02, and (ii) the available commitments under other credit facilities of the Company and its Subsidiaries on such date; provided that on such date the Company or the applicable Subsidiary that is the borrower thereunder could satisfy the conditions to borrowing (if any) under such credit facilities.

“Bail-In Action” means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

“Bail-In Legislation” means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

“Bankruptcy Event” means, with respect to any Person, such Person becomes the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, administrator, custodian, assignee for the benefit of creditors or similar Person charged with the reorganization or liquidation of its

business appointed for it, or, in the good faith determination of the Administrative Agent, has taken any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any such proceeding or appointment, provided that a Bankruptcy Event shall not result solely by virtue of any ownership interest, or the acquisition of any ownership interest, in such Person by a Governmental Authority or instrumentality thereof, provided, further, that such ownership interest does not result in or provide such Person with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Person (or such Governmental Authority or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made by such Person.

“Beneficial Ownership Certification” means a certification regarding beneficial ownership required by the Beneficial Ownership Regulation.

“Beneficial Ownership Regulation” means 31 C.F.R. § 1010.230.

“Benefit Plan” means any of (a) an “employee benefit plan” (as defined in ERISA) that is subject to Title I of ERISA, (b) a “plan” as defined in and subject to Section 4975 of the Code or (c) any Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such “employee benefit plan” or “plan”.

“BHC Act Affiliate” of a party means an “affiliate” (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

“Board” means the Board of Governors of the Federal Reserve System of the United States of America.

“Board of Directors” means with respect to any Person, (i) in the case of any corporation, the board of directors of such Person, (ii) in the case of any limited liability company, the board of managers or managing members of such Person, (iii) in the case of any partnership, the board of directors of the general partner of such Person and (iv) in any other case, the functional equivalent of the foregoing.

“Borrower” means the Company or any Foreign Subsidiary Borrower.

“Borrowing” means (a) Revolving Loans of the same Type and currency, made, converted or continued on the same date and, in the case of Eurocurrency Loans, as to which a single Interest Period is in effect or (b) a Swingline Loan.

“Borrowing Request” means a request by any Borrower for a Borrowing in accordance with Section 2.03.

“Borrowing Subsidiary Agreement” means a Borrowing Subsidiary Agreement substantially in the form of Exhibit F-1.

“Borrowing Subsidiary Termination” means a Borrowing Subsidiary Termination substantially in the form of Exhibit F-2.

“Business Day” means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed; provided that, when used in connection with a Eurocurrency Loan, the term “Business Day” shall also exclude any day on which banks are not open for dealings in the relevant Agreed Currency in the London interbank market or the principal financial center of such Agreed Currency (and, if the Borrowings or LC Disbursements which are

the subject of a borrowing, drawing, payment, reimbursement or rate selection are denominated in euro, the term “Business Day” shall also exclude any day on which the TARGET2 payment system is not open for the settlement of payments in euro).

“Cash Management Bank” means any Person that was a Lender or an Affiliate of a Lender (x) on the Amendment No. 1 Effective Date or (y) at the time the Company or any Subsidiary initially incurred any Cash Management Obligation to such Person.

“Cash Management Obligations” means obligations owed by the Company or any Subsidiary to any Lender or a Cash Management Bank in respect of (1) any overdraft and related liabilities arising from treasury, depository and cash management services or any automated clearing house transfers of funds and (2) the Company’s or any Subsidiary’s participation in commercial (or purchasing) card programs at the Lender or any Affiliate (“card obligations”).

“Change in Control” means (a) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person or group (within the meaning of the Securities Exchange Act of 1934 and the rules of the SEC thereunder as in effect on the Effective Date), of Equity Interests representing more than 35% of the aggregate ordinary voting power represented by the issued and outstanding Equity Interests of the Company; (b) occupation of a majority of the seats (other than vacant seats) on the Board of Directors of the Company by Persons who are not Continuing Directors; or (c) the Company ceases to own, directly or indirectly, and Control 100% (other than directors’ qualifying shares) of the ordinary voting and economic power of any Foreign Subsidiary Borrower.

“Change in Law” means the occurrence, after the Effective Date (or with respect to any Lender, if later, the date on which such Lender becomes a Lender), of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority, or (c) the making or issuance of any request, rules, guideline, requirement or directive (whether or not having the force of law) by any Governmental Authority; provided however, that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines, requirements and directives thereunder, issued in connection therewith or in implementation thereof, and (ii) all requests, rules, guidelines, requirements and directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law” regardless of the date enacted, adopted, issued or implemented.

“Charges” has the meaning assigned to such term in Section 9.15.

“Class”, when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are Revolving Loans or Swingline Loans.

“Code” means the Internal Revenue Code of 1986, as amended.

“Co-Documentation Agent” means each of Citibank, N.A., TD Bank, N.A., U.S. Bank National Association and Wells Fargo Bank, National Association in its capacity as co-documentation agent for the credit facilities evidenced by this Agreement.

“Commercial Letter of Credit” means a commercial documentary letter of credit issued pursuant to this Agreement by any Issuing Bank for the purchase of goods in the ordinary course of business.

“Commitment” means, with respect to each Lender, the commitment, if any, to make Revolving Loans and to acquire participations in Letters of Credit and Swingline Loans hereunder, expressed as an amount representing the maximum aggregate amount of such Lender’s Credit Exposure hereunder, as such commitment may be (a) reduced or terminated from time to time pursuant to Section 2.09, (b) increased from time to time pursuant to Section 2.20 and (c) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 9.04. The initial amount of each Lender’s Commitment is set forth on Schedule 2.01, or in the applicable documentation pursuant to which such Lender shall have assumed its Commitment pursuant to the terms hereof, as applicable. The aggregate amount of the Lenders’ Commitments on the Effective Date is \$900,000,000.

“Communications” has the meaning assigned to such term in Section 9.01(d).

“Company” means Tapestry, Inc., a Maryland corporation.

“Computation Date” is defined in Section 2.04.

“Connection Income Taxes” means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

“Consolidated EBITDAR” means, for any period, Consolidated Net Income for such period plus, without duplication and to the extent reflected as a charge in the statement of such Consolidated Net Income for such period, the sum of (a) income tax expense, (b) interest expense, amortization or writeoff of debt discount and debt issuance costs and commissions, discounts and other fees and charges associated with Indebtedness (including the Loans), (c) depreciation and amortization expense, (d) amortization of intangibles (including, but not limited to, goodwill) and organization costs, (e)(i) any extraordinary or non-recurring costs, expenses or losses paid in cash during such period in an aggregate amount not to exceed \$150,000,000 during the term of this Agreement and (ii) any extraordinary or non-recurring non-cash expenses or losses (including any noncash impairment of assets, and, whether or not otherwise includable as a separate item in the statement of such Consolidated Net Income for such period, non-cash losses on sales of assets outside of the ordinary course of business and including non-cash charges arising from the application of Statement of Financial Accounting Standards No. 142 (or the corresponding Accounting Standards Codification Topic, as applicable)), (f) non-cash expenses related to stock based compensation and (g) Consolidated Lease Expense and minus, (x) to the extent included in the statement of such Consolidated Net Income for such period, the sum of (i) interest income, (ii) any extraordinary or non-recurring non-cash income or gains (including, whether or not otherwise includable as a separate item in the statement of such Consolidated Net Income for such period, gains on the sales of assets outside of the ordinary course of business) and (iii) income tax credits (to the extent not netted from income tax expense) and (y) any cash payments made during such period in respect of items described in clauses (e) and (f) above subsequent to the fiscal quarter in which the relevant noncash expenses or losses were reflected as a charge in the statement of Consolidated Net Income, all as determined on a consolidated basis in accordance with GAAP.

For the purposes of calculating Consolidated EBITDAR for any period of four consecutive fiscal quarters (each, a “Reference Period”) pursuant to any determination of the Gross Leverage Ratio or Net Leverage Ratio, (i) for each Reference Period, Consolidated Lease Expense shall be calculated, as follows: (a) for the four fiscal quarter period ending September 28, 2019, Consolidated Lease Expense shall equal (x) Consolidated Lease Expense in respect of the fiscal quarter ending September 28, 2019 multiplied by (y) four, (b) for the four fiscal quarter period ending December 28, 2019, Consolidated Lease Expense shall equal (x) the sum of Consolidated Lease Expense for the fiscal quarters ending September 28, 2019 and December 28, 2019 multiplied by (y) two, (c) for the four fiscal quarter period ending March 28, 2020,

Consolidated Lease Expense shall equal (x) the sum of Consolidated Lease Expense for the fiscal quarters ending September 28, 2019, December 28, 2019 and March 28, 2020 multiplied by (y) 4/3 and (d) for the four fiscal quarter period ending June 27, 2020 and for each four fiscal quarter period thereafter, Consolidated Lease Expense shall be determined for such four fiscal quarter period, (ii) if at any time during such Reference Period the Company or any Subsidiary shall have made any Material Disposition, the Consolidated EBITDAR for such Reference Period shall be reduced by an amount equal to the Consolidated EBITDAR (if positive) attributable to the property that is the subject of such Material Disposition for such Reference Period or increased by an amount equal to the Consolidated EBITDAR (if negative) attributable thereto for such Reference Period, and (iii) if during such Reference Period the Company or any Subsidiary shall have made a Material Acquisition, Consolidated EBITDAR for such Reference Period shall be calculated after giving pro forma effect thereto (taking into account (A) such cost savings as may be determined by the Company in a manner consistent with the evaluation performed by the Company in deciding to make such Material Acquisition, as presented to the Company's Board of Directors, provided that the Company may take into account such cost savings only if it in good faith determines on the date of calculation that it is reasonable to expect that such cost savings will be implemented within 120 days following the date of such Material Acquisition (or in the case of any calculation made subsequent to such 120th day, that such cost savings have, in fact, been implemented) and (B) all transactions that are directly related to such Material Acquisition and are entered into in connection and substantially contemporaneously therewith) as if such Material Acquisition occurred on the first day of such Reference Period. As used in this definition, "Material Acquisition" means any acquisition of property or series of related acquisitions of property that (a) constitutes (i) assets comprising all or substantially all of a business or operating unit of a business, (ii) all or substantially all of the common stock or other Equity Interests of a Person or (iii) in any case where clauses (i) and (ii) above are inapplicable, the rights of any licensee (including by means of the termination of such licensee's rights under such license) under a trademark license to such licensee from the Company or any of its Affiliates (the "Acquired Rights"), and (b) involves the payment of consideration by the Company and its Subsidiaries in excess of \$50,000,000; "Material Disposition" means any Disposition of property or series of related Dispositions of property that yields gross proceeds to the Company or any of its Subsidiaries in excess of \$50,000,000. In making any calculation pursuant to this paragraph with respect to a Material Acquisition of a Person, business or rights for which quarterly financial statements are not available, the Company shall base such calculation on the financial statements of such Person, business or rights for the then most recently completed period of twelve consecutive calendar months for which such financial statements are available and shall deem the contribution of such Person, business or rights to Consolidated EBITDAR for the period from the beginning of the applicable Reference Period to the date of such Material Acquisition to be equal to the product of (x) the number of days in such period divided by 365 multiplied by (y) the amount of Consolidated EBITDAR of such Person, business or rights for the twelve-month period referred to above (calculated on the basis set forth in this definition). In making any calculation pursuant to this paragraph in connection with an acquisition of Acquired Rights to be followed by the granting of a new license of such Acquired Rights (or any rights derivative therefrom), effect may be given to such grant of such new license (as if it had occurred on the date of such acquisition) if, and only if, the Company in good faith determines on the date of such calculation that it is reasonable to expect that such grant will be completed within 120 days following the date of such acquisition (or in the case of any calculation made subsequent to such 120th day, that such grant has, in fact, been completed).

"Consolidated Lease Expense" means, for any period, the aggregate "operating lease cost" (as such amount is determined in accordance with GAAP) for such period included in the income statement most recently delivered pursuant to Section 5.01(a) or (b), as the case may be. Such amount does not incorporate or include any amounts payable under the Finance Leases of the Company and its Subsidiaries.

“Consolidated Net Income” means for any period, the consolidated net income (or loss) of the Company and its Subsidiaries, determined on a consolidated basis in accordance with GAAP; provided that there shall be excluded (a) the income (or deficit) of any Person accrued prior to the date it becomes a Subsidiary of the Company or is merged into or consolidated with the Company or any of its Subsidiaries, (b) the income (or deficit) of any Person (other than a Subsidiary of the Company) in which the Company or any of its Subsidiaries has an ownership interest, except to the extent that any such income is actually received by the Company or such Subsidiary in the form of dividends or similar distributions and (c) the undistributed earnings of any Subsidiary of the Company to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary is not at the time permitted by the terms of any contractual obligation (other than under any Loan Document) or Requirement of Law applicable to such Subsidiary.

“Consolidated Net Worth” means as of any date of determination thereof, the excess of (a) the aggregate consolidated net book value of the assets of the Company and its Subsidiaries after all appropriate adjustments in accordance with GAAP (including, without limitation, reserves for doubtful receivables, obsolescence, depreciation and amortization) over (b) all of the aggregate liabilities of the Company and its Subsidiaries, including all items which, in accordance with GAAP, would be included on the liability side of the balance sheet (other than Equity Interests, treasury stock, capital surplus and retained earnings), in each case determined on a consolidated basis (after eliminating all inter-company items) in accordance with GAAP; provided, however, that in calculating Consolidated Net Worth the effects of Accounting Standards Codification Topic 350 shall be disregarded.

“Consolidated Total Indebtedness” means at any time, the aggregate Indebtedness of the Company and its Subsidiaries calculated on a consolidated basis as of such time in accordance with GAAP and the total Operating Lease liability of the Company and its Subsidiaries as of such time as shown on the balance sheet and calculated on a consolidated basis as of such time in accordance with GAAP (after giving effect to Accounting Standards Codification Topic 842); provided that Indebtedness incurred in connection with the ownership, development, leasing, acquisition, construction or improvement of the Corporate Headquarters shall be excluded from Consolidated Total Indebtedness to the extent such Indebtedness is without recourse to the Company or any Subsidiary.

“Continuing Director” means (a) any member of the Board of Directors of the Company who was a member of the Board of Directors of the Company on the date of this Agreement and (b) any individual who becomes a member of the Board of Directors of the Company after the Effective Date if such individual was appointed, elected, approved or nominated for election by the Board of Directors of the Company with the affirmative vote of at least a majority of the directors then still in office.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. The terms “Controlling” and “Controlled” have meanings correlative thereto.

“Corporate Headquarters” means any direct or indirect legal, beneficial or equitable interest in any corporate headquarters or any direct or indirect legal, beneficial or equitable interest in the Hudson Yards Development.

“Co-Syndication Agent” means each of JPMorgan Chase Bank, N.A. and HSBC Bank USA, N.A. in its capacity as co-syndication agent for the credit facilities evidenced by this Agreement.

“Covenant Relief Period” means the period commencing on the Amendment No. 1 Effective Date and continuing until the date the Company delivers a certificate of a Financial Officer to the

Administrative Agent pursuant to Section 5.01(c) in connection with the delivery of the financial statements for the Company's Fiscal Quarter ended on July 3, 2021.

“Covered Entity” means any of the following: (i) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b); (ii) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or (iii) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

“Covered Party” has the meaning assigned to such term in Section 9.18.

“Credit Event” means a Borrowing, the issuance, amendment, renewal or extension of a Letter of Credit, an LC Disbursement or any of the foregoing.

“Credit Exposure” means, with respect to any Lender at any time, the sum of the outstanding principal amount of such Lender's Revolving Loans and its LC Exposure and Swingline Exposure at such time.

“Credit Party” means the Administrative Agent, any Issuing Bank, the Swingline Lender or any other Lender.

“Default” means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

“Default Right” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

“Defaulting Lender” means any Lender that (a) has failed, within two (2) Business Days of the date required to be funded or paid, to (i) fund any portion of its Loans, (ii) fund any portion of its participations in Letters of Credit or Swingline Loans or (iii) pay over to any Credit Party any other amount required to be paid by it hereunder, unless, in the case of clause (i) above, such Lender notifies the Administrative Agent in writing that such failure is the result of such Lender's good faith determination that a condition precedent to funding (specifically identified and including the particular default, if any) has not been satisfied, (b) has notified the Company or any Credit Party in writing, or has made a public statement to the effect, that it does not intend or expect to comply with any of its funding obligations under this Agreement (unless such writing or public statement indicates that such position is based on such Lender's good faith determination that a condition precedent (specifically identified and including the particular default, if any) to funding a Loan under this Agreement cannot be satisfied) or generally under other agreements in which it commits to extend credit, (c) has failed, within three (3) Business Days after request by a Credit Party, acting in good faith, to provide a certification in writing from an authorized officer of such Lender that it will comply with its obligations (and is financially able to meet such obligations) to fund prospective Loans and participations in then outstanding Letters of Credit and Swingline Loans under this Agreement, provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon such Credit Party's receipt of such certification in form and substance satisfactory to it and the Administrative Agent, or (d) has become the subject of a Bankruptcy Event or a Bail-In Action.

“Disposition” means with respect to any property, any sale, lease, sale and leaseback, assignment, conveyance, transfer or other disposition thereof. The terms “Dispose” and “Disposed of” shall have correlative meanings.

“Division” means the division of the assets, liabilities and/or obligations of a Person (the “Dividing Person”) among two or more Persons (whether pursuant to a “plan of division” or similar arrangement), which may or may not include the Dividing Person and pursuant to which the Dividing Person may or may not survive.

“Dollar Amount” of any currency at any date shall mean (i) the amount of such currency if such currency is Dollars or (ii) the equivalent amount thereof in Dollars if such currency is a Foreign Currency, calculated on the basis of the Exchange Rate for such currency, on or as of the most recent Computation Date provided for in Section 2.04.

“Dollars” or “\$” refers to lawful money of the United States of America.

“Domestic Foreign Holdco Subsidiary” means a Domestic Subsidiary substantially all of the assets of which consist of the Equity Interests of (and/or receivables or other amounts due from) one or more Foreign Subsidiaries that are “controlled foreign corporations” within the meaning of Section 957 of the Code.

“Domestic Payment Office” of the Administrative Agent shall mean the office, branch, affiliate or correspondent bank of the Administrative Agent for payments in Dollars as specified from time to time by the Administrative Agent to the Company and each Lender.

“Domestic Subsidiary” means a Subsidiary organized under the laws of ~~a jurisdiction located in~~ the United States of America, any State thereof or the District of Columbia (excluding, for the avoidance of doubt, any Subsidiary organized under the laws of Puerto Rico or any other territory).

“EEA Financial Institution” means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a Parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its Parent.

“EEA Member Country” means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

“EEA Resolution Authority” means any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

“Effective Date” means the date on which the conditions specified in Section 4.01 are satisfied (or waived in accordance with Section 9.02), which date is October 24, 2019.

“Electronic Signature” means an electronic sound, symbol, or process attached to, or associated with, a contract or other record and adopted by a Person with the intent to sign, authenticate or accept such contract or record.

“Electronic System” means any electronic system, including e-mail, e-fax, Intralinks®, ClearPar®, SyndTrak and any other Internet or extranet-based site, whether such electronic system is owned, operated or hosted by the Administrative Agent or any Issuing Bank and any of their respective Related Parties or any other Person, providing for access to data protected by passcodes or other security system.

“Eligible Foreign Subsidiary” means (i) any Foreign Subsidiary organized under the laws of Luxembourg and (ii) any other Foreign Subsidiary that is approved from time to time by the Administrative Agent and the Lenders; it being understood that with respect to this clause (ii), a Lender shall be deemed to have acted reasonably in withholding its consent if (a) it is unlawful for such Lender to make Loans under this Agreement to the proposed Foreign Subsidiary, (b) such Lender cannot or has not determined that it is lawful to do so, (c) the making of a Loan to the proposed Foreign Subsidiary would reasonably be expected to subject such Lender to material adverse tax consequences, (d) such Lender is required or has determined that it is prudent to register or file in the jurisdiction of formation or organization of the proposed Foreign Subsidiary and it does not wish to do so or (e) such Lender is restricted by operational or administrative procedures or other applicable internal policies from extending credit under this Agreement to Persons in the jurisdiction in which such Foreign Subsidiary is located.

“Embargoed Country” means, at any time, a country or territory which is itself the subject or target of any comprehensive embargo under any Sanctions (as of the Effective Date, Crimea, Cuba, Iran, North Korea and Syria, which list may be amended from time to time).

“Environmental Laws” means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by or with any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, the management, release or threatened release of any Hazardous Material.

“Environmental Liability” means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of or relating to the Company or any Subsidiary directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“Equity Interests” means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any of the foregoing.

“Equivalent Amount” of any currency with respect to any amount of Dollars at any date shall mean the equivalent in such currency of such amount of Dollars, calculated on the basis of the Exchange Rate for such other currency at 11:00 a.m., London time, on the date on or as of which such amount is to be determined.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder.

“ERISA Affiliate” means any trade or business (whether or not incorporated) that, together with the Company, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

“ERISA Event” means (a) any Reportable Event; (b) a determination that any Plan is, or is expected to be, in “at risk” status (within the meaning of Section 430 of the Code or Section 303 of ERISA); (c) the failure of any ~~Borrower~~ Loan Party or any ERISA Affiliate to make by its due date a required installment

under Section 430(j) of the Code with respect to any Plan or the failure by any Plan to satisfy the minimum funding standards (within the meaning of Section 412 of the Code or Section 302 of ERISA) applicable to such Plan, whether or not waived; (d) the filing pursuant to Section 412(c) of the Code or Section 303(c) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (e) the receipt by any ~~Borrower~~[Loan Party](#) or any ERISA Affiliate from the PBGC of any notice relating to an intention to terminate any Plan or to appoint a trustee to administer any Plan, or the incurrence by any ~~Borrower~~[Loan Party](#) or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan, including but not limited to the imposition of any Lien in favor of the PBGC or any Plan; (f) the cessation of operations at a facility of the Loan Party or any ERISA Affiliate in the circumstances described in Section 4062(e) of ERISA; (g) the receipt by any ~~Borrower~~[Loan Party](#) or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from any ~~Borrower~~[Loan Party](#) or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or the incurrence by any ~~Borrower~~[Loan Party](#) or any of its ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; (h) the receipt by any ~~Borrower~~[Loan Party](#) or any ERISA Affiliate of any determination that a Multiemployer Plan is, or is expected to be, Insolvent, terminated (within the meaning of Section 4041A of ERISA), or in “endangered” or “critical” status (within the meaning of Section 432 of the Code or Section 305 of ERISA); (i) the failure by any ~~Borrower~~[Loan Party](#) or any of its ERISA Affiliates to make when due any required contribution to a Multiemployer Plan pursuant to Sections 431 or 432 of the Code or any installment payment with respect to Withdrawal Liability under Section 4201 of ERISA; or (j) any Foreign Plan Event.

“euro” and/or “EUR” means the single currency of the Participating Member States.

“Eurocurrency”, when used in reference to a currency means an Agreed Currency and when used in reference to any Loan or Borrowing, means that such Loan, or the Loans comprising such Borrowing, bears interest at a rate determined by reference to the Adjusted LIBO Rate.

“Eurocurrency Payment Office” of the Administrative Agent shall mean, for each Foreign Currency, the office, branch, affiliate or correspondent bank of the Administrative Agent for such currency as specified from time to time by the Administrative Agent to the Company and each Lender.

“Event of Default” has the meaning assigned to such term in Article VII.

“Exchange Rate” means, on any day, with respect to any Foreign Currency, the rate determined by the Administrative Agent or the Issuing Bank, as applicable, to be the rate quoted by the Person acting in such capacity as the spot rate for the purchase by such Person of such currency with another currency through its principal foreign exchange trading office at approximately 11:00 a.m. on the date two (2) Business Days prior to the date as of which the foreign exchange computation is made; provided that the Administrative Agent or the Issuing Bank may obtain such exchange rate from another financial institution designated by the Administrative Agent or the Issuing Bank if the Person acting in such capacity does not have as of the date of determination a spot buying rate for any such currency; and provided further that the Issuing Bank may use such exchange rate quoted on the date as of which the foreign exchange computation is made in the case of any Letter of Credit denominated in a Foreign Currency.

“Excluded Subsidiary” means (i) any Foreign Subsidiary, (ii) any Domestic Subsidiary that is a subsidiary of a Foreign Subsidiary, (iii) any Domestic Foreign Holdco Subsidiary, (iv) any Subsidiary that is a captive insurance company or not-for-profit Subsidiary, (v) any Subsidiary that is prohibited by applicable law or regulation or contractual provision existing on the Amendment No. 1 Effective Date or on the date such Person first becomes a Subsidiary and not incurred in contemplation thereof (including any

requirement to obtain the consent, license, authorization, or approval of any Governmental Authority or other third party that has not been obtained) from guaranteeing the Obligations, and (vi) any Subsidiary for which the provision of a guarantee would result in material adverse accounting, tax or regulatory consequences as reasonably determined in good faith by the Company; provided that notwithstanding the foregoing clauses (i) through (vii), the Company may in its sole discretion designate any Excluded Subsidiary as a Subsidiary Guarantor subject to (x) such Excluded Subsidiary being a Domestic Subsidiary and (y) the Administrative Agent and the Lenders having received all documentation and other information relating to each such Excluded Subsidiary reasonably requested under applicable “know your customer” and anti-money laundering rules and regulations including, without limitation the Act.

“Excluded Swap Agreement” shall mean, with respect to any Loan Party, (a) any Swap Agreement if, and to the extent that, all or a portion of the Obligations of such Loan Party of, or the grant by such Loan Party of a security interest to secure, such Swap Agreement (or any Obligations thereof) is or becomes illegal or unlawful under the Commodity Exchange Act or any rule, regulation, or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) or (b) any other Swap Agreement designated as an “Excluded Swap Agreement” of such Loan Party as specified in any agreement between the relevant Loan Parties and Hedge Bank applicable to such Swap Agreement. If a Swap Agreement arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Agreement that is attributable to swaps for which such Obligation or security interest is or becomes illegal or unlawful.

“Excluded Taxes” means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. Federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan or Commitment (other than pursuant to an assignment request by the Company under Section 2.19(b)) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.17, amounts with respect to such Taxes were payable either to such Lender’s assignor immediately before such Lender acquired the applicable interest in a Loan or Commitment or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such Recipient’s failure to comply with Section 2.17(f), and (d) any withholding Taxes imposed under FATCA.

“Existing Credit Agreement” is defined in the recitals hereof.

“Existing Letters of Credit” means the Letters of Credit heretofore issued pursuant to the Existing Credit Agreement and described on Schedule 2.06(B).

“Existing Maturity Date” has the meaning assigned to such term in Section 2.25(a).

“Extending Lender” has the meaning assigned to such term in Section 2.25(b).

“Extension Date” has the meaning assigned to such term in Section 2.25(a).

“Facilities Commitment Letter” means that certain Facilities Commitment Letter dated as of October 1, 2019 among the Company, Bank of America, N.A., BofA Securities, Inc., JPMorgan Chase

Bank, N.A., HSBC Bank USA, N.A. and HSBC Securities (USA), Inc. that pertains to the credit facilities that are the subject of this Agreement.

“Facilities Fee Letters” means the “Fee Letters” as defined in the Facilities Commitment Letter that pertain to the credit facilities that are the subject of this Agreement.

“FATCA” means Sections 1471 through 1474 of the Code, as of the Effective Date (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities entered into in connection with the implementation of the foregoing.

“Federal Funds Rate” means, for any day, the rate per annum calculated by the Federal Reserve Bank of New York based on such day’s federal funds transactions by depository institutions (as determined in such manner as the Federal Reserve Bank of New York shall set forth on its public website from time to time) and published on the next succeeding Business Day by the Federal Reserve Bank of New York as the federal funds effective rate; provided that if the Federal Funds Rate as so determined would be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

“Finance Lease Liabilities” means, as applied to any Person, all obligations under Finance Leases of such Person or any of its subsidiaries, in each case taken at the amount thereof accounted for as liabilities in accordance with GAAP.

“Finance Leases” means all leases that have been or should be, in accordance with GAAP, recorded as finance leases, but excluding, for the avoidance of doubt, any Operating Leases or other non-finance leases.

“Financial Officer” means the chief financial officer, principal accounting officer, treasurer or assistant treasurer of the Company.

“Financials” means the annual or quarterly financial statements, and accompanying certificates and other documents, of the Company and its Subsidiaries required to be delivered pursuant to Section 5.01(a) or 5.01(b).

“Fiscal Quarter” means with respect to the Company and its Subsidiaries, and with respect to any Fiscal Year, (a) each of the quarterly periods ending 13 calendar weeks, 26 calendar weeks, 39 calendar weeks and 52 or 53 calendar weeks, as the case may be, after the end of the prior Fiscal Year or (b) such other quarterly periods as the Company shall adopt after giving prior written notice thereof to the Lenders.

“Fitch” means [Fitch, Inc.](#)

“Fiscal Year” means with respect to the Company and its Subsidiaries, (a) the 52- or 53-week annual period, as the case may be, ending on the Saturday nearest to June 30 of each calendar year or (b) such other fiscal year as the Company shall adopt with the prior written consent of the Required Lenders (which consent shall not be unreasonably withheld). Any designation of a particular Fiscal Year by reference to a calendar year shall mean the Fiscal Year ending during such calendar year.

“Foreign Currencies” means Agreed Currencies other than Dollars.

“Foreign Currency LC Exposure” means, at any time, the sum of (a) the Dollar Amount of the aggregate undrawn and unexpired amount of all outstanding Foreign Currency Letters of Credit at such time plus (b) the aggregate principal Dollar Amount of all LC Disbursements in respect of Foreign Currency Letters of Credit that have not yet been reimbursed at such time.

“Foreign Currency Letter of Credit” means a Letter of Credit denominated in a Foreign Currency.

“Foreign Lender” means a Lender that is not a U.S. Person.

“Foreign Plan” means any employee benefit plan (within the meaning of Section 3(3) of ERISA, whether or not subject to ERISA) that is not subject to United States law and is maintained or contributed to by any ~~Borrower~~ Loan Party or any ERISA Affiliate.

“Foreign Plan Event” means, with respect to any Foreign Plan, (a) the existence of unfunded liabilities in excess of the amount permitted under any applicable law, or in excess of the amount that would be permitted absent a waiver from a Governmental Authority, (b) the receipt of a notice by a Governmental Authority relating to the intention to terminate any such Foreign Plan or to appoint a trustee or similar official to administer any such Foreign Plan, or alleging the insolvency of any such Foreign Plan, (c) the incurrence of any liability under applicable law on account of the complete or partial termination of such Foreign Plan or the complete or partial withdrawal of any participating employer therein, (d) the failure to make or, if applicable, accrue in accordance with normal accounting practices, any employer or employee contributions required by applicable law or by the terms of such Foreign Plan, (e) the failure to register or loss of good standing with applicable regulatory authorities of any such Foreign Plan required to be registered, or (f) the failure of any Foreign Plan to comply with any material provisions of applicable law and regulations or with the material terms of such Foreign Plan.

“Foreign Subsidiary” means any Subsidiary which is not a Domestic Subsidiary.

“Foreign Subsidiary Borrower” means any Eligible Foreign Subsidiary that becomes a Foreign Subsidiary Borrower pursuant to Section 2.23 and that has not ceased to be a Foreign Subsidiary Borrower pursuant to such Section.

“Fund” means any Person (other than a natural person) that is engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course.

“GAAP” means generally accepted accounting principles in the United States of America.

“Governmental Authority” means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

“Gross Leverage Ratio” means the ratio, determined as of the end of each of the Company’s Fiscal Quarters, of (i) Consolidated Total Indebtedness to (ii) Consolidated EBITDAR for the period of four (4) consecutive Fiscal Quarters ending with the end of such Fiscal Quarter, all calculated for the Company and its Subsidiaries on a consolidated basis.

“Ground Lease” has the meaning assigned to such term in the definition of “Hudson Yards Development”.

“Guarantee” of or by any Person (the “guarantor”) means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the “primary obligor”) in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or obligation; provided, that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business. For purposes of all calculations provided for in this Agreement, the amount of any Guarantee of any guarantor shall be deemed to be the lower of (x) an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee is made and (y) the maximum amount for which such guarantor may be liable pursuant to the terms of the instrument embodying such Guarantee, unless such primary obligation and the maximum amount for which such guarantor may be liable are not stated or determinable, in which case the amount of such Guarantee shall be such guarantor’s maximum reasonably anticipated liability in respect thereof as determined by the Company in good faith.

“Hazardous Materials” means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

“Hedge Agreement” means any Swap Agreement existing on the Amendment No. 1 Effective Date between the Company or any Subsidiary and any Hedge Bank or entered into following the Amendment No. 1 Effective Date by and between the Company or any Subsidiary and any Hedge Bank.

“Hedge Bank” means any Person that is a Lender or an Affiliate of a Lender (x) on the Amendment No. 1 Effective Date or (y) at the time it enters into a Hedge Agreement, in its capacity as a party thereto.

“Hudson Yards Development” means (a) that certain Agreement of Severed Parcel Lease (Eastern Rail Yard Section of the John D. Caemmerer West Side Yard) (the “Ground Lease”), dated as of April 10, 2013, between the Metropolitan Transportation Authority and Legacy Yards Tenant LLC (“Legacy Yards Tenant”); (b) any improvements now or hereafter located on the land demised pursuant to the Ground Lease, including, but not limited to, that certain commercial building to be built thereon and any condominium units or common areas that may be created therein and thereon; and/or (c) Legacy Yards Tenant.

“ICC” has the meaning assigned to such term in the definition of UCP.

“Impacted Loans” has the meaning assigned to such term in section 2.14(b)(i)

“Increasing Lender” has the meaning assigned to such term in Section 2.20.

“Indebtedness” of any Person means, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (d) all obligations of such Person in respect of the deferred purchase price of property or services (excluding accounts payable incurred in the ordinary course of business and any earnout obligations or similar deferred or contingent purchase price obligations not overdue, which are being contested in good faith or which do not appear as a liability on a balance sheet of such Person incurred in connection with any acquisition of property or series of related acquisitions of property that constitutes (i) assets comprising all or substantially all of a business or operating unit of a business, (ii) all or substantially all of the common stock or other Equity Interests of a Person or (iii) in any case where clauses (i) and (ii) above are inapplicable, the Acquired Rights), (e) all Indebtedness of others secured by any Lien on property owned or acquired by such Person (to the extent of such Person’s interest in such property), whether or not the Indebtedness secured thereby has been assumed, (f) all Guarantees by such Person of Indebtedness of others, (g) all Finance Lease Liabilities of such Person, (h) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and letters of guaranty, (i) all obligations, contingent or otherwise, of such Person in respect of bankers’ acceptances and (j) all payment and performance obligations of every kind, nature and description of such Person under or in connection with Swap Agreements. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person’s ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor. For purposes of all calculations provided for in this Agreement, there shall be disregarded any Guarantee of any Person in respect of any Indebtedness of any other Person with which the accounts of such first Person are then required to be consolidated in accordance with GAAP. For the avoidance of doubt, any amounts available and not drawn under the Commitments shall be deemed not to be Indebtedness and “Indebtedness” shall not include the obligations of any Person to pay rent or other amounts under any lease (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations would be required to be classified and accounted for as an Operating Lease.

“Indemnified Taxes” means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any ~~Borrower~~ Loan Party under any Loan Document and (b) to the extent not otherwise described in clause (a), Other Taxes.

“Indemnitee” has the meaning assigned to such term in Section 9.03(b).

“Ineligible Institution” means (a) a natural person, (b) a Defaulting Lender, (c) the Company, any of its Subsidiaries or any of its Affiliates, or (d) a company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural person or relative(s) thereof.

“Information” has the meaning assigned to such term in Section 9.12.

“Information Memorandum” means the Confidential Information Memorandum dated October 1, 2019 relating to the Company and the Transactions.

“Insolvent” means, with respect to any Multiemployer Plan, the condition that such Multiemployer Plan is insolvent within the meaning of Section 4245 of ERISA.

“Interest Election Request” means a request by the applicable Borrower to convert or continue a Borrowing in accordance with Section 2.08.

“Interest Payment Date” means (a) with respect to any ABR Loan (other than a Swingline Loan), the last Business Day of each March, June, September and December and the applicable Maturity Date, (b) with respect to any Eurocurrency Loan, the last Business Day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurocurrency Borrowing with an Interest Period of more than three months’ duration, each day prior to the last day of such Interest Period that occurs at intervals of three months’ duration after the first Business Day of such Interest Period and the applicable Maturity Date and (c) with respect to any Swingline Loan, the day that such Loan is required to be repaid and the Maturity Date; provided that if any Interest Payment Date would be a day other than a Business Day, such Interest Payment Date would be the next succeeding Business Day.

“Interest Period” means with respect to any Eurocurrency Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one, two, three or six months (or, if acceptable to all Lenders, such other period that is twelve months or less) thereafter, as the applicable Borrower (or the Company on behalf of the applicable Borrower) may elect; provided, that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless, in the case of a Eurocurrency Borrowing only, such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day, (ii) any Interest Period pertaining to a Eurocurrency Borrowing that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period and (iii) no Interest Period shall extend beyond the Maturity Date. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

“Investment” means, as applied to any Person, any direct or indirect purchase or other acquisition by such Person of Equity Interests or other securities of, or any assets constituting a business unit of, any other Person, or any direct or indirect loan, advance or capital contribution by such Person to any other Person. In computing the amount involved in any Investment at the time outstanding, (a) undistributed earnings of, and unpaid interest accrued in respect of Indebtedness owing by, such other Person shall not be included, (b) there shall not be deducted from the amounts invested in such other Person any amounts received as earnings (in the form of dividends, interest or otherwise) on such Investment or as loans from such other Person and (c) unrealized increases or decreases in value, or write-ups, write-downs or writeoffs, of Investments in such other Person shall be disregarded.

“Investment Grade” means (x) in the case of Fitch, BBB- or higher, (y) in the case of Moody’s, Baa3 or higher and (z) in the case of S&P, BBB- or higher, in each case irrespective of outlook.

“IRS” means the United States Internal Revenue Service.

“ISP” means, with respect to any Letter of Credit, the “International Standby Practices 1998” published by the Institute of International Banking Law & Practice, Inc. (or such later version thereof as may be in effect at the time of issuance).

“Issuing Bank” means (a) in respect of Standby Letters of Credit, Bank of America, N.A., JPMorgan Chase Bank, N.A., HSBC Bank USA, N.A. and each other Lender designated by the Company as an “Issuing Bank” in respect of Standby Letters of Credit hereunder that has agreed to such designation (and is reasonably acceptable to the Administrative Agent) and (b) in respect of Commercial Letters of Credit, Bank of America, N.A. and each other Lender designated by the Company as an “Issuing Bank” in respect

of Commercial Letters of Credit hereunder that has agreed to such designation (and is reasonably acceptable to the Administrative Agent), each in its capacity as an issuer of Letters of Credit hereunder, and its successors in such capacity as provided in Section 2.06(i). Bank of America, N.A. shall be the sole Issuing Bank with respect to Letters of Credit denominated in an Agreed Currency (other than Dollars) hereunder. Each Issuing Bank may, in its discretion, arrange for one or more Letters of Credit to be issued by Affiliates, including foreign Affiliates, of such Issuing Bank, in which case the term “Issuing Bank” shall include any such Affiliate with respect to Letters of Credit issued by such Affiliate.

“Japanese Yen” or “JPY” means the lawful currency of Japan.

“LC Collateral Account” has the meaning assigned to such term in Section 2.06(j).

“LC Disbursement” means a payment made by an Issuing Bank pursuant to a Letter of Credit.

“LC Exposure” means, at any time, the sum of (a) the aggregate undrawn Dollar Amount of all outstanding Letters of Credit at such time plus (b) the aggregate Dollar Amount of all LC Disbursements that have not yet been reimbursed by or on behalf of the Company at such time. The LC Exposure of any Lender at any time shall be its Applicable Percentage of the total LC Exposure at such time. For all purposes of this Agreement, if on any date of determination a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of Rule 3.14 of the ISP, such Letter of Credit shall be deemed to be “outstanding” in the amount so remaining available to be drawn.

“Lead Arranger” means each of BofA Securities, Inc., JPMorgan Chase Bank, N.A. and HSBC Bank USA, N.A. in its capacity as a joint lead arranger and joint bookrunner with respect to the credit facilities provided for under this Agreement.

“Legacy Yards Tenant” has the meaning assigned to such term in the definition of “Hudson Yards Development”.

“Lender Notice Date” has the meaning assigned to such term in Section 2.25(b).

“Lenders” means, as of any date of determination, each Person that has a Commitment or, if the Commitments have terminated or expired, a Person with Credit Exposure, and any other Person that shall have become a Lender hereunder pursuant to Section 2.20 or pursuant to an Assignment and Assumption, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Assumption. Unless the context otherwise requires, the term “Lenders” includes the Swingline Lender.

“Letter of Credit” means any Commercial Letter of Credit or Standby Letter of Credit, including the Existing Letters of Credit.

“Letter of Credit Sublimit” means (a) with respect to each Issuing Bank in respect of Standby Letters of Credit, the Dollar Amount set forth opposite its name on Schedule 2.06(A) hereto and (b) with respect to each Issuing Bank in respect of Commercial Letters of Credit, the Dollar Amount set forth opposite its name on Schedule 2.06(A) hereto, in each case as such Dollar Amount may be adjusted from time to time pursuant to the terms of this Agreement.

~~“Leverage Ratio” has the meaning assigned to such term in Section 6.07.~~

“LIBO Rate” means, with respect to any Eurocurrency Borrowing denominated in any Agreed Currency and for any applicable Interest Period, the London Interbank Offered Rate as administered by ICE Benchmark Administration (or any other Person that takes over the administration of such rate for U.S. Dollars) for a period equal in length to such Interest Period (“LIBOR”), or a comparable or successor rate which rate is approved by the Administrative Agent, as published on the applicable Bloomberg screen page (or such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time) (in such case, the “LIBOR Screen Rate”) at or about 11:00 a.m. (London time) on the Quotation Day, for deposits in the relevant currency, with a term equivalent to such Interest Period; provided that to the extent a comparable or successor rate is approved by the Administrative Agent in connection with any rate set forth in this definition, the approved rate shall be applied in a manner consistent with market practice; provided, further, that if the LIBOR Screen Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement. It is understood and agreed that all of the terms and conditions of this definition of “LIBO Rate” shall be subject to Section 2.14.

“LIBOR Screen Rate” has the meaning assigned to such term in the definition of “LIBO Rate”.

“LIBOR Successor Rate” has the meaning specified in Section 2.14(d).

“LIBOR Successor Rate Conforming Changes” means, with respect to any proposed LIBOR Successor Rate, any conforming changes to the definition of Alternate Base Rate, Interest Period, timing and frequency of determining rates and making payments of interest and other technical, administrative or operational matters as may be appropriate, in the discretion of the Administrative Agent in consultation with the ~~Borrower~~Company, to reflect the adoption and implementation of such LIBOR Successor Rate and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent determines that adoption of any portion of such market practice is not administratively feasible or that no market practice for the administration of such LIBOR Successor Rate exists, in such other manner of administration as the Administrative Agent determines is reasonably necessary in connection with the administration of this Agreement).

“Lien” means, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, Finance Lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

“Loan Documents” means this Agreement, each Borrowing Subsidiary Agreement, each Borrowing Subsidiary Termination, the Security Agreement, the Subsidiary Guaranty, any promissory notes issued pursuant to Section 2.10(e) and any Letter of Credit applications now or hereafter executed by or on behalf of any Borrower and delivered to the Administrative Agent or any Lender in connection with this Agreement or the transactions contemplated hereby. Any reference in this Agreement or any other Loan Document to a Loan Document shall include all appendices, exhibits or schedules thereto, and all amendments, restatements, supplements or other modifications thereto, and shall refer to this Agreement or such Loan Document as the same may be in effect at any and all times such reference becomes operative.

“Loan Parties” means, collectively, the Borrowers and the Subsidiary Guarantors.

“Loans” means the loans made by the Lenders to the Borrowers pursuant to this Agreement.

“Local Time” means (i) New York City time in the case of a Loan, Borrowing or LC Disbursement denominated in Dollars and (ii) local time in the case of a Loan, Borrowing or LC Disbursement denominated in a Foreign Currency (it being understood that such local time shall mean London, England time unless otherwise notified by the Administrative Agent).

“Luxembourg” means the Grand Duchy of Luxembourg.

“Luxembourg Domiciliation Law” shall mean the Luxembourg law of May 31, 1999, as amended, regarding the domiciliation of companies.

“Material Acquisition” has the meaning assigned to such term in the definition of “Consolidated EBITDAR”.

“Material Adverse Effect” means a material adverse effect on (a) the business, operations, property or financial condition of the Company and the Subsidiaries taken as a whole or (b) the rights and remedies, taken as a whole, of the Administrative Agent and the Lenders under the Loan Documents.

“Material Disposition” has the meaning assigned to such term in the definition of “Consolidated EBITDAR”.

“Material Indebtedness” means Indebtedness (other than the Loans and Letters of Credit), of any one or more of the Company and its Subsidiaries in an aggregate principal amount exceeding \$100,000,000. For purposes of determining Material Indebtedness, the “principal amount” of the obligations of the Company or any Subsidiary in respect of any Swap Agreement at any time shall be the maximum aggregate amount (giving effect to any netting agreements) that the Company or such Subsidiary would be required to pay if such Swap Agreement were terminated at such time.

“Material Subsidiary” means (a) each Significant Subsidiary and (b) each other Subsidiary that owns (i) any Intellectual Property (as defined in the Security Agreement), (ii) five percent (5%) or more of the fair market value of the total inventory of the Company and its Subsidiaries on a consolidated basis or (iii) five percent (5%) or more of the fair market value of the total accounts receivable of the Company and its Subsidiaries on a consolidated basis; provided that at the end of any Fiscal Quarter, if the aggregate fair market value of the total inventory or accounts receivable of the Company and all Material Subsidiaries is less than 90.0% of the fair market value of the total inventory or accounts receivable of the Company and its Subsidiaries (but excluding Excluded Subsidiaries) for the trailing period of four (4) consecutive Fiscal Quarters, the Company shall designate sufficient Subsidiaries (but excluding Excluded Subsidiaries) as Material Subsidiaries to eliminate such deficiency within 45 days after the Financials have been delivered for such period of four (4) consecutive Fiscal Quarters.

“Maturity Date” means the date that is five years after the Effective Date, as extended (in the case of each Lender consenting thereto) pursuant to Section 2.25; provided, that if the Maturity Date would be a day other than a Business Day, such Maturity Date shall be the next succeeding Business Day.

“Maximum Rate” has the meaning assigned to such term in Section 9.15.

“Moody’s” means Moody’s Investors Service, Inc.

“Multiemployer Plan” means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

“Net Leverage Ratio” means, as of any date, the ratio of (i) Consolidated Total Indebtedness minus the amount by which the unrestricted cash and Permitted Investments of the Company and its Subsidiaries exceeds \$300,000,000, to (ii) Consolidated EBITDAR for the period of four (4) consecutive Fiscal Quarters most recently ended, all calculated for the Company and its Subsidiaries on a consolidated basis.

“Net Proceeds” shall mean in connection with any Disposition, the proceeds thereof actually received in the form of cash and Permitted Investments (including any such proceeds received by way of deferred payment of principal pursuant to a note or installment receivable or purchase price adjustment receivable or otherwise, but only as and when received), net of (i) attorneys’ fees, accountants’ fees, investment banking fees, and other bona fide fees, costs and expenses incurred in connection therewith, (ii) amounts required to be applied to the repayment of Indebtedness secured by a Lien expressly permitted hereunder on any asset that is the subject of such Disposition or any other sale of assets (other than any Lien pursuant to the Security Agreement), (iii) Taxes paid and the Company’s reasonable and good faith estimate of income, franchise, sales, and other applicable Taxes required to be paid by the Company or any Subsidiary of the Company in connection with such Disposition, (iv) reserves for any liabilities attributable to the seller’s indemnities and representations and warranties to the purchaser in respect of such Disposition owing by the Company or any of its Subsidiaries in connection therewith (including pension and other post-employment benefit liabilities and liabilities related to environmental matters or against any indemnification obligations (fixed or contingent) associated with such transaction) and that are determined by the Company in good faith as a reserve in accordance with GAAP, and (v) cash escrows to the Company or any of its Subsidiaries from the sale price for such Disposition.

“Non-Consenting Lender” has the meaning assigned to such term in Section 9.02(d).

“Non-Extending Lender” has the meaning assigned to such term in Section 2.25(b).

“Non-Investment Grade” means (x) in the case of Fitch, BB+ or lower, (y) in the case of Moody’s, Ba1 or lower and (z) in the case of S&P, BB+ or lower, in each case irrespective of outlook.

“Obligations” means all unpaid principal of and accrued and unpaid interest on the Loans, all LC Exposure, all accrued and unpaid fees and all expenses, reimbursements, indemnities and other obligations and indebtedness (including interest and fees accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), obligations and liabilities of any of the Company and its Subsidiaries to any of the Lenders, the Administrative Agent, any Issuing Bank, any Cash Management Bank, any Hedge Bank or any indemnified party, individually or collectively, existing on the Effective Date or arising thereafter, direct or indirect, joint or several, absolute or contingent, matured or unmatured, liquidated or unliquidated, secured or unsecured, arising by contract, operation of law or otherwise, arising or incurred under this Agreement or any of the other Loan Documents, Hedge Agreements (other than with respect to the Company or any other Guarantor’s obligations that constitute Excluded Swap Obligations solely with respect to the Company or such other Guarantor, as the case may be) or Cash Management Obligations, or to the Lenders or any of their Affiliates in respect of any of the Loans made or reimbursement or other obligations incurred, or any Hedge Agreements, or any Cash Management Obligations, or any of the Letters of Credit or other instruments at any time evidencing any thereof.

“OFAC” means the Office of Foreign Assets Control of the U.S. Treasury Department.

“Operating Lease” means any lease of property classified as an “operating lease” under GAAP.

“Original Currency” has the meaning assigned to such term in Section 2.18(a).

“Other Connection Taxes” means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

“Other Taxes” means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 2.19).

“Overnight Foreign Currency Rate” means, for any amount payable in a Foreign Currency, the rate of interest per annum as determined by the Administrative Agent at which overnight or weekend deposits in the relevant currency (or if such amount due remains unpaid for more than three (3) Business Days, then for such other period of time as the Administrative Agent may elect) for delivery in immediately available and freely transferable funds would be offered by the Administrative Agent to major banks in the interbank market upon request of such major banks for the relevant currency as determined above and in an amount comparable to the unpaid principal amount of the related Credit Event, plus any taxes, levies, imposts, duties, deductions, charges or withholdings imposed upon, or charged to, the Administrative Agent by any relevant correspondent bank in respect of such amount in such relevant currency.

“Parent” means, with respect to any Lender, any Person as to which such Lender is, directly or indirectly, a subsidiary.

“Participant” has the meaning assigned to such term in Section 9.04(c).

“Participant Register” has the meaning assigned to such term in Section 9.04(c).

“Participating Member State” means any member state of the European Union that adopts or has adopted the euro as its lawful currency in accordance with legislation of the European Union relating to economic and monetary union.

“PBGC” means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

“Permitted Acquisition” means any acquisition (in one transaction or a series of related transactions) by the Company or any Subsidiary, on or after the Effective Date (whether effected through a purchase of Equity Interests or assets or through a merger, consolidation or amalgamation), of (i) another Person including the equity interest of any Person in which the Company or any Subsidiary owns an equity interest, (ii) the assets constituting all or substantially all of a business or operating business unit of another Person or (iii) in any case where clauses (i) and (ii) above are inapplicable, the rights of any licensee (including by means of the termination of such licensee’s rights under such license) under a trademark license to such licensee from the Company or any of its Affiliates; provided that (a) the assets so acquired or, as the case may be, the assets of the Person so acquired shall be in a Related Line of Business, (b) no Event of Default shall have occurred and be continuing at the time thereof or would result therefrom, (c) such acquisition shall be effected in such manner so that the acquired Equity Interests, assets or rights are owned either by

the Company or a Subsidiary and, if effected by merger, consolidation or amalgamation, the continuing, surviving or resulting entity shall be the Company or a Subsidiary, provided that, nothing in this clause shall be deemed to limit the ability of the Company or any Subsidiary to grant to a different licensee any acquired license rights described in clause (iii) above (or any rights derivative therefrom) and (d) the Company and its Subsidiaries shall be in compliance, on a pro forma basis after giving effect to such acquisition, with ~~the covenant contained in Section 6.07~~ a maximum Net Leverage Ratio of no greater than 4.00 to 1.00, recomputed as at the last day of the most recently ended fiscal quarter of the Company for which financial statements are available, as if such acquisition had occurred on the first day of each relevant period for testing such compliance.

“Permitted Assignee” means such Persons (i) the Company has identified to the Administrative Agent in writing on or prior to October 1, 2019 with respect to this Agreement and (ii) that constitute lenders under the Existing Credit Agreement immediately prior to the Effective Date.

“Permitted Encumbrances” means:

(a) Liens imposed by law for Taxes and duties, assessments, governmental charges or levies that are not yet due or are being contested in compliance with Section 5.04;

(b) landlords, carriers’, warehousemen’s, mechanics’, shippers’, materialmen’s, repairmen’s and other like Liens imposed by law, arising in the ordinary course of business and securing obligations that are not overdue by more than 45 days or are being contested in compliance with Section 5.04;

(c) pledges and deposits made in connection with workers’ compensation, unemployment insurance, old age pensions and other social security laws or regulations, and pledges and deposits securing liability to insurance carriers under insurance or self-insurance arrangements;

(d) Liens, pledges and deposits to secure the performance of tenders, bids, trade contracts, leases, public or statutory obligations, warranty requirements, customs, surety and appeal bonds, bonds posted in connection with actions, suits or proceedings, performance and bid bonds and other obligations of a like nature, in each case in the ordinary course of business;

(e) Liens incurred in the ordinary course of business in connection with the sale, lease, transfer or other disposition of any credit card receivables of the Company or any of its Subsidiaries;

(f) judgment, attachment or other similar liens in respect of judgments that do not constitute an Event of Default under clause (k) of Article VII;

(g) easements, zoning restrictions, restrictive covenants, encroachments, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of the Company or any Subsidiary; and

(h) possessory Liens in favor of brokers and dealers arising in connection with the acquisition or disposition of Permitted Investments;

provided that the term “Permitted Encumbrances” shall not include any Lien securing Indebtedness.

“Permitted Investments” means:

(a) direct obligations of, or obligations the principal of and interest on which are directly and fully guaranteed or insured by, the United States of America (or by any agency thereof to the extent such obligations are backed by the full faith and credit of the United States of America), any Participating Member State, the United Kingdom or Japan;

(b) investments in commercial paper having, at such date of acquisition, a credit rating of at least A-2 from S&P or P-2 from Moody's;

(c) investments in demand deposits, certificates of deposit, eurocurrency time deposits, banker's acceptances and time deposits issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, any Lender or any commercial bank which has a combined capital and surplus and undivided profits of not less than \$100,000,000;

(d) repurchase agreements with a term of not more than 180 days for securities described in clause (a) above and entered into with a financial institution satisfying the criteria described in clause (c) above;

(e) securities with maturities of three years or less from the date of acquisition issued or fully guaranteed by any state, commonwealth or territory of the United States or by any political subdivision or taxing authority of any such state, commonwealth or territory or by any foreign government, the securities of which state, commonwealth or territory, political subdivision, taxing authority or foreign government (as the case may be) are rated, at such date of acquisition, at least A- by S&P or A3 by Moody's;

(f) securities with maturities of three years or less from the date of acquisition backed by standby letters of credit issued by any Lender or any commercial bank satisfying the requirements of clause (c) of this definition;

(g) shares of money market funds that (i) comply with the criteria set forth in (a) Securities and Exchange Commission Rule 2a-7 under the Investment Company Act of 1940, as amended or (b) Securities and Exchange Commission Rule 3c-7 under the Investment Company Act of 1940, as amended and (ii) have portfolio assets of at least (x) in the case of funds that invest exclusively in assets satisfying the requirements of clause (a) of this definition, \$250,000,000 and (y) in all other cases, \$500,000,000;

(h) in the case of investments by any Foreign Subsidiary, obligations of a credit quality and maturity comparable to that of the items referred to in clauses (a) through (g) above that are available in local markets;

(i) corporate debt obligations with a Moody's rating of at least Baa3 or an S&P rating of at least BBB-, or their equivalent, as follows: (i) corporate notes and bonds and (ii) medium term notes; and

(j) mutual funds which invest primarily in the securities described in clauses (a) through (d) above.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“Plan” means any employee pension benefit plan (within the meaning of Section 3(2) of ERISA, but not including any Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which any ~~Borrower~~ Loan Party or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an “employer” (as defined in Section 3(5) of ERISA).

“Pounds Sterling” means the lawful currency of the United Kingdom.

“Prepayment Notice” has the meaning assigned to such term in Section 2.11(a).

“Prime Rate” means the rate of interest per annum publicly announced from time to time by Bank of America, N.A. as its prime rate in effect at its principal office in New York City; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

“Priority Indebtedness” means (a) Indebtedness of the Company or any Subsidiary (other than (x) the Obligations and (y) that described in Section 6.01(e)) secured by any Lien on any asset(s) of the Company or any Subsidiary and (b) Indebtedness of any Subsidiary, in each case owing to a Person other than the Company or any Subsidiary.

“PTE” means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

“Public Debt” means any class of non-credit enhanced long-term senior unsecured debt issued by the Company.

“QFC” has the meaning assigned to the term “qualified financial contract” in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

“QFC Credit Support” has the meaning assigned to such term in Section 9.18.

“Quotation Day” means, with respect to any Eurocurrency Borrowing for any Interest Period, (i) if the currency is Pounds Sterling, the first day of such Interest Period, (ii) if the currency is euro, the day that is two (2) TARGET2 Days before the first day of such Interest Period, and (iii) for any other currency, two Business Days prior to the commencement of such Interest Period (unless, in each case, market practice differs in the relevant market where the LIBO Rate for such currency is to be determined, in which case the Quotation Day will be determined by the Administrative Agent in accordance with market practice in such market (and if quotations would normally be given on more than one day, then the Quotation Day will be the last of those days)).

“Recipient” means (a) the Administrative Agent, (b) any Lender or (c) any Issuing Bank, as applicable.

“Reference Period” has the meaning assigned to such term in the definition of “Consolidated EBITDAR”.

“Register” has the meaning assigned to such term in Section 9.04(b)(iv).

“Related Line of Business” means: (a) any line of business in which the Company or any of its Subsidiaries is engaged as of, or immediately prior to, the Effective Date, (b) any wholesale, retail or

other distribution of products or services under any domestic or foreign patent, trademark, service mark, trade name, copyright or license or (c) any similar, ancillary or related business and any business which provides a service and/or supplies products in connection with any business described in clause (a) or (b) above.

“Related Parties” means, with respect to any Person, such Person’s Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person’s Affiliates.

“Release Date” means the first day after the Trigger Date on which (x) any two or more of Fitch, Moody’s and S&P have rated the Company’s Public Debt as Investment Grade and (y) the Company’s pro forma Net Leverage Ratio is less than 4.00 to 1.00. For purposes of this definition, if any of Fitch, Moody’s or S&P shall not rate the Company’s Public Debt, such rating agency shall be deemed to have rated the Company’s Public Debt Non-Investment Grade.

“Relevant Governmental Body” means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York for the purpose of recommending a benchmark rate to replace LIBOR in loan agreements similar to this Agreement.

“Reportable Event” means any “reportable event,” as defined in Section 4043(c) of ERISA or the regulations issued thereunder, with respect to a Plan, other than those events as to which notice is waived pursuant to DOL Regulation Section 4043 as in effect on the Effective Date (no matter how such notice requirement may be changed in the future).

“Required Lenders” means, at any time, Lenders having Credit Exposures and unused Commitments representing more than 50% of the sum of the total Credit Exposures and unused Commitments at such time.

“Requirement of Law” means, as to any Person, the Articles or Certificate of Incorporation and By-Laws, Articles or Certificate of Formation and Operating Agreement, or Certificate of Partnership or partnership agreement or other organizational or governing documents of such Person, and any law, treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

“Restricted Payment” means any dividend or other distribution (whether in cash, securities or other property) with respect to any Equity Interests in the Company or any Subsidiary, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such Equity Interests in the Company or any Subsidiary or any option, warrant or other right to acquire any such Equity Interests in the Company or any Subsidiary.

“Revolving Loan” means a Loan made by a Lender pursuant to Section 2.01(a).

“S&P” means Standard & Poor’s Ratings Services, a division of S&P Global, Inc.

“Sanctioned Person” means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by OFAC, the U.S. Department of State, the United Nations Security Council, the European Union or any EU member state, or Her Majesty’s Treasury of the United Kingdom,

or any Person owned or controlled by one or more Persons listed on any such Sanctions-related list, or (b) any Person that is organized in or located or resident in an Embargoed Country.

“Sanctions” means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by OFAC or the U.S. Department of State or (b) the United Nations Security Council, the European Union or any EU member state or Her Majesty’s Treasury of the United Kingdom.

“Scheduled Unavailability Date” has the meaning assigned to such term in Section 2.14(d).

“SEC” means the United States Securities and Exchange Commission.

“Security Agreement” means that certain Security Agreement in the form of Exhibit E (including any and all supplements thereto) and executed by the Company and each Subsidiary Guarantor party thereto, as amended, restated, supplemented or otherwise modified from time to time.

“Significant Subsidiary” means any Subsidiary that is a “Significant Subsidiary” as defined in Regulation S-X, part 210.1-02 of Title 17 of the Code of Federal Regulations.

“SOFR” with respect to any day means the secured overnight financing rate published for such day by the Federal Reserve Bank of New York, as the administrator of the benchmark (or a successor administrator) on the Federal Reserve Bank of New York’s website (or any successor source) and, in each case, that has been selected or recommended by the Relevant Governmental Body.

“SOFR-Based Rate” means SOFR or Term SOFR.

“Solvent” shall mean, with respect to the Company and its Subsidiaries, on a consolidated basis, after giving effect to the Transactions and the other transactions contemplated by the Credit Agreement, (i) the sum of the “fair value” of the assets of the Company and its Subsidiaries, taken as a whole, exceeds the sum of all debts of the Company and its Subsidiaries, taken as a whole, as such quoted terms are determined in accordance with applicable federal and state laws governing determinations of the insolvency of debtors, (ii) the “present fair saleable value” of the assets of the Company and its Subsidiaries, taken as a whole, is greater than the amount that will be required to pay the probable liability on debts of the Company and its Subsidiaries, taken as a whole, as such debts become absolute and matured, as such quoted term is determined in accordance with applicable federal and state laws governing determinations of the insolvency of debtors, (iii) the capital of the Company and its Subsidiaries, taken as a whole, is not unreasonably small in relation to the business in which they are or are about to become engaged, (iv) the Company and its Subsidiaries, taken as a whole, do not intend to incur, or believe that they will incur, debts beyond their ability to pay as they mature and (v) the Company and its Subsidiaries, taken as a whole, are presently able to pay their debts as such debts mature. For purposes of clauses (i) through (v) above, (a) (i) “debt” means liability on a “claim” and (ii) “claim” means any (x) right to payment, whether or not such a right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, subordinated, secured or unsecured or (y) right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured or unmatured, disputed, undisputed, secured or unsecured and (b) the amount of any contingent, unliquidated and disputed claim and any claim that has not been reduced to judgment at any time has been computed as the amount that, in light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability (irrespective of whether such liabilities meet the criteria for accrual under the Financial Accounting Standards Board Statement of Financial Accounting Standards No. 5).

“Standby Letter of Credit” means an irrevocable letter of credit issued pursuant to this Agreement by an Issuing Bank pursuant to which such Issuing Bank agrees to make payments in an Agreed Currency in respect of obligations of ~~the~~ Borrower and/or its Subsidiaries incurred pursuant to contracts made or performances undertaken or to be undertaken or like matters relating to contracts to which such Borrower or Subsidiary, as applicable, is or proposes to become a party in the ordinary course of such Borrower’s or Subsidiary’s business, including, but not limited to, for insurance purposes and in connection with lease transactions.

“Statutory Reserve Rate” means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve, liquid asset, fees or similar requirements (including any marginal, special, emergency or supplemental reserves or other requirements) established by any central bank, monetary authority, the Board, the Financial Conduct Authority, the Prudential Regulation Authority, the European Central Bank or other Governmental Authority for any category of deposits or liabilities customarily used to fund loans in the applicable currency, expressed in the case of each such requirement as a decimal. Such reserve, liquid asset, fees or similar requirements shall include those imposed pursuant to Regulation D of the Board. Eurocurrency Loans shall be deemed to be subject to such reserve, liquid asset, fee or similar requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under any applicable law, rule or regulation, including Regulation D of the Board. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve, liquid asset or similar requirement.

“subsidiary” means, with respect to any Person (the “parent”) at any date, any corporation, limited liability company, partnership, association or other entity the accounts of which would be consolidated with those of the parent in the parent’s consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, limited liability company, partnership, association or other entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, Controlled or held, or (b) that is, as of such date, otherwise Controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

“Subsidiary.” means any subsidiary of the Company.

“Subsidiary Guarantor” means each Subsidiary that is party to the Subsidiary Guaranty while such Subsidiary Guaranty is in effect. Notwithstanding the foregoing, no Excluded Subsidiary shall be required to be a Subsidiary Guarantor.

“Subsidiary Guaranty” means that certain Guarantee Agreement in the form of Exhibit G (including any and all supplements thereto) and executed by each Subsidiary Guarantor party thereto, as amended, restated, supplemented or otherwise modified from time to time.

“Subsidiary Obligations” has the meaning assigned to such term in Section 10.01(a).

“Supported QFC” has the meaning assigned to such term in Section 9.18.

“Swap Agreement” means any agreement with respect to any swap, forward, future or derivative transaction or option, cap or collar agreements or similar agreement involving, or settled by reference to, one or more interest or exchange rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or

value or any similar transaction or any combination of these transactions [or other transaction that constitutes a “swap” within the meaning of section 1\(a\)\(47\) of the Commodity Exchange Act](#); provided that no phantom stock or similar plan providing for payments only on account of services provided by current or former directors, officers, employees or consultants of the Company or the Subsidiaries shall be a Swap Agreement.

“Swingline Exposure” means, at any time, the aggregate principal amount of all Swingline Loans outstanding at such time. The Swingline Exposure of any Lender at any time shall be its Applicable Percentage of the total Swingline Exposure at such time.

“Swingline Lender” means Bank of America, N.A., in its capacity as lender of Swingline Loans hereunder and its successors in such capacity.

“Swingline Loan” means a Loan made pursuant to Section 2.05.

“Swingline Loan Notice” has the meaning assigned to such term in Section 2.05(b).

“TARGET2” means the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET2) payment system (or, if such payment system ceases to be operative, such other payment system (if any) reasonably determined by the Administrative Agent to be a suitable replacement) for the settlement of payments in euro.

“TARGET2 Day” means a day that TARGET2 is open for the settlement of payments in euro.

“Taxes” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“Term SOFR” means the forward-looking term rate for any period that is approximately (as determined by the Administrative Agent) as long as any of the Interest Period options set forth in the definition of “Interest Period” and that is based on SOFR and that has been selected or recommended by the Relevant Governmental Body, in each case as published on an information service as selected by the Administrative Agent from time to time in its reasonable discretion.

“Total Assets” means, at any time, the total assets of the Company and its Subsidiaries, determined on a consolidated basis in accordance with GAAP.

“Transactions” means the execution, delivery and performance by the ~~Borrowers~~ [Loan Parties](#) of this Agreement and the other Loan Documents, the borrowing of Loans and other credit extensions, the use of the proceeds thereof and the issuance of Letters of Credit hereunder.

[“Trigger Date” means the first day on or after the Amendment No. 1 Effective Date and occurring during the Covenant Relief Period on which any two or more of Fitch, Moody’s and S&P have rated the Company’s Public Debt as Non-Investment Grade. For purposes of this definition, if any of Fitch, Moody’s or S&P shall not rate the Company’s Public Debt, such rating agency shall be deemed to have rated the Company’s Public Debt as Non-Investment Grade.](#)

“Type”, when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the Adjusted LIBO Rate or the Alternate Base Rate.

“UCP” means, with respect to any Letter of Credit, the Uniform Customs and Practice for Documentary Credits, International Chamber of Commerce (“ICC”) Publication No. 600 (or such later version thereof as may be in effect at the time of issuance).

“U.S. Person” means a “United States person” within the meaning of Section 7701(a)(30) of the Code.

“U.S. Special Resolution Regimes” has the meaning assigned to such term in Section 9.18.

“U.S. Tax Compliance Certificate” has the meaning assigned to such term in Section 2.17(f)(ii)(B)(3).

“Withdrawal Liability” means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

“Withholding Agent” means any ~~Borrower~~Loan Party and the Administrative Agent.

“Write-Down and Conversion Powers” means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

SECTION 1.02. Classification of Loans and Borrowings. For purposes of this Agreement, Loans may be classified and referred to by Class (e.g., a “Revolving Loan”) or by Type (e.g., a “Eurocurrency Loan”) or by Class and Type (e.g., a “Eurocurrency Revolving Loan”). Borrowings also may be classified and referred to by Class (e.g., a “Revolving Borrowing”) or by Type (e.g., a “Eurocurrency Borrowing”) or by Class and Type (e.g., a “Eurocurrency Revolving Borrowing”).

SECTION 1.03. Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. The word “will” shall be construed to have the same meaning and effect as the word “shall”. The word “law” shall be construed as referring to all statutes, rules, regulations, codes and other laws (including official rulings and interpretations thereunder having the force of law or with which affected Persons customarily comply), and all judgments, orders and decrees, of all Governmental Authorities. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, restated, supplemented or otherwise modified (subject to any restrictions on such amendments, restatements, supplements or modifications set forth herein), (b) any definition of or reference to any statute, rule or regulation shall be construed as referring thereto as from time to time amended, supplemented or otherwise modified (including by succession of comparable successor laws), (c) any reference herein to any Person shall be construed to include such Person’s successors and assigns (subject to any restrictions on assignment set forth herein) and, in the case of any Governmental Authority, any other Governmental Authority that shall have succeeded to any or all functions thereof, (d) the words “herein”, “hereof” and “hereunder”, and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (e) all references herein to

Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (f) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 1.04. Accounting Terms; GAAP; Exchange Rates. (a) Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if the Company notifies the Administrative Agent that the Company requests an amendment to any provision hereof to eliminate the effect of any change occurring after the Effective Date in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Company that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith. Notwithstanding any other provision contained herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made (i) without giving effect to any election under Accounting Standards Codification 825-10-25 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any Indebtedness or other liabilities of the Company or any Subsidiary at “fair value”, as defined therein and (ii) without giving effect to any treatment of Indebtedness in respect of convertible debt instruments under Accounting Standards Codification 470-20 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any such Indebtedness in a reduced or bifurcated manner as described therein, and such Indebtedness shall at all times be valued at the full stated principal amount thereof. If, in connection with the adoption by the Company of the standards set forth in Financial Accounting Standards Board Accounting Standards Codification 842, the Administrative Agent and the Company (x) identify a defect hereto or (y) determine that an amendment relating to the provisions hereof with respect to the treatment of leases in terms of an accounting or financial nature is required to give effect to the terms of this Agreement in connection with the application of such standard, this Agreement may be amended by an agreement in writing entered into by the Administrative Agent and the Company to cure such defect or amend any applicable provisions (and the Lenders party to this Agreement hereby authorize such amendment and, subject to the immediately following proviso, shall be deemed to have consented to such amendment), provided that such amendment shall only be effective to amend the provisions hereof if (i) the Lenders shall have received at least five Business Days’ prior written notice thereof, together with a copy thereof, and (ii) the Administrative Agent shall not have received, within five Business Days of the date of such notice to the Lenders, a written notice from the Required Lenders stating that the Required Lenders object to such amendment.

(b) For purposes of (i) determining the amount of Indebtedness incurred, outstanding or proposed to be incurred or outstanding under Section 6.01 (but excluding, for the avoidance of doubt, any calculation of Consolidated Net Worth or Consolidated EBITDAR), (ii) determining the amount of obligations secured by Liens incurred, outstanding or proposed to be incurred or outstanding under Section 6.02, or (iii) determining the amount of Material Indebtedness, the net assets of a Person or judgments outstanding under paragraphs (f), (g), (h), (i), (j) or (k) of Article VII, all amounts incurred, outstanding or proposed to be incurred or outstanding in currencies other than Dollars shall be translated into dollars at the Exchange Rate on the applicable date, provided that no Default shall arise as a result of any limitation set

forth in Dollars in Section 6.01 or 6.02 being exceeded solely as a result of changes in Exchange Rates from those rates applicable at the time or times Indebtedness or obligations secured by Liens were initially consummated or acquired in reliance on the exceptions under such Sections.

SECTION 1.05. LLC Division/Series Transactions. Any reference herein to a merger, transfer, consolidation, amalgamation, consolidation, assignment, sale, disposition or transfer, or similar term, shall be deemed to apply to a division of or by a limited liability company, or an allocation of assets to a series of a limited liability company (or the unwinding of such a division or allocation), as if it were a merger, transfer, consolidation, amalgamation, consolidation, assignment, sale, disposition or transfer, or similar term, as applicable, to, of or with a separate Person. Any division of a limited liability company shall constitute a separate Person hereunder (and each division of any limited liability company that is a Subsidiary, joint venture or any other like term shall also constitute such a Person or entity).

ARTICLE II

The Credits

SECTION 2.01. Commitments. Subject to the terms and conditions set forth herein, each Lender (severally and not jointly) agrees to make Revolving Loans to the Borrowers in Agreed Currencies from time to time during the Availability Period in an aggregate principal amount that will not result in (i) subject to Sections 2.04 and 2.11(b), the Dollar Amount of such Lender's Credit Exposure exceeding such Lender's Commitment or (ii) subject to Sections 2.04 and 2.11(b), the sum of the Dollar Amount of the total Credit Exposures exceeding the aggregate Commitments. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrowers may borrow, prepay and reborrow Revolving Loans.

SECTION 2.02. Loans and Borrowings. (a) Each Loan (other than a Swingline Loan) shall be made as part of a Borrowing consisting of Loans of the same Class and Type made by the applicable Lenders ratably in accordance with their respective Commitments of the applicable Class. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required. Any Swingline Loan shall be made in accordance with the procedures set forth in Section 2.05.

(b) Subject to Section 2.14, each Revolving Borrowing shall be comprised entirely of ABR Loans or Eurocurrency Loans as the relevant Borrower may request in accordance herewith; provided that each ABR Loan shall only be made in Dollars. Each Swingline Loan shall be an ABR Loan. Each Lender at its option may make any Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan (and in the case of an Affiliate, the provisions of Sections 2.14, 2.15, 2.16 and 2.17 shall apply to such Affiliate to the same extent as to such Lender); provided that any exercise of such option shall not affect the obligation of the relevant Borrower to repay such Loan in accordance with the terms of this Agreement.

(c) At the commencement of each Interest Period for any Eurocurrency Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of \$100,000 (or, if such Borrowing is denominated in (i) Japanese Yen, JPY10,000,000 or (ii) a Foreign Currency other than Japanese Yen, 100,000 units of such currency) and not less than \$1,000,000 (or, if such Borrowing is denominated in (i) Japanese Yen, JPY100,000,000 or (ii) a Foreign Currency other than Japanese

Yen, 1,000,000 units of such currency). At the time that each ABR Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of \$100,000 and not less than \$500,000; provided that an ABR Revolving Borrowing may be in an aggregate amount that is equal to the entire unused balance of the aggregate Commitments or that is required to finance the reimbursement of an LC Disbursement as contemplated by Section 2.06(e). Each Swingline Loan shall be in an amount that is an integral multiple of \$500,000 and not less than \$500,000. Borrowings of more than one Type and Class may be outstanding at the same time; provided that there shall not at any time be more than a total of fifteen (15) Eurocurrency Borrowings outstanding.

(d) Notwithstanding any other provision of this Agreement, no Borrower shall be entitled to request, or to elect to convert or continue, any Borrowing if the Interest Period requested with respect thereto would end after the applicable Maturity Date.

SECTION 2.03. Requests for Borrowings. To request a Borrowing, the applicable Borrower, or the Company on behalf of the applicable Borrower, shall notify the Administrative Agent of such request (a) by irrevocable written notice (via a written Borrowing Request in a form approved by the Administrative Agent (including any form on an electric platform or electronic transmission system as shall be approved by the Administrative Agent) and signed by the applicable Borrower, or the Company on behalf of the applicable Borrower, promptly followed by telephonic confirmation of such request) in the case of a Eurocurrency Borrowing, not later than 12:00 noon, Local Time, three (3) Business Days (in the case of a Eurocurrency Borrowing denominated in Dollars) or by irrevocable written notice (via a written Borrowing Request in a form approved by the Administrative Agent and signed by such Borrower, or the Company on its behalf) not later than four (4) Business Days (in the case of a Eurocurrency Borrowing denominated in a Foreign Currency), in each case before the date of the proposed Borrowing or (b) by telephone in the case of an ABR Borrowing, not later than 12:00 noon, New York City time, on the date of the proposed Borrowing; provided that any such notice of an ABR Revolving Borrowing to finance the reimbursement of an LC Disbursement as contemplated by Section 2.06(e) may be given not later than 11:00 a.m., New York City time, on the date of the proposed Borrowing. Each such telephonic Borrowing Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Borrowing Request in a form approved by the Administrative Agent (including any form on an electric platform or electronic transmission system as shall be approved by the Administrative Agent) and signed by the applicable Borrower, or the Company on behalf of the applicable Borrower. Each such Borrowing Request shall specify the following information in compliance with Section 2.02:

- (i) the name of the applicable Borrower;
- (ii) the aggregate amount of the requested Borrowing;
- (iii) the date of such Borrowing, which shall be a Business Day;
- (iv) whether such Borrowing is to be an ABR Borrowing or a Eurocurrency Borrowing;
- (v) in the case of a Eurocurrency Borrowing, the Agreed Currency and initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period"; and

(vi) the location and number of the applicable Borrower's account to which funds are to be disbursed, which shall comply with the requirements of Section 2.07.

If no election as to the Type of Borrowing is specified, then, in the case of a Borrowing denominated in Dollars, the requested Borrowing shall be an ABR Borrowing. If no Interest Period is specified with respect to any requested Eurocurrency Borrowing, then the relevant Borrower shall be deemed to have selected an Interest Period of one month's duration. Promptly following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

SECTION 2.04. Determination of Dollar Amounts. The Administrative Agent will determine the Dollar Amount of:

(a) each Eurocurrency Borrowing as of the date two (2) Business Days prior to the date of such Borrowing or, if applicable, the date of conversion/continuation of any Borrowing as a Eurocurrency Borrowing,

(b) the LC Exposure (i) as of the date of each request for the issuance, amendment, renewal or extension of any Letter of Credit, (ii) in the case of all Existing Letters of Credit denominated in Foreign Currencies, the Effective Date, and (iii) such additional dates as the Administrative Agent or the Issuing Banks shall determine or the Required Lenders shall require; and

(c) all outstanding Credit Events on and as of the last Business Day of each calendar quarter and, during the continuation of an Event of Default, on any other Business Day elected by the Administrative Agent in its discretion or upon instruction by the Required Lenders.

Each day upon or as of which the Administrative Agent determines Dollar Amounts as described in the preceding clauses (a), (b) and (c) is herein described as a "Computation Date" with respect to each Credit Event for which a Dollar Amount is determined on or as of such day.

SECTION 2.05. Swingline Loans. (a) Subject to the terms and conditions set forth herein, the Swingline Lender may in its sole discretion make Swingline Loans in Dollars to the Company from time to time during the Availability Period, in an aggregate principal amount at any time outstanding that will not result in (i) the aggregate principal amount of outstanding Swingline Loans exceeding \$20,000,000 or (ii) the Dollar Amount of the total Credit Exposures exceeding the aggregate Commitments; provided that the Swingline Lender shall not be required to make a Swingline Loan to refinance an outstanding Swingline Loan. Within the foregoing limits and subject to the terms and conditions set forth herein, the Company may borrow, prepay and reborrow Swingline Loans.

(b) To request a Swingline Loan, the Company shall notify the Administrative Agent of such request by telephone (confirmed by telecopy or a transmission via an electronic platform or electronic transmission system as shall be approved by the Administrative Agent), not later than 12:00 noon, New York City time, on the day of a proposed Swingline Loan (such notice, "Swingline Loan Notice"). Each Swingline Loan Notice shall be irrevocable and shall specify the requested date (which shall be a Business Day) and amount of the requested Swingline Loan. The Administrative Agent will promptly advise the Swingline Lender of any Swingline Loan Notice received from the Company. The Swingline Lender shall make each Swingline Loan available to the Company by means of a credit to the general deposit account of the Company with the Swingline

Lender (or, in the case of a Swingline Loan made to finance the reimbursement of an LC Disbursement as provided in Section 2.06(e), by remittance to the relevant Issuing Bank) by 3:00 p.m., New York City time, on the requested date of such Swingline Loan. As provided for in Section 2.12(a), Swingline Loans shall only be available as ABR Loans.

(c) The Swingline Lender may by written notice given to the Administrative Agent not later than 10:00 a.m., New York City time, on any Business Day require the Lenders to acquire participations on such Business Day in all or a portion of the Swingline Loans outstanding. Such notice shall specify the aggregate amount of Swingline Loans in which Lenders will participate. Promptly upon receipt of such notice, the Administrative Agent will give notice thereof to each Lender, specifying in such notice such Lender's Applicable Percentage of such Swingline Loan or Loans. Each Lender hereby absolutely and unconditionally agrees, upon receipt of notice as provided above, to pay to the Administrative Agent, for the account of the Swingline Lender, such Lender's Applicable Percentage of such Swingline Loan or Loans. Each Lender acknowledges and agrees that its obligation to acquire participations in Swingline Loans pursuant to this paragraph is absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each Lender shall comply with its obligation under this paragraph by wire transfer of immediately available funds, in the same manner as provided in Section 2.07 with respect to Loans made by such Lender (and Section 2.07 shall apply, mutatis mutandis, to the payment obligations of the Lenders), and the Administrative Agent shall promptly pay to the Swingline Lender the amounts so received by it from the Lenders. The Administrative Agent shall notify the Company of any participations in any Swingline Loan acquired pursuant to this paragraph, and thereafter payments in respect of such Swingline Loan shall be made to the Administrative Agent and not to the Swingline Lender. Any amounts received by the Swingline Lender from the Company (or other party on behalf of the Company) in respect of a Swingline Loan after receipt by the Swingline Lender of the proceeds of a sale of participations therein shall be promptly remitted to the Administrative Agent; any such amounts received by the Administrative Agent shall be promptly remitted by the Administrative Agent to the Lenders that shall have made their payments pursuant to this paragraph and to the Swingline Lender, as their interests may appear; provided that any such payment so remitted shall be repaid to the Swingline Lender or to the Administrative Agent, as applicable, if and to the extent such payment is required to be refunded to the Company for any reason. The purchase of participations in a Swingline Loan pursuant to this paragraph shall not relieve the Company of any default in the payment thereof.

SECTION 2.06. Letters of Credit. (a) General. Subject to the terms and conditions set forth herein, any Borrower may request the issuance of Letters of Credit in the form of Commercial Letters of Credit or Standby Letters of Credit denominated in Agreed Currencies for its own account or for the account of any of its Subsidiaries, in a form reasonably acceptable to the relevant Issuing Bank, at any time and from time to time during the Availability Period; it being understood that every Letter of Credit issued hereunder shall be an Obligation of a Borrower. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by any Borrower to, or entered into by any Borrower with, the relevant Issuing Bank relating to any Letter of Credit, the terms and conditions of this Agreement shall control.

(b) Notice of Issuance, Amendment, Renewal, Extension; Certain Conditions. To request the issuance of a Letter of Credit (or the amendment, renewal or extension of an outstanding

Letter of Credit), the applicable Borrower shall hand deliver or telecopy (or transmit by electronic communication, if arrangements for doing so have been approved by the relevant Issuing Bank) to the relevant Issuing Bank and the Administrative Agent (reasonably in advance of the requested date of issuance, amendment, renewal or extension) a notice requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, renewed or extended, and specifying the date of issuance, amendment, renewal or extension (which shall be a Business Day), the date on which such Letter of Credit is to expire (which shall comply with paragraph (c) of this Section), the amount of such Letter of Credit, the Agreed Currency applicable thereto, the name and address of the beneficiary thereof and such other information as shall be necessary to prepare, amend, renew or extend such Letter of Credit. If requested by an Issuing Bank, the applicable Borrower also shall submit a letter of credit application on such Issuing Bank's standard form in connection with any request for a Letter of Credit. A Letter of Credit shall be issued, amended, renewed or extended only if (and upon issuance, amendment, renewal or extension of each Letter of Credit the applicable Borrower shall be deemed to represent and warrant that), after giving effect to such issuance, amendment, renewal or extension (i) subject to Sections 2.04 and 2.11(b), the Dollar Amount of the LC Exposure solely in respect of Standby Letters of Credit shall not exceed \$125,000,000, (ii) subject to Sections 2.04 and 2.11(b), the sum of the Dollar Amount of the total Credit Exposures shall not exceed the aggregate Commitments and (iii) subject to Sections 2.04 and 2.11(b), the Dollar Amount of each Lender's Credit Exposure shall not exceed such Lender's Commitment. No Issuing Bank shall be under any obligation to issue any Letter of Credit if (i) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain such Issuing Bank from issuing the Letter of Credit, or any law applicable to such Issuing Bank or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over such Issuing Bank shall prohibit or request that such Issuing Bank refrain from, the issuance of letters of credit generally or the Letter of Credit in particular or shall impose upon such Issuing Bank with respect to the Letter of Credit any restriction, reserve or capital requirement (for which such Issuing Bank is not otherwise compensated hereunder) not in effect on the Effective Date, or shall impose upon such Issuing Bank any unreimbursed loss, cost or expense which was not applicable on the Effective Date and which such Issuing Bank in good faith deems material to it; or (ii) the issuance of the Letter of Credit would violate one or more policies of such Issuing Bank applicable to letters of credit generally or (iii) the issuance of such Letter of Credit would cause the aggregate Dollar Amount of all Letters of Credit issued by it to exceed such Issuing Bank's Letter of Credit Sublimit.

(c) Expiration Date. Each Letter of Credit shall expire (or be subject to termination by notice from the applicable Issuing Bank to the beneficiary thereof) at or prior to the close of business on the earlier of (i) the date one year after the date of the issuance of such Letter of Credit (or, in the case of any renewal or extension thereof, one year after such renewal or extension) and (ii) the date that is five (5) Business Days prior to the Maturity Date. For the avoidance of doubt, if the Maturity Date shall be extended pursuant to Section 2.25, "Maturity Date" as referenced in this clause (c) shall refer to the Maturity Date as extended pursuant to Section 2.25; provided that, notwithstanding anything in this Agreement (including Section 2.25 hereof) or any other Loan Document to the contrary, the Maturity Date, as such term is used in reference to any Issuing Bank or any Letter of Credit issued thereby, may not be extended without the prior written consent of the relevant Issuing Bank.

(d) Participations. By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) and without any further action on the part of the relevant Issuing Bank or the Lenders, the relevant Issuing Bank hereby grants to each Lender, and each Lender hereby acquires from the relevant Issuing Bank, a participation in such Letter of Credit equal

to such Lender's Applicable Percentage of the aggregate amount available to be drawn under such Letter of Credit. In consideration and in furtherance of the foregoing, each Lender hereby absolutely and unconditionally agrees to pay to the Administrative Agent, for the account of the relevant Issuing Bank, such Lender's Applicable Percentage of each LC Disbursement made by such Issuing Bank and not reimbursed by the applicable Borrower on the date due as provided in paragraph (e) of this Section, or of any reimbursement payment required to be refunded to any Borrower for any reason. Each Lender acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(e) Reimbursement. If the relevant Issuing Bank shall make any LC Disbursement in respect of a Letter of Credit, the applicable Borrower shall reimburse such LC Disbursement by paying to the Administrative Agent in Dollars the Dollar Amount equal to such LC Disbursement, calculated as of the date such Issuing Bank made such LC Disbursement (or if such Issuing Bank shall so elect in its sole discretion by notice to the applicable Borrower, in such other Agreed Currency which was paid by such Issuing Bank pursuant to such LC Disbursement in an amount equal to such LC Disbursement) not later than 12:00 noon, Local Time, on the date that such LC Disbursement is made, if the applicable Borrower shall have received notice of such LC Disbursement prior to 10:00 a.m., Local Time, on such date, or, if such notice has not been received by such Borrower prior to such time on such date, then not later than 12:00 noon, Local Time, on the Business Day immediately following the day that such Borrower receives such notice, if such notice is not received prior to such time on the day of receipt; provided that, if such LC Disbursement is not less than the Dollar Amount of \$500,000, such Borrower may, subject to the conditions to borrowing set forth herein, request in accordance with Section 2.03 or 2.05 that such payment be financed with (i) to the extent such LC Disbursement was made in Dollars, an ABR Revolving Borrowing or Swingline Loan in Dollars in an amount equal to such LC Disbursement or (ii) to the extent such LC Disbursement was made in a Foreign Currency, a Eurocurrency Revolving Borrowing in such Foreign Currency in an amount equal to such LC Disbursement and, in each case, to the extent so financed, such Borrower's obligation to make such payment shall be discharged and replaced by the resulting ABR Revolving Borrowing, Eurocurrency Revolving Borrowing or Swingline Loan, as applicable. If any Borrower fails to make such payment when due, the Administrative Agent shall notify each Lender of the applicable LC Disbursement, the payment then due from such Borrower in respect thereof and such Lender's Applicable Percentage thereof. Promptly following receipt of such notice, each Lender shall pay to the Administrative Agent its Applicable Percentage of the payment then due from the applicable Borrower, in the same manner as provided in Section 2.07 with respect to Loans made by such Lender (and Section 2.07 shall apply, mutatis mutandis, to the payment obligations of the Lenders), and the Administrative Agent shall promptly pay to the relevant Issuing Bank the amounts so received by it from the Lenders. Promptly following receipt by the Administrative Agent of any payment from any Borrower pursuant to this paragraph, the Administrative Agent shall distribute such payment to such Issuing Bank or, to the extent that Lenders have made payments pursuant to this paragraph to reimburse such Issuing Bank, then to such Lenders and such Issuing Bank as their interests may appear. Any payment made by a Lender pursuant to this paragraph to reimburse the relevant Issuing Bank for any LC Disbursement (other than the funding of ABR Revolving Loans or a Swingline Loan as contemplated above) shall not constitute a Loan and shall not relieve the applicable Borrower of its obligation to reimburse such LC Disbursement. If any Borrower's reimbursement of, or obligation to reimburse, any amounts in any

Foreign Currency would subject the Administrative Agent, any Issuing Bank or any Lender to any stamp duty, ad valorem charge or similar tax that would not be payable if such reimbursement were made or required to be made in Dollars, such Borrower shall, at its option, either (x) pay the amount of any such tax requested by the Administrative Agent, the relevant Issuing Bank or the relevant Lender or (y) reimburse each LC Disbursement made in such Foreign Currency in Dollars, in an amount equal to the Equivalent Amount, calculated using the applicable Exchange Rates, on the date such LC Disbursement is made, of such LC Disbursement.

(f) Obligations Absolute. Each Borrower's obligation to reimburse LC Disbursements as provided in paragraph (e) of this Section shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or provision therein, (ii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect, (iii) payment by the relevant Issuing Bank under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit, or (iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of setoff against, any Borrower's obligations hereunder. Neither the Administrative Agent, the Lenders nor the Issuing Banks, nor any of their Related Parties, shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of the relevant Issuing Bank; provided that the foregoing shall not be construed to excuse the relevant Issuing Bank from liability to a Borrower to the extent of any direct damages (as opposed to special, indirect, consequential or punitive damages, claims in respect of which are hereby waived by each Borrower to the extent permitted by applicable law) suffered by such Borrower that are caused by such Issuing Bank's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or willful misconduct on the part of any Issuing Bank (as finally determined by a court of competent jurisdiction), such Issuing Bank shall be deemed to have exercised care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, each Issuing Bank may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

(g) Disbursement Procedures. Each Issuing Bank shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. Each Issuing Bank shall promptly notify the Administrative Agent and the applicable Borrower by telephone (confirmed by telecopy) of such demand for payment and whether such Issuing Bank has made an LC Disbursement thereunder; provided that any failure to give or delay in giving such notice shall not relieve such Borrower of its obligation to reimburse such Issuing Bank and the Lenders with respect to any such LC Disbursement.

(h) Interim Interest. If any Issuing Bank shall make any LC Disbursement, then, unless the applicable Borrower shall reimburse such LC Disbursement in full on the date such LC Disbursement is made, the unpaid amount thereof shall bear interest, for each day from and including the date such LC Disbursement is made to but excluding the date that such Borrower reimburses such LC Disbursement, at the rate per annum then applicable to ABR Revolving Loans (or in the case such LC Disbursement is denominated in a Foreign Currency, at the Overnight Foreign Currency Rate for such Agreed Currency plus the then effective Applicable Rate with respect to Eurocurrency Revolving Loans); provided that, if such Borrower fails to reimburse such LC Disbursement when due pursuant to paragraph (e) of this Section, then Section 2.13(c) shall apply. Interest accrued pursuant to this paragraph shall be for the account of the relevant Issuing Bank, except that interest accrued on and after the date of payment by any Lender pursuant to paragraph (e) of this Section to reimburse such Issuing Bank shall be for the account of such Lender to the extent of such payment.

(i) Replacement of any Issuing Bank. Any Issuing Bank may be replaced at any time by written agreement among the applicable Borrower, the Administrative Agent, the replaced Issuing Bank and the successor Issuing Bank. The Administrative Agent shall notify the Lenders of any such replacement of any Issuing Bank. At the time any such replacement shall become effective, the Borrowers shall pay all unpaid fees accrued for the account of the replaced Issuing Bank pursuant to Section 2.12(b). From and after the effective date of any such replacement, (i) the successor Issuing Bank shall have all the rights and obligations of an Issuing Bank under this Agreement with respect to Letters of Credit to be issued by such successor Issuing Bank thereafter and (ii) references herein to the term "Issuing Bank" shall be deemed to refer to such successor or to any previous Issuing Bank, or to such successor and all previous Issuing Banks, as the context shall require. After the replacement of an Issuing Bank hereunder, the replaced Issuing Bank shall remain a party hereto and shall continue to have all the rights and obligations of an Issuing Bank under this Agreement with respect to Letters of Credit then outstanding and issued by it prior to such replacement, but shall not be required to issue additional Letters of Credit.

(j) Cash Collateralization. If any Event of Default shall occur and be continuing, on the Business Day that any Borrower receives notice from the Administrative Agent or the Required Lenders (or, if the maturity of the Loans has been accelerated, Lenders with LC Exposure representing greater than 50% of the total LC Exposure) demanding the deposit of cash collateral pursuant to this paragraph, such Borrower shall deposit in an account with the Administrative Agent, in the name of the Administrative Agent and for the benefit of the Lenders (the "LC Collateral Account"), an amount in cash equal to the Dollar Amount of the LC Exposure as of such date plus any accrued and unpaid interest thereon; provided that (i) the portions of such amount attributable to undrawn Foreign Currency Letters of Credit or LC Disbursements in a Foreign Currency that such Borrower is not late in reimbursing shall be deposited in the applicable Foreign Currencies in the actual amounts of such undrawn Letters of Credit and LC Disbursements and (ii) the obligation to deposit such cash collateral shall become effective immediately, and such deposit shall become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Event of Default with respect to any Borrower described in clause (h) or (i) of Article VII. For the purposes of this paragraph, the Foreign Currency LC Exposure shall be calculated using the applicable Exchange Rate on the date notice demanding cash collateralization is delivered to the applicable Borrower. Each Borrower also shall deposit cash collateral pursuant to this paragraph as and to the extent required by Section 2.11(b). Such deposit shall be held by the Administrative Agent as collateral for the payment and performance of the Obligations. The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such account. Other than any interest earned on the investment of such deposits, which investments shall be made at the option

and sole discretion of the Administrative Agent and at the Borrowers' risk and expense, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in such account. Moneys in such account shall be applied by the Administrative Agent to reimburse the relevant Issuing Bank for LC Disbursements for which it has not been reimbursed and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of the Borrowers for the LC Exposure at such time or, if the maturity of the Loans has been accelerated (but subject to the consent of Lenders with LC Exposure representing greater than 50% of the total LC Exposure), be applied to satisfy other Obligations. If any Borrower is required to provide an amount of cash collateral hereunder as a result of the occurrence of an Event of Default, such amount (to the extent not applied as aforesaid) shall be returned to such Borrower within three (3) Business Days after all Events of Default have been cured or waived.

(k) Issuing Bank Agreements. Each Issuing Bank agrees that, unless otherwise requested by the Administrative Agent, such Issuing Bank shall report in writing to the Administrative Agent (i) on the last Business Day of each calendar month, the daily activity (set forth by day) in respect of Letters of Credit during such calendar month, including all issuances, extensions, amendments and renewals, all expirations and cancellations and all disbursements and reimbursements, (ii) on or prior to each Business Day on which such Issuing Bank expects to issue, amend, renew or extend any Letter of Credit, the date of such issuance, amendment, renewal or extension, and the aggregate face amount of the Letters of Credit to be issued, amended, renewed or extended by it and outstanding after giving effect to such issuance, amendment, renewal or extension occurred (and whether the amount thereof changed), it being understood that such Issuing Bank shall not permit any issuance, renewal, extension or amendment resulting in an increase in the amount of any Letter of Credit to occur without first obtaining written confirmation from the Administrative Agent that it is then permitted under this Agreement, (iii) on each Business Day on which such Issuing Bank pays any amount in respect of one or more drawings under Letters of Credit, the date of such payment(s) and the amount of such payment(s), (iv) on any Business Day on which the Borrowers fail to reimburse any Reimbursement Obligation required to be reimbursed to such Issuing Bank on such day, the date of such failure and the amount and currency of such payment in respect of Letters of Credit and (v) on any other Business Day, such other information as the Administrative Agent shall reasonably request.

(l) Existing Letters of Credit. The Existing Letters of Credit shall be deemed to be a Letter of Credit issued hereunder.

(m) Applicability of ISP and UCP; Limitation of Liability. Unless otherwise expressly agreed by the applicable Issuing Bank and the Company when a Letter of Credit is issued (including any such agreement applicable to an Existing Letter of Credit), (i) the rules of the ISP shall apply to each standby Letter of Credit, and (ii) the rules of the UCP shall apply to each commercial Letter of Credit. Notwithstanding the foregoing, no Issuing Bank shall be responsible to the Company for, and the Issuing Banks' rights and remedies against the Company shall not be impaired by, any action or inaction of such Issuing Bank required or permitted under any law, order, or practice that is required or permitted to be applied to any Letter of Credit or this Agreement, including the law or any order of a jurisdiction where the applicable Issuing Bank or the beneficiary is located, the practice stated in the ISP or UCP, as applicable, or in the decisions, opinions, practice statements, or official commentary of the ICC Banking Commission, the Bankers Association for Finance and Trade - International Financial Services Association (BAFT-IFSA), or the Institute of International Banking Law & Practice, whether or not any Letter of Credit chooses such law or practice.

SECTION 2.07. Funding of Borrowings. (a) Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds (i) in the case of Loans denominated in Dollars, by 1:00 p.m., New York City time, to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders and (ii) in the case of each Loan denominated in a Foreign Currency, by 1:00 p.m., Local Time, in the city of the Administrative Agent's Eurocurrency Payment Office for such currency and at such Eurocurrency Payment Office for such currency; provided that Swingline Loans shall be made as provided in Section 2.05. The Administrative Agent will make such Loans available to the relevant Borrower by promptly crediting the amounts so received, in like funds, to (x) an account of the Company designated by the Company in the applicable Borrowing Request, in the case of Loans denominated in Dollars and (y) an account of such Borrower in the relevant jurisdiction and designated by such Borrower in the applicable Borrowing Request, in the case of Loans denominated in a Foreign Currency; provided that ABR Revolving Loans made to finance the reimbursement of an LC Disbursement as provided in Section 2.06(e) shall be remitted by the Administrative Agent to the relevant Issuing Bank.

(b) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing (or, in the case of an ABR Borrowing, prior to the proposed time of any Borrowing) that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with paragraph (a) of this Section and may, in reliance upon such assumption, make available to the relevant Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and such Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to such Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of such Lender, the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation (including without limitation the Overnight Foreign Currency Rate in the case of Loans denominated in a Foreign Currency) or (ii) in the case of such Borrower, the interest rate applicable to ABR Loans. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing.

SECTION 2.08. Interest Elections. (a) Each Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Eurocurrency Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, the relevant Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurocurrency Borrowing, may elect Interest Periods therefor, all as provided in this Section. A Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing. This Section shall not apply to Swingline Borrowings, which may not be converted or continued.

(b) To make an election pursuant to this Section, a Borrower, or the Company on its behalf, shall notify the Administrative Agent of such election (by telephone or irrevocable written notice in the case of a Borrowing denominated in Dollars or by irrevocable written notice (via an Interest Election Request in a form approved by the Administrative Agent and signed by such

Borrower, or the Company on its behalf) in the case of a Borrowing denominated in a Foreign Currency) by the time that a Borrowing Request would be required under Section 2.03 if such Borrower were requesting a Borrowing of the Type and Class resulting from such election to be made on the effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Interest Election Request in a form approved by the Administrative Agent (including any form on an electric platform or electronic transmission system as shall be approved by the Administrative Agent) and signed by the relevant Borrower, or the Company on its behalf. Notwithstanding any contrary provision herein, this Section shall not be construed to permit any Borrower to (i) change the currency of any Borrowing, (ii) elect an Interest Period for Eurocurrency Loans that does not comply with Section 2.02(d) or (iii) convert any Borrowing to a Borrowing of a Type not available under the Class of Commitments pursuant to which such Borrowing was made.

(c) Each telephonic and written Interest Election Request shall specify the following information in compliance with Section 2.02:

(i) the name of the applicable Borrower and the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be an ABR Borrowing or a Eurocurrency Borrowing; and

(iv) if the resulting Borrowing is a Eurocurrency Borrowing, the Interest Period and Agreed Currency to be applicable thereto after giving effect to such election, which Interest Period shall be a period contemplated by the definition of the term "Interest Period".

If any such Interest Election Request requests a Eurocurrency Borrowing but does not specify an Interest Period, then the applicable Borrower shall be deemed to have selected an Interest Period of one month's duration.

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

(e) If the relevant Borrower fails to deliver a timely Interest Election Request with respect to a Eurocurrency Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period (i) in the case of a Borrowing denominated in Dollars, such Borrowing shall be converted to an ABR Borrowing and (ii) in the case of a Borrowing denominated in a Foreign Currency in respect of which the applicable Borrower shall have failed to deliver an Interest Election Request prior to the third (3rd) Business Day preceding the end of such Interest Period, such Borrowing shall automatically continue as a Eurocurrency Borrowing in the same Agreed Currency with an Interest Period of one month unless such Eurocurrency Borrowing is or was repaid in accordance with Section 2.11. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing

and the Administrative Agent, at the request of the Required Lenders, so notifies the Company, then, so long as an Event of Default is continuing (i) no outstanding Borrowing denominated in Dollars may be converted to or continued as a Eurocurrency Borrowing, (ii) unless repaid, each Eurocurrency Borrowing denominated in Dollars shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto and (iii) unless repaid, each Eurocurrency Borrowing denominated in a Foreign Currency shall automatically be continued as a Eurocurrency Borrowing with an Interest Period of one month.

SECTION 2.09. Termination and Reduction of Commitments. (a) Unless previously terminated, the Commitments shall terminate in full on the Maturity Date.

(b) The Company may at any time terminate, or from time to time reduce, the Commitments; provided that (1) each reduction of the Commitments shall be in an amount that is an integral multiple of \$1,000,000 and not less than \$5,000,000 and (2) the Company shall not terminate or reduce the Commitments if, after giving effect to any concurrent prepayment of the Loans in accordance with Section 2.11, the Dollar Amount of the sum of the Credit Exposures would exceed the aggregate Commitments.

(c) The Company shall notify the Administrative Agent of any election to terminate or reduce any Commitments under paragraph (b) of this Section at least three (3) Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, the Administrative Agent shall advise the relevant Lenders of the contents thereof. Each notice delivered by the Company pursuant to this Section shall be irrevocable; provided that a notice of termination of any Commitments delivered by the Company may state that such notice is conditioned upon the effectiveness of other credit facilities or any other transaction, in which case such notice may be revoked by the Company (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of any Commitments shall be permanent. Each reduction of the Commitments shall be made ratably among the Lenders in accordance with their respective Commitments.

SECTION 2.10. Repayment of Loans; Evidence of Debt. (a) Each Borrower hereby unconditionally promises to pay (i) to the Administrative Agent for the account of each Lender the then unpaid principal amount of each Revolving Loan made to such Borrower on the Maturity Date in the currency of such Loan and (ii) in the case of the Company, to the Swingline Lender the then unpaid principal amount of each Swingline Loan on the earlier of the Maturity Date and the first date after such Swingline Loan is made that is the 15th or last day of a calendar month and is at least two (2) Business Days after such Swingline Loan is made; provided that on each date that a Revolving Borrowing is made, the Company shall repay all Swingline Loans then outstanding.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of each Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Class, Agreed Currency and Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become

due and payable from each Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of any Borrower to repay the Loans in accordance with the terms of this Agreement.

(e) Any Lender may request, through the Administrative Agent, that Loans made by it to any Borrower be evidenced by a promissory note. In such event, the relevant Borrower shall prepare, execute and deliver to such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in a form approved by the Administrative Agent. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 9.04) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if any such promissory note is a registered note, to such payee and its registered assigns).

SECTION 2.11. Prepayment of Loans.

(a) Any Borrower shall have the right at any time and from time to time to prepay any Borrowing in whole or in part, subject to prior notice in accordance with the provisions of this Section 2.11(a). The applicable Borrower, or the Company on behalf of the applicable Borrower, shall notify the Administrative Agent (and, in the case of prepayment of a Swingline Loan, the Swingline Lender) by telephone or electronic communication, if arrangements for doing so have been approved by the Administrative Agent) of any prepayment hereunder (i) in the case of prepayment of a Eurocurrency Borrowing, not later than 11:00 a.m., Local Time, three (3) Business Days (in the case of a Eurocurrency Borrowing denominated in Dollars) or four (4) Business Days (in the case of a Eurocurrency Borrowing denominated in a Foreign Currency), in each case before the date of prepayment, (ii) in the case of prepayment of an ABR Borrowing, not later than 11:00 a.m., New York City time, on the date of prepayment or (iii) in the case of prepayment of a Swingline Loan, not later than 12:00 noon, New York City time, on the date of prepayment (such notice, "Prepayment Notice"). Each Prepayment Notice shall be irrevocable and shall specify the prepayment date and the principal amount of each Borrowing or portion thereof to be prepaid; provided that, if a Prepayment Notice is given in connection with a conditional notice of termination of any Commitments as contemplated by Section 2.09, then such Prepayment Notice may be revoked if such notice of termination is revoked in accordance with Section 2.09. Promptly following receipt of any such notice relating to a Borrowing, the Administrative Agent shall advise the relevant Lenders of the contents thereof. Each partial prepayment of any Borrowing shall be in an amount that would be permitted in the case of an advance of a Borrowing of the same Type as provided in Section 2.02. Each prepayment of a Revolving Borrowing shall be applied ratably to the Revolving Loans included in the prepaid Revolving Borrowing. Prepayments shall be accompanied by (i) accrued interest to the extent required by Section 2.13 and (ii) break funding payments pursuant to Section 2.16 (if any).

(b) If at any time, (i) other than as a result of fluctuations in currency exchange rates, the sum of the aggregate principal Dollar Amount of all of the Credit Exposures (calculated, with respect to those Credit Events denominated in Foreign Currencies, as of the most recent Computation

Date with respect to each such Credit Event) exceeds the aggregate Commitments or (ii) solely as a result of fluctuations in currency exchange rates, the sum of the aggregate principal Dollar Amount of all of the Credit Exposures (so calculated) exceeds 105% of the aggregate Commitments, the Borrowers shall in each case immediately repay Revolving Borrowings or cash collateralize LC Exposure in an account with the Administrative Agent pursuant to Section 2.06(j), as applicable, in an aggregate principal amount sufficient to cause the aggregate Dollar Amount of all Credit Exposures (so calculated) to be less than or equal to the aggregate Commitments.

SECTION 2.12. Fees. (a) The Company agrees to pay to the Administrative Agent for the account of each Lender a facility fee, which shall accrue at the Applicable Rate on the aggregate Commitment (whether drawn or undrawn) of such Lender during the period from and including the Effective Date to but excluding the date on which such Commitment terminates; provided that, if such Lender continues to have any Credit Exposure after its Commitment terminates, then such facility fee shall continue to accrue on the daily amount of such Lender's Credit Exposure from and including the date on which its Commitment terminates to but excluding the date on which such Lender ceases to have any Credit Exposure. Accrued facility fees shall be payable in arrears on the last Business Day of March, June, September and December of each year and on the date on which the Commitments terminate, commencing on the first such date to occur after the Effective Date; provided that any facility fees accruing after the date on which the Commitments terminate shall be payable on demand. All facility fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(b) The Borrowers agree to pay (i) to the Administrative Agent for the account of each Lender a participation fee with respect to its participations in Standby Letters of Credit, which shall accrue at the same Applicable Rate used to determine the interest rate applicable to Eurocurrency Revolving Loans on the average daily Dollar Amount of such Lender's LC Exposure in respect of Standby Letters of Credit (excluding any portion thereof attributable to unreimbursed LC Disbursements in respect of Standby Letters of Credit) during the period from and including the Effective Date to but excluding the later of the date on which such Lender's Commitment terminates and the date on which such Lender ceases to have any LC Exposure in respect of Standby Letters of Credit, (ii) to the Administrative Agent for the account of each Lender a participation fee with respect to its participations in Commercial Letters of Credit, which shall accrue at the Applicable Rate applicable to Commercial Letters of Credit on the average daily Dollar Amount of such Lender's LC Exposure in respect of Commercial Letters of Credit (excluding any portion thereof attributable to unreimbursed LC Disbursements in respect of Commercial Letters of Credit) during the period from and including the Effective Date to but excluding the later of the date on which such Lender's Commitment terminates and the date on which such Lender ceases to have any LC Exposure in respect of Commercial Letters of Credit and (iii) to the relevant Issuing Bank for its own account a fronting fee, which shall accrue at a rate per annum of 0.125% on the average daily Dollar Amount of the LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) attributable to Letters of Credit issued by such Issuing Bank during the period from and including the Effective Date to but excluding the later of the date of termination of the Commitments and the date on which there ceases to be any LC Exposure, as well as such Issuing Bank's standard fees and commissions with respect to the issuance, amendment, cancellation, negotiation, transfer, presentment, renewal or extension of any Letter of Credit or processing of drawings thereunder. Unless otherwise specified above, participation fees and fronting fees accrued through and including the last day of March, June, September and December of each year shall be payable on the third (3rd) Business Day following such last day, commencing on the first such date to occur after the

Effective Date; provided that all such fees shall be payable on the date on which the Commitments terminate and any such fees accruing after the date on which the Commitments terminate shall be payable on demand. Any other fees payable to any Issuing Bank pursuant to this paragraph shall be payable within ten (10) Business Days after demand. All participation fees and fronting fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day). Participation fees and fronting fees in respect of Letters of Credit denominated in Dollars shall be paid in Dollars, and participation fees and fronting fees in respect of Letters of Credit denominated in a Foreign Currency shall be paid in such Foreign Currency.

(c) The Company agrees to pay to the Administrative Agent, for its own account, fees payable in the amounts and at the times separately agreed upon between the Company and the Administrative Agent (including, for the avoidance of doubt, the Facilities Fee Letter between the Company, Bank of America, N.A. and BofA Securities, Inc.).

(d) All fees payable hereunder shall be paid on the dates due, in Dollars (except as otherwise expressly provided in this Section 2.12) and immediately available funds, to the Administrative Agent (or to each Issuing Bank, in the case of fees payable to it) for distribution, in the case of facility fees and participation fees, to the applicable Lenders. Fees paid shall not be refundable under any circumstances.

SECTION 2.13. Interest. (a) The Loans comprising each ABR Borrowing (including each Swingline Loan) shall bear interest at the Alternate Base Rate plus the Applicable Rate.

(b) The Loans comprising each Eurocurrency Borrowing shall bear interest at the Adjusted LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Rate.

(c) Notwithstanding the foregoing, if any principal of or interest on any Loan or any fee or other amount payable by any Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case of overdue principal of any Loan, 2% plus the rate otherwise applicable to such Loan as provided in the preceding paragraphs of this Section or (ii) in the case of any other amount, 2% plus the rate applicable to ABR Loans as provided in paragraph (a) of this Section.

(d) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan and, in the case of Revolving Loans, upon termination of the Commitments; provided that (i) interest accrued pursuant to paragraph (c) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan (other than a prepayment of an ABR Revolving Loan prior to the end of the Availability Period), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (iii) in the event of any conversion of any Eurocurrency Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(e) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest (i) computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year) and (ii) for Borrowings denominated in Pounds Sterling shall be computed on the basis of a year of 365 days, and in each case shall be payable for the actual number of days elapsed

(including the first day but excluding the last day). The applicable Alternate Base Rate, Adjusted LIBO Rate or LIBO Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

SECTION 2.14. Alternate Rate of Interest. (a) If at the time that the Administrative Agent shall seek to determine the LIBOR Screen Rate on the Quotation Day for any Interest Period for a Eurocurrency Borrowing the LIBOR Screen Rate shall not be available for such Interest Period and/or for the applicable currency with respect to such Eurocurrency Borrowing for any reason, (i) if such Borrowing shall be requested in Dollars, then such Borrowing shall be made as an ABR Borrowing at the Alternate Base Rate and (ii) if such Borrowing shall be requested in any Foreign Currency, the LIBO Rate shall be equal to the rate determined by the Administrative Agent in its reasonable discretion after consultation with the Company and consented to in writing by the Required Lenders (the "Alternative Rate"); provided, however, that until such time as the Alternative Rate shall be determined and so consented to by the Required Lenders, Borrowings shall not be available in such Foreign Currency.

(b) If prior to the commencement of any Interest Period for a Eurocurrency Borrowing:

(i) the Administrative Agent reasonably determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate or the LIBO Rate, as applicable, for a Loan in the applicable currency or for the applicable Interest Period and the circumstances in Section 2.14(d)(i) do not apply (in each case with respect to this clause (i), the "Impacted Loans"); or

(ii) the Administrative Agent is advised by the Required Lenders that the Adjusted LIBO Rate or the LIBO Rate, as applicable, for a Loan in the applicable currency or for the applicable Interest Period will not adequately and fairly reflect the cost to such Lenders (or Lender) of making or maintaining their Loans (or its Loan) included in such Borrowing for such Interest Period;

then the Administrative Agent shall give notice thereof to the applicable Borrower and the Lenders by telephone or telecopy as promptly as practicable thereafter and, until the Administrative Agent notifies the applicable Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a Eurocurrency Borrowing shall be ineffective and, unless repaid, (A) in the case of a Eurocurrency Borrowing denominated in Dollars, such Borrowing shall be made as an ABR Borrowing and (B) in the case of a Eurocurrency Revolving Borrowing denominated in a Foreign Currency, such Eurocurrency Revolving Borrowing shall be repaid on the last day of the then current Interest Period applicable thereto and (ii) if any Borrowing Request requests a Eurocurrency Borrowing in Dollars, such Borrowing shall be made as an ABR Borrowing (and if any Borrowing Request requests a Eurocurrency Revolving Borrowing denominated in a Foreign Currency, then the LIBO Rate for such Eurocurrency Revolving Borrowing shall be the Alternative Rate); provided that if the circumstances giving rise to such notice affect only one Type of Borrowings, then the other Type of Borrowings shall be permitted.

(c) Notwithstanding the foregoing, if the Administrative Agent has made the determination described in clause (i) of Section 2.14(b), the Administrative Agent, in consultation with the Company and Required Lenders, may establish an alternative interest rate for the Impacted Loans, in which case, such alternative rate of interest shall apply with respect to the Impacted Loans

until (i) the Administrative Agent revokes the notice delivered with respect to the Impacted Loans under clause (i) of the first sentence of Section 2.14(b), (ii) the Administrative Agent or the Required Lenders notify the Administrative Agent and the Company that such alternative interest rate does not adequately and fairly reflect the cost to such Lenders of funding the Impacted Loans, or (iii) any Lender determines that any law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for such Lender or its Domestic Payment Office or Eurocurrency Payment Office, as applicable, to make, maintain or fund Loans whose interest is determined by reference to such alternative rate of interest or to determine or charge interest rates based upon such rate or any Governmental Authority has imposed material restrictions on the authority of such Lender to do any of the foregoing and provides the Administrative Agent and the Company written notice thereof.

(d) Notwithstanding anything to the contrary in this Agreement or any other Loan Documents, if the Administrative Agent determines (which determination shall be conclusive absent manifest error), or the Company or Required Lenders notify the Administrative Agent (with, in the case of the Required Lenders, a copy to Company) that the Company or Required Lenders (as applicable) have determined, that:

(i) adequate and reasonable means do not exist for ascertaining LIBOR for any requested Interest Period, including, without limitation, because the LIBOR Screen Rate is not available or published on a current basis and such circumstances are unlikely to be temporary; or

(ii) the administrator of the LIBOR Screen Rate or a Governmental Authority having jurisdiction over the Administrative Agent has made a public statement identifying a specific date after which LIBOR or the LIBOR Screen Rate shall no longer be made available, or used for determining the interest rate of loans, provided that, at the time of such statement, there is no successor administrator that is satisfactory to the Administrative Agent, that will continue to provide LIBOR after such specific date (such specific date, the “Scheduled Unavailability Date”); or

(iii) syndicated loans currently being executed, or that include language similar to that contained in this Section 2.14, are being executed or amended (as applicable) to incorporate or adopt a new benchmark interest rate to replace LIBOR,

then, reasonably promptly after such determination by the Administrative Agent or receipt by the Administrative Agent of such notice, as applicable, the Administrative Agent and the Company may amend this Agreement solely for the purpose of replacing LIBOR in accordance with this Section 2.14 with (x) in the case of Dollars, one or more SOFR-Based Rates or (y) another alternate benchmark rate giving due consideration to any evolving or then existing convention for similar Dollar-denominated syndicated credit facilities for such alternative benchmarks and, in each case, including any mathematical or other adjustments to such benchmark giving due consideration to any evolving or then existing convention for similar Dollar-denominated syndicated credit facilities for such benchmarks, which adjustment or method for calculating such adjustment shall be published on an information service as selected by the Administrative Agent from time to time in its reasonable discretion and may be periodically updated (the “Adjustment;” and any such proposed rate, a “LIBOR Successor Rate”), and any such amendment shall become effective at 5:00 p.m. on the fifth Business Day after the Administrative Agent shall have posted such proposed amendment to all Lenders unless, prior to such time, Lenders comprising the Required Lenders have delivered to the Administrative Agent written notice that such Required Lenders (A) in the case of an amendment to replace LIBOR with a rate described in clause (x), object to the Adjustment; or (B) in the case of an amendment

to replace LIBOR with a rate described in clause (y), object to such amendment; *provided* that for the avoidance of doubt, in the case of clause (A), the Required Lenders shall not be entitled to object to any SOFR-Based Rate contained in any such amendment. Such LIBOR Successor Rate shall be applied in a manner consistent with market practice; *provided* that to the extent such market practice is not administratively feasible for the Administrative Agent, such LIBOR Successor Rate shall be applied in a manner as otherwise reasonably determined by the Administrative Agent.

If no LIBOR Successor Rate has been determined and the circumstances under clause (i) above exist or the Scheduled Unavailability Date has occurred (as applicable), the Administrative Agent will promptly so notify the Company and each Lender. Thereafter, (x) the obligation of the Lenders to make or maintain Eurocurrency Loans shall be suspended, (to the extent of the affected Eurocurrency Loans or Interest Periods), and (y) the Adjusted LIBOR component shall no longer be utilized in determining the Alternate Base Rate. Upon receipt of such notice, the Company may revoke any pending request for a Borrowing of, conversion to or continuation of Eurocurrency Loans (to the extent of the affected Eurocurrency Loans or Interest Periods) or, failing that, will be deemed to have converted such request into a request for a Borrowing of ABR Loans (subject to the foregoing clause (y)) in the amount specified therein.

Notwithstanding anything else herein, any definition of LIBOR Successor Rate shall provide that in no event shall such LIBOR Successor Rate be less than zero for purposes of this Agreement.

In connection with the implementation of a LIBOR Successor Rate, the Administrative Agent will have the right to make LIBOR Successor Rate Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such LIBOR Successor Rate Conforming Changes will become effective without any further action or consent of any other party to this Agreement; provided that, with respect to any such amendment effected, the Administrative Agent shall post each such amendment implementing such LIBOR Successor Conforming Changes to the Lenders reasonably promptly after such amendment becomes effective.

SECTION 2.15. Increased Costs. (a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, liquidity or similar requirement (including any compulsory loan requirement, insurance charge or other assessment) against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate) or any Issuing Bank;

(ii) impose on any Lender or any Issuing Bank or the London interbank market any other condition, cost or expense (other than Taxes or any condition, cost or expense reflected in the Adjusted LIBO Rate) affecting this Agreement or Loans made by such Lender or any Letter of Credit or participation therein; or

(iii) subject any Recipient to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto;

and the result of any of the foregoing shall be to increase the cost to such Lender or such other Recipient of making, continuing, converting into or maintaining any Loan or of maintaining its obligation to make any such Loan or to increase the cost to such Lender, such Issuing Bank or such other Recipient of participating in, issuing or maintaining any Letter of Credit or to reduce the amount of any sum received or receivable by

such Lender, such Issuing Bank or such other Recipient hereunder, whether of principal, interest or otherwise, then, upon request of such Lender, such Issuing Bank or such other Recipient, the applicable Borrower will pay to such Lender, such Issuing Bank or such other Recipient, as the case may be, such additional amount or amounts as will compensate such Lender, such Issuing Bank or such other Recipient, as the case may be, for such additional costs incurred or reduction suffered.

(b) If any Lender or any Issuing Bank determines that any Change in Law regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender's or such Issuing Bank's capital or on the capital of such Lender's or such Issuing Bank's holding company, if any, as a consequence of this Agreement or the Loans made by, or participations in Letters of Credit held by, such Lender, or the Letters of Credit issued by such Issuing Bank, to a level below that which such Lender or such Issuing Bank or such Lender's or such Issuing Bank's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or such Issuing Bank's policies and the policies of such Lender's or such Issuing Bank's holding company with respect to capital adequacy and liquidity), then from time to time the applicable Borrower will pay to such Lender or such Issuing Bank, as the case may be, such additional amount or amounts as will compensate such Lender or such Issuing Bank or such Lender's or such Issuing Bank's holding company for any such reduction suffered.

(c) A certificate of a Lender or an Issuing Bank setting forth the amount or amounts necessary to compensate such Lender or such Issuing Bank or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section shall be delivered to the Company and shall be conclusive absent manifest error. The Company shall pay, or cause the other Borrowers to pay, such Lender or such Issuing Bank, as the case may be, the amount shown as due on any such certificate within ten (10) days after receipt thereof.

(d) Failure or delay on the part of any Lender or any Issuing Bank to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's or such Issuing Bank's right to demand such compensation; provided that the Company shall not be required to compensate a Lender or an Issuing Bank pursuant to this Section for any increased costs or reductions incurred more than 270 days prior to the date that such Lender or such Issuing Bank, as the case may be, notifies the Company of the Change in Law giving rise to such increased costs or reductions and of such Lender's or such Issuing Bank's intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 270-day period referred to above shall be extended to include the period of retroactive effect thereof.

SECTION 2.16. Break Funding Payments. In the event of (a) the payment of any principal of any Eurocurrency Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default or as a result of any prepayment pursuant to Section 2.11), (b) the conversion of any Eurocurrency Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Eurocurrency Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice may be revoked under Section 2.11(a) and is revoked in accordance therewith) or (d) the assignment of any Eurocurrency Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Company pursuant to Section 2.19, then, in any such event, the Borrowers shall compensate each Lender for the loss, cost and expense attributable to such event. Such loss, cost or expense to any Lender shall be deemed to include an amount determined by such Lender to be the excess, if any, of (i) the amount of interest which would have accrued on

the principal amount of such Loan had such event not occurred, at the Adjusted LIBO Rate that would have been applicable to such Loan, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Loan), over (ii) the amount of interest which would accrue on such principal amount for such period at the interest rate which such Lender would bid were it to bid, at the commencement of such period, for deposits in the relevant currency of a comparable amount and period from other banks in the eurocurrency market. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the applicable Borrower and shall be conclusive absent manifest error. The applicable Borrower shall pay such Lender the amount shown as due on any such certificate within ten (10) Business Days after receipt thereof.

SECTION 2.17. Taxes. (a) Payments Free of Taxes. Any and all payments by or on account of any obligation of any ~~Borrower~~ Loan Party under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by the applicable ~~Borrower~~ Loan Party shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section 2.17) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made. For the avoidance of doubt, the ~~Borrowers~~ Loan Parties will not be required to pay any additional amounts (or indemnification payments pursuant to paragraph (d) of this Section 2.17) with respect to any U.S. Federal income Taxes that are imposed on a gross basis on, or that are required to be withheld or deducted from, a payment to any Recipient that would not have been imposed but for any Change in Law occurring after the date on which such Recipient became a party to this Agreement.

(b) Payment of Other Taxes by the Borrowers. The relevant Borrower shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of the Administrative Agent timely reimburse it for the payment of, Other Taxes.

(c) Evidence of Payments. As soon as practicable after any payment of Taxes by any ~~Borrower~~ Loan Party to a Governmental Authority pursuant to this Section 2.17, such ~~Borrower~~ Loan Party shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(d) Indemnification by the Borrowers Loan Parties. The ~~Borrowers~~ Loan Parties shall indemnify each Recipient, within 10 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate setting forth in reasonable detail the calculation of the amount of such payment or liability delivered to the relevant Borrower by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(e) Indemnification by the Lenders. Each Lender shall severally indemnify the Administrative Agent, within 10 days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that any ~~Borrower~~ Loan Party has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the ~~Borrowers~~ Loan Parties to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 9.04(c) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this paragraph (e).

(f) Status of Lenders. (i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrowers and the Administrative Agent, at the time or times reasonably requested by the Borrowers or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrowers or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrowers or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrowers or the Administrative Agent as will enable the Borrowers or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 2.17(f)(ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(i) Without limiting the generality of the foregoing,

(A) any Lender that is a U.S. Person shall deliver to such Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of such Borrower or the Administrative Agent), executed originals of IRS Form W-9 certifying that such Lender is exempt from U.S. Federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to such Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of such Borrower or the Administrative Agent), whichever of the following is applicable;

(1) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed originals of IRS Form W-8BEN or IRS Form W-8BEN-E (or successor form) establishing an exemption from, or reduction of, U.S. Federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with

respect to any other applicable payments under any Loan Document, IRS Form W-8BEN or IRS Form W-8BEN-E (or successor form) establishing an exemption from, or reduction of, U.S. Federal withholding Tax pursuant to the “business profits” or “other income” article of such tax treaty;

(2) executed originals of IRS Form W-8ECI;

(3) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit H-1 to the effect that such Foreign Lender is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, a “10 percent shareholder” of such Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a “controlled foreign corporation” related to any Borrower as described in Section 881(c)(3)(C) of the Code (a “U.S. Tax Compliance Certificate”) and (y) executed originals of IRS Form W-8BEN or IRS Form W-8BEN-E (or successor form); or

(4) to the extent a Foreign Lender is not the beneficial owner, executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN or IRS Form W-8BEN-E (or successor form), a U.S. Tax Compliance Certificate substantially in the form of Exhibit H-2 or Exhibit H-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit H-4 on behalf of each such direct and indirect partner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to such Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of such Borrower or the Administrative Agent), executed originals of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. Federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit such Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Loan Document would be subject to U.S. Federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to such Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by such Borrower or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by such Borrower or the Administrative Agent as may be necessary for such Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender’s obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), “FATCA” shall include any amendments made to FATCA after the Effective Date.

Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Company and the Administrative Agent in writing of its legal inability to do so.

(g) Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 2.17 (including by the payment of additional amounts pursuant to this Section 2.17), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section 2.17 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (h) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (h), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (h) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the indemnification payments or additional amounts giving rise to such refund had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(h) Survival. Each party's obligations under this Section 2.17 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document.

(i) Defined Terms. For purposes of this Section 2.17, the term "Lender" includes each Issuing Bank and the term "applicable law" includes FATCA.

(j) Luxembourg Registration Duty. In order to not unnecessarily cause application of Luxembourg's registration duty applicable to documents in writing evidencing an obligation to pay, the Administrative Agent or any Lender will only take any action to file or register this Agreement or any of the Loan Documents with applicable Luxembourg authorities which would cause such registration duty to be payable if (i) the Loan Documents (and any documents in connection therewith) are enclosed to a compulsorily registrable act (*acte obligatoirement enregistrable*), deposited with the official records of the notary (*déposé au rang des minutes d'un notaire*) or otherwise produced for registration (*présenté à l'enregistrement*) and registration is required or (ii) the Administrative Agent reasonably deems such action necessary in connection with the protection of rights or pursuit of remedies during the continuance of an Event of Default.

SECTION 2.18. Payments Generally; Pro Rata Treatment; Sharing of Set-offs.

(a) Each Borrower shall make each payment required to be made by it hereunder (whether of principal, interest, fees or reimbursement of LC Disbursements, or of amounts payable under Section 2.15, 2.16 or 2.17, or otherwise) prior to (i) in the case of payments denominated in Dollars, 12:00 noon, New York City time and (ii) in the case of payments denominated in a Foreign Currency, 12:00 noon, Local Time, in the city of the Administrative Agent's Eurocurrency Payment Office for such currency, in each case on the date when due, in immediately available funds, without

set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made (i) in the same currency in which the applicable Credit Event was made (or where such currency has been converted to euro, in euro) and (ii) to the Administrative Agent at its Domestic Payment Office or, in the case of a Credit Event denominated in a Foreign Currency, the Administrative Agent's Eurocurrency Payment Office for such currency, except payments to be made directly to an Issuing Bank or the Swingline Lender as expressly provided herein and except that payments pursuant to Sections 2.15, 2.16, 2.17 and 9.03 shall be made directly to the Persons entitled thereto. The Administrative Agent shall distribute any such payments denominated in the same currency received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. Notwithstanding the foregoing provisions of this Section, if, after the making of any Credit Event in any Foreign Currency, currency control or exchange regulations are imposed in the country which issues such currency with the result that the type of currency in which the Credit Event was made (the "Original Currency") no longer exists or any Borrower is not able to make payment to the Administrative Agent for the account of the Lenders in such Original Currency, then all payments to be made by such Borrower hereunder in such currency shall instead be made when due in Dollars in an amount equal to the Dollar Amount (as of the date of repayment) of such payment due, it being the intention of the parties hereto that the Borrowers take all risks of the imposition of any such currency control or exchange regulations.

(b) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, unreimbursed LC Disbursements, interest and fees then due hereunder, such funds shall be applied (i) first, towards payment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, ~~and~~ (ii) second, towards payment of principal and unreimbursed LC Disbursements then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal and unreimbursed LC Disbursements then due to such parties and (iii) third, towards payment of Obligations then-owing under Hedge Agreements and Cash Management Obligations.

~~(c) [Intentionally omitted].~~

(c) Notwithstanding the foregoing, Cash Management Obligations and Obligations arising under Hedge Agreements shall be excluded from the application described above if the Administrative Agent has not, prior to the time of the making of any such distribution, received written notice thereof, together with such supporting documentation as the Administrative Agent may reasonably request, from the applicable Cash management Bank or Hedge Bank, as the case may be. Each Cash Management Bank or Hedge Bank not a party to this Agreement that has given the notice contemplated by the preceding sentence shall, by such notice, be deemed to have acknowledged and accepted the appointment of the Administrative Agent pursuant to the terms of Article VIII hereof for itself and its Affiliates as if it were a "Lender" party hereto.

(d) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans or participations in LC Disbursements or Swingline Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Loans and participations in LC Disbursements and

Swingline Loans and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Loans and participations in LC Disbursements and Swingline Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and participations in LC Disbursements and Swingline Loans; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by any Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or participations in LC Disbursements and Swingline Loans to any assignee or participant, other than to the Company or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply). Each Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against such Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of such Borrower in the amount of such participation.

(e) Unless the Administrative Agent shall have received notice from the relevant Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders or the Issuing Banks hereunder that such Borrower will not make such payment, the Administrative Agent may assume that such Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or the Issuing Banks, as the case may be, the amount due. In such event, if such Borrower has not in fact made such payment, then each of the Lenders or the Issuing Banks, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or such Issuing Bank with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation (including without limitation the Overnight Foreign Currency Rate in the case of Loans denominated in a Foreign Currency).

(f) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.05(c), 2.06(d) or (e), 2.07(b), 2.18(e) or 9.03(c), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), (i) apply any amounts thereafter received by the Administrative Agent for the account of such Lender and for the benefit of the Administrative Agent, the Swingline Lender or the Issuing Banks to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid and/or (ii) hold any such amounts in a segregated account as cash collateral for, and application to, any future funding obligations of such Lender under such Sections; in the case of each of (i) and (ii) above, in any order as determined by the Administrative Agent in its reasonable discretion.

SECTION 2.19. Mitigation Obligations; Replacement of Lenders. (a) If any Lender requests compensation under Section 2.15, or if any Borrower is required to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such

Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.15 or 2.17, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Company hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) If (i) any Lender requests compensation under Section 2.15, (ii) any Borrower is required to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17 or (iii) any Lender becomes a Defaulting Lender, then the Company may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 9.04), all its interests, rights and obligations under the Loan Documents to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (i) the Company shall have received the prior written consent of the Administrative Agent (and if a Commitment is being assigned, the relevant Issuing Bank and the Swingline Lender), which consent shall not unreasonably be withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and participations in LC Disbursements and Swingline Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Company (in the case of all other amounts) and (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.15 or payments required to be made pursuant to Section 2.17, such assignment will result in a reduction in such compensation or payments.

SECTION 2.20. Expansion Option. The Company may from time to time elect to increase the Commitments in minimum increments of \$25,000,000 so long as, after giving effect thereto, the aggregate amount of such increases does not exceed \$300,000,000. The Company may arrange for any such increase to be provided by one or more Lenders (each Lender so agreeing to an increase in its Commitment, an “Increasing Lender”), or by one or more new banks, financial institutions or other entities (each such new bank, financial institution or other entity, an “Augmenting Lender”; provided that no Ineligible Institution may be an Augmenting Lender), which agree to increase their existing Commitments, or provide new Commitments, as the case may be; provided that (i) each Augmenting Lender, shall be subject to the approval of the Company and the Administrative Agent and (ii) (x) in the case of an Increasing Lender, the Company and such Increasing Lender execute an agreement substantially in the form of Exhibit C hereto, and (y) in the case of an Augmenting Lender, the Company and such Augmenting Lender execute an agreement substantially in the form of Exhibit D hereto. No consent of any Lender (other than the Lenders participating in the increase) shall be required for any increase in Commitments pursuant to this Section 2.20. Increases and new Commitments created pursuant to this Section 2.20 shall become effective on the date agreed by the Company, the Administrative Agent and the relevant Increasing Lenders or Augmenting Lenders, and the Administrative Agent shall notify each Lender thereof. Notwithstanding the foregoing, no increase in the Commitments (or in the Commitment of any Lender) shall become effective under this paragraph unless, (i) on the proposed date of the effectiveness of such increase, (A) the conditions set forth in paragraphs (a) and (b) of Section 4.02 shall be satisfied or waived by the Required Lenders and the Administrative Agent shall have received a certificate to that effect dated such date and executed by a Financial Officer of the Company and (B) the Company shall be in compliance (on a pro forma basis) with ~~the covenant contained in Section 6.07a~~ a maximum Net Leverage Ratio of no greater than 4.00 to 1.00, recomputed as at the last day of the most recently ended fiscal quarter of the Company for which

financial statements are available, as if such increase in the Commitments had occurred on the first day of each relevant period for testing such compliance, and (ii) the Administrative Agent shall have received documents consistent with those delivered on the Effective Date as to the corporate power and authority of the Borrowers to borrow hereunder after giving effect to such increase. On the effective date of any increase in the Commitments, (i) each relevant Increasing Lender and Augmenting Lender shall make available to the Administrative Agent such amounts in immediately available funds as the Administrative Agent shall determine, for the benefit of the other Lenders, as being required in order to cause, after giving effect to such increase and the use of such amounts to make payments to such other Lenders, each Lender's portion of the outstanding Revolving Loans of all the Lenders to equal its Applicable Percentage of such outstanding Revolving Loans, and (ii) the Borrowers shall be deemed to have repaid and reborrowed all outstanding Revolving Loans as of the date of any increase in the Commitments (with such reborrowing to consist of the Types of Revolving Loans, with related Interest Periods if applicable, specified in a notice delivered by the applicable Borrower, or the Company on behalf of the applicable Borrower, in accordance with the requirements of Section 2.03). The deemed payments made pursuant to clause (ii) of the immediately preceding sentence shall be accompanied by payment of all accrued interest on the amount prepaid and, in respect of each Eurocurrency Loan, shall be, unless waived by any Lender in its reasonable discretion, subject to indemnification by the Borrowers pursuant to the provisions of Section 2.16 if the deemed payment occurs other than on the last day of the related Interest Periods. Nothing contained in this Section 2.20 shall constitute, or otherwise be deemed to be, a commitment on the part of any Lender to increase its Commitment hereunder, at any time.

SECTION 2.21. [Intentionally Omitted].

SECTION 2.22. Judgment Currency. If for the purposes of obtaining judgment in any court it is necessary to convert a sum due from any Borrower hereunder in the currency expressed to be payable herein (the "specified currency") into another currency, the parties hereto agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures the Administrative Agent could purchase the specified currency with such other currency at the Administrative Agent's main New York City office on the Business Day preceding that on which final, non-appealable judgment is given. The obligations of each Borrower in respect of any sum due to any Lender or the Administrative Agent hereunder shall, notwithstanding any judgment in a currency other than the specified currency, be discharged only to the extent that on the Business Day following receipt by such Lender or the Administrative Agent (as the case may be) of any sum adjudged to be so due in such other currency such Lender or the Administrative Agent (as the case may be) may in accordance with normal, reasonable banking procedures purchase the specified currency with such other currency. If the amount of the specified currency so purchased is less than the sum originally due to such Lender or the Administrative Agent, as the case may be, in the specified currency, each Borrower agrees, to the fullest extent that it may effectively do so, as a separate obligation and notwithstanding any such judgment, to indemnify such Lender or the Administrative Agent, as the case may be, against such loss, and if the amount of the specified currency so purchased exceeds (a) the sum originally due to any Lender or the Administrative Agent, as the case may be, in the specified currency and (b) any amounts shared with other Lenders as a result of allocations of such excess as a disproportionate payment to such Lender under Section 2.18, such Lender or the Administrative Agent, as the case may be, agrees to remit such excess to such Borrower.

SECTION 2.23. Designation of Foreign Subsidiary Borrowers. ~~The~~After (i) the Covenant Relief Period has elapsed and (ii) any two of Fitch, Moody's and S&P have rated

the Company's Public Debt as Investment Grade, the Company may at any time and from time to time designate any Eligible Foreign Subsidiary as a Foreign Subsidiary Borrower by delivery to the Administrative Agent of a Borrowing Subsidiary Agreement executed by such Subsidiary and the Company and the satisfaction of the other conditions precedent set forth in Section 4.03, and upon such delivery and satisfaction such Subsidiary shall for all purposes of this Agreement be a Foreign Subsidiary Borrower and a party to this Agreement until the Company shall have executed and delivered to the Administrative Agent a Borrowing Subsidiary Termination with respect to such Subsidiary, whereupon such Subsidiary shall cease to be a Foreign Subsidiary Borrower and a party to this Agreement. Notwithstanding the preceding sentence, no Borrowing Subsidiary Termination will become effective as to any Foreign Subsidiary Borrower at a time when any principal of or interest on any Loan to such Borrower shall be outstanding hereunder, provided that such Borrowing Subsidiary Termination shall be effective to terminate the right of such Foreign Subsidiary Borrower to make further Borrowings under this Agreement. As soon as practicable upon receipt of a Borrowing Subsidiary Agreement, the Administrative Agent shall furnish a copy thereof to each Lender.

SECTION 2.24. Defaulting Lenders. Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:

(a) fees shall cease to accrue on the unfunded portion of the Commitment of such Defaulting Lender pursuant to Section 2.12(a) and 2.12(c);

(b) the Commitment and Credit Exposure of such Defaulting Lender shall not be included in determining whether the Required Lenders or the Required Lenders have taken or may take any action hereunder (including any consent to any amendment, waiver or other modification pursuant to Section 9.02); provided, that, except as otherwise provided in Section 9.02, this clause (b) shall not apply to the vote of a Defaulting Lender in the case of an amendment, waiver or other modification requiring the consent of such Lender or each Lender directly affected thereby;

(c) if any Swingline Exposure or LC Exposure exists at the time such Lender becomes a Defaulting Lender then:

(i) all or any part of the Swingline Exposure and LC Exposure of such Defaulting Lender shall be reallocated among the non-Defaulting Lenders in accordance with their respective Applicable Percentages but only to the extent the sum of all non-Defaulting Lenders' Credit Exposures plus such Defaulting Lender's Swingline Exposure and LC Exposure does not exceed the total of all non-Defaulting Lenders' Commitments;

(ii) if the reallocation described in clause (i) above cannot, or can only partially, be effected, the Company shall within three (3) Business Days following notice by the Administrative Agent (x) first, prepay such Swingline Exposure and (y) second, cash collateralize for the benefit of each Issuing Bank only, the Borrowers' obligations corresponding to such Defaulting Lender's LC Exposure (after giving effect to any partial reallocation pursuant to clause (i) above) in accordance with the procedures set forth in Section 2.06(j) for so long as such LC Exposure is outstanding;

(iii) if the Company cash collateralizes any portion of such Defaulting Lender's LC Exposure pursuant to clause (ii) above, the Borrowers shall not be required to pay any fees to such Defaulting Lender pursuant to Section 2.12(b) with respect to such Defaulting

Lender's LC Exposure during the period such Defaulting Lender's LC Exposure is cash collateralized;

(iv) if the LC Exposure of the non-Defaulting Lenders is reallocated pursuant to clause (i) above, then the fees payable to the Lenders pursuant to Section 2.12(a) and Section 2.12(b) shall be adjusted in accordance with such non-Defaulting Lenders' Applicable Percentages; and

(v) if all or any portion of such Defaulting Lender's LC Exposure is neither reallocated nor cash collateralized pursuant to clause (i) or (ii) above, then, without prejudice to any rights or remedies of the relevant Issuing Bank or any other Lender hereunder, all letter of credit fees payable under Section 2.12(b) with respect to such Defaulting Lender's LC Exposure shall be payable to such Issuing Bank until and to the extent that such LC Exposure is reallocated and/or cash collateralized; and

(d) so long as such Lender is a Defaulting Lender, the Swingline Lender shall not be required to fund any Swingline Loan and the relevant Issuing Bank shall not be required to issue, amend or increase any Letter of Credit, unless the related exposure and the Defaulting Lender's then outstanding LC Exposure will be 100% covered by the Commitments of the non-Defaulting Lenders and/or cash collateral will be provided by the Company in accordance with Section 2.24(c), and participating interests in any such newly made Swingline Loan or any newly issued or increased Letter of Credit shall be allocated among non-Defaulting Lenders in a manner consistent with Section 2.24(c)(i) (and such Defaulting Lender shall not participate therein).

If (i) a Bankruptcy Event or Bail-In Action with respect to a Parent of any Lender shall occur following the Effective Date and for so long as such event shall continue or (ii) the Swingline Lender or any Issuing Bank has a good faith belief that any Lender has defaulted in fulfilling its funding obligations under one or more other agreements in which such Lender commits to extend credit, the Swingline Lender shall not be required to fund any Swingline Loan and no Issuing Bank shall be required to issue, amend or increase any Letter of Credit, unless the Swingline Lender or the relevant Issuing Bank, as the case may be, shall have entered into arrangements with the Company or such Lender, reasonably satisfactory to the Swingline Lender or such Issuing Bank, as the case may be, to defease any risk to it in respect of such Lender hereunder.

In the event that the Administrative Agent, the Company, the Swingline Lender and each Issuing Bank each agrees that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then the Swingline Exposure and LC Exposure of the Lenders shall be readjusted to reflect the inclusion of such Lender's Commitment and on such date such Lender shall purchase at par such of the Loans of the other Lenders (other than Swingline Loans) as the Administrative Agent shall determine may be necessary in order for such Lender to hold such Loans in accordance with its Applicable Percentage.

SECTION 2.25. Extension of Maturity Date.

(a) Requests for Extension. The Company may, by notice to the Administrative Agent (who shall promptly notify the Lenders) not earlier than 60 days and not later than 30 days prior to each anniversary of the Effective Date (each such date, an "Extension Date"), request that each Lender extend such Lender's Maturity Date (the "Applicable Maturity Date"), to the date that is one year after the Applicable Maturity Date then in effect for such Lender (the "Existing Maturity Date").

(b) Lender Elections to Extend. Each Lender, acting in its sole and individual discretion, shall, by notice to the Administrative Agent given not later than the date that is 15 days after the date on which the Administrative Agent received the Company's extension request (the "Lender Notice Date"), advise the Administrative Agent whether or not such Lender agrees to such extension (each applicable Lender that determines to so extend its Applicable Maturity Date, an "Extending Lender"). Each Lender that determines not to so extend its Applicable Maturity Date (a "Non-Extending Lender"), shall notify the Administrative Agent of such fact promptly after such determination (but in any event no later than the Lender Notice Date), and any Lender that does not so advise the Administrative Agent on or before the Lender Notice Date shall be deemed to be a Non-Extending Lender. The election of any Lender to agree to such extension shall not obligate any other Lender to so agree, and it is understood and agreed that no Lender shall have any obligation whatsoever to agree to any request made by the Company for extension of the Applicable Maturity Date.

(c) Notification by Administrative Agent. The Administrative Agent shall notify the Company of each applicable Lender's determination under this Section no later than the date that is 15 days prior to the applicable Extension Date (or, if such date is not a Business Day, on the next preceding Business Day).

(d) Additional Commitment Lenders. The Company shall have the right, but shall not be obligated, on or before the Applicable Maturity Date for any Non-Extending Lender to replace such Non-Extending Lender with, and add as a "Lender" under this Agreement in place thereof, one or more banks, financial institutions or other entities (each, an "Additional Commitment Lender") approved by the Administrative Agent in accordance with the procedures provided in Section 2.19(b), each of which applicable Additional Commitment Lenders shall have entered into an Assignment and Assumption (in accordance with and subject to the restrictions contained in Section 9.04, with the Company or replacement Lender obligated to pay any applicable processing or recordation fee) with such Non-Extending Lender, pursuant to which such Additional Commitment Lenders shall, effective on or before the Applicable Maturity Date for such Non-Extending Lender, assume a Commitment (and, if any such Additional Commitment Lender is already a Lender, its Commitment shall be in addition to such Lender's Commitment on such date). Prior to any Non-Extending Lender being replaced by one or more Additional Commitment Lenders pursuant hereto, such Non-Extending Lender may elect, in its sole discretion, by giving irrevocable notice thereof to the Administrative Agent and the Company (which notice shall set forth such Lender's new Applicable Maturity Date), to become an Extending Lender. The Administrative Agent may effect such amendments to this Agreement as are reasonably necessary to provide for any such extensions with the consent of the Company but without the consent of any other Lenders.

(e) [Intentionally Omitted].

(f) Conditions to Effectiveness of Extension. Notwithstanding the foregoing, (x) no more than two (2) extensions of each Maturity Date shall be permitted hereunder and (y) any extension of any Maturity Date pursuant to this Section 2.25 shall not be effective with respect to any Extending Lender unless:

(i) no Default or Event of Default shall have occurred and be continuing on the applicable Extension Date and immediately after giving effect thereto;

(ii) the representations and warranties of the Company set forth in this Agreement are true and correct in all material respects (or in all respects if such representation is qualified by materiality or Material Adverse Effect) on and as of the applicable Extension Date and after giving effect thereto, as though made on and as of such date (or, if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date); and

(iii) the Administrative Agent shall have received a certificate from the Company signed by a Financial Officer of the Company (A) certifying the accuracy of the foregoing clauses (i) and (ii) and (B) certifying and attaching the resolutions, if any are otherwise required, adopted by each Borrower approving or consenting to such extension.

(g) Maturity Date for Non-Extending Lenders. On each Existing Maturity Date applicable to such Lender, (i) to the extent of the Commitments and Loans of each Non-Extending Lender not assigned to the Additional Commitment Lenders, the Commitment of each Non-Extending Lender shall automatically terminate and (ii) the Company shall repay such Non-Extending Lender in accordance with Section 2.10 (and shall pay to such Non-Extending Lender all of the other Obligations owing to it under this Agreement) and after giving effect thereto shall prepay any Loans outstanding on such date (and pay any additional amounts required pursuant to Section 2.16) to the extent necessary to keep outstanding Loans ratable with any revised Applicable Percentages of the respective Lenders effective as of such date, and the Administrative Agent shall administer any necessary reallocation of the applicable Credit Exposures (without regard to any minimum borrowing, pro rata borrowing and/or pro rata payment requirements contained elsewhere in this Agreement).

(h) Conflicting Provisions. This Section shall supersede any provisions in Section 2.18 or Section 9.02 to the contrary.

ARTICLE III

Representations and Warranties

Each Borrower represents and warrants to the Lenders on the Effective Date and each other date a Loan is made (excluding the conversion or continuation of any Loan) or Letter of Credit is issued pursuant to Section 4.02 that:

SECTION 3.01. Organization; Powers; Subsidiaries. (a) Each of the Company and its Significant Subsidiaries is duly organized, validly existing and in good standing (to the extent such concept is applicable in the relevant jurisdiction) under the laws of the jurisdiction of its organization, has all requisite power and authority to carry on its business as now conducted and, except where the failure to do so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect, is qualified to do business in, and is in good standing (to the extent such concept is applicable) in, every jurisdiction where such qualification is required.

(b) With respect to any Foreign Subsidiary Borrower organized under the laws of Luxembourg, (i) the central administration (*administration centrale*) and the “centre of main interests” (as that term is used in the Council Regulation (EC) n°1346/2000 of May 29, 2000 on insolvency proceedings) of such Foreign Subsidiary Borrower is in Luxembourg and (ii) such Foreign Subsidiary Borrower has no “establishment” (as that term is used in the Council Regulation (EC) n°1346/2000 of May 29, 2000 on insolvency proceedings) outside Luxembourg.

SECTION 3.02. Authorization; Enforceability. The Transactions are within each ~~Borrower's~~ Loan Party's organizational powers and have been duly authorized by all necessary organizational actions and, if required, actions by equity holders. Each Loan Document has been duly executed and delivered by each ~~Borrower~~ Loan Party which is a party thereto and constitutes a legal, valid and binding obligation of such ~~Borrower~~ Loan Party, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, liquidation, reconstruction, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law and except to the extent that availability of the remedy of specific performance or injunctive relief is subject to the discretion of the court before which any proceeding therefor may be brought.

SECTION 3.03. Governmental Approvals; No Conflicts. The Transactions (a) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except such as have been obtained or made and are in full force and effect, (b) will not violate any applicable law or regulation or the charter, by-laws or other organizational documents of the Company or any ~~other Borrower~~ Loan Party or any order of any Governmental Authority, (c) will not violate or result in a default under any indenture or any material agreement or other material instrument binding upon the Company or its assets and (d) will not result in the creation or imposition of any Lien on any asset of the Company or any of its Subsidiaries, that, in the case of clauses (c) and (d), would in the aggregate reasonably be expected to result in a Material Adverse Effect.

SECTION 3.04. Financial Condition; No Material Adverse Change. (a) The Company has heretofore furnished to the Lenders its consolidated balance sheet and statements of income, stockholders equity and cash flows (i) as of and for the Fiscal Year ended June 29, 2019, reported on by Deloitte & Touche, LLP, independent public accountants, and (ii) as of and for the Fiscal Quarters ended September 29, 2018, December 29, 2018 and March 30, 2019, in each case, certified by its chief financial officer. Such financial statements present fairly, in all material respects, the financial position and results of operations and cash flows of the Company and its consolidated Subsidiaries as of such dates and for such periods in accordance with GAAP, subject to year-end audit adjustments and the absence of footnotes in the case of the statements referred to in clause (ii) above.

(b) Since June 29, 2019, there has been no material adverse change in the business, operations, property or financial condition of the Company and its Subsidiaries, taken as a whole.

SECTION 3.05. Properties. (a) Except as set forth on Schedule 3.05, each of the Company and its Subsidiaries has good title to, or valid leasehold interests in, all its real and personal property material to the operation of its business, except for minor defects in title that do not interfere with its ability to conduct its business as currently conducted or to utilize such properties for their intended purposes or such other defects as, in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

(b) Each of the Company and its Subsidiaries owns, or is licensed to use, all trademarks, tradenames, copyrights, patents and other intellectual property material to its business, and the use thereof by the Company and its Subsidiaries does not infringe upon the rights of any other Person, except for any such infringements that, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.06. Litigation. Except as set forth on Schedule 3.06, there are no actions, suits or proceedings by or before any arbitrator or Governmental Authority pending against or, to the best knowledge of any Borrower, threatened against or affecting the Company or any of its Subsidiaries (i) which would reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect (except for litigation disclosed prior to the Effective Date in reports publicly filed by the Company under the Securities Exchange Act of 1934, as amended) or (ii) that involve this Agreement or, as of the Effective Date, the Transactions.

SECTION 3.07. Investment Company Status. No ~~Borrower~~ Loan Party is an “investment company” as defined in, or subject to regulation under, the Investment Company Act of 1940.

SECTION 3.08. Taxes. Each of the Company and its Subsidiaries has timely filed or caused to be filed all Tax returns and reports required to have been filed and has paid or caused to be paid all Taxes required to have been paid by it, except (a) Taxes that are being contested in good faith by appropriate proceedings and for which the Company or such Subsidiary, as applicable, has set aside on its books adequate reserves to the extent required by GAAP or (b) to the extent that the failure to do so would not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.09. ERISA. (i) Except as would not reasonably be expected to result in a Material Adverse Effect, each Plan is in compliance with the applicable provisions of ERISA and the provisions of the Code relating to Plans and the regulations and published interpretations thereunder, and each Foreign Plan is in compliance with applicable non-United States law and regulations thereunder, (ii) no ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, would reasonably be expected to result in a Material Adverse Effect and (iii) no Borrower is or will not be using “plan assets” (within the meaning of 29 CFR § 2510.3-101, as modified by Section 3(42) of ERISA) of one or more Benefit Plans in connection with the Loans, the Letters of Credit or the Commitments.

SECTION 3.10. Disclosure.

(a) All of the reports, financial statements and certificates furnished by or on behalf of any Borrower to the Administrative Agent or any Lender in connection with the negotiation of this Agreement or hereafter delivered hereunder or reports filed pursuant to the Securities Exchange Act of 1934, as amended (as modified or supplemented by other information so furnished prior to the date on which this representation and warranty is made or deemed made) do not contain any material misstatement of fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, with respect to projected financial information, the Company and the other Borrowers represent only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

(b) As of the Effective Date, the information included in the Beneficial Ownership Certification, if applicable, is true and correct in all material respects.

SECTION 3.11. Federal Reserve Regulations. No part of the proceeds of any Loan have been used or will be used, whether directly or indirectly, for any purpose that entails a violation of any of the Regulations of the Board, including Regulations T, U and X.

SECTION 3.12. No Default. No Default or Event of Default has occurred and is continuing.

SECTION 3.13. Anti-Corruption Laws and Sanctions. The Company has implemented and maintains in effect policies and procedures reasonably designed to ensure compliance in all material respects by the Company, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions, and the Company, its Subsidiaries and their respective officers and employees and to the knowledge of the Company its directors and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects. None of (a) the Company, any Subsidiary or to the knowledge of the Company or such Subsidiary any of their respective directors, officers or employees, or (b) to the knowledge of the Company, any agent of the Company or any Subsidiary that will act in any capacity in connection with or benefit from the credit facilities established hereby, is a Sanctioned Person.

SECTION 3.14. Solvency. On the Effective Date, the Company and its Subsidiaries, on a consolidated basis, are Solvent.

SECTION 3.15. Use of Proceeds. No Borrower will, directly or, to its knowledge, indirectly, use any part of the proceeds of any Loan in violation of (i) any Anti-Corruption Laws, (ii) applicable Sanctions, or (iii) the Act.

SECTION 3.16. EEA Financial Institutions. No ~~Borrower~~ Loan Party is an EEA Financial Institution.

ARTICLE IV

Conditions

SECTION 4.01. Effective Date. This Agreement shall become effective on and as of the first date on which each of the following conditions precedent is satisfied (or waived in accordance with Section 9.02):

(a) The Administrative Agent (or its counsel) shall have received from each party hereto a counterpart of this Agreement signed on behalf of such party.

(b) The Administrative Agent shall have received (i) all documentation and other information relating to each Borrower reasonably requested by the Administrative Agent and any Lenders at least three (3) Business Days prior to the Effective Date under applicable “know your customer” and anti-money laundering rules and regulations including, without limitation, the Act, in each case to the extent requested in writing at least ten days prior to the Effective Date and (ii) a Beneficial Ownership Certification in relation to any Borrower that qualifies as a “legal entity customer” under the Beneficial Ownership Regulation as requested by the Administrative Agent and any Lenders.

(c) The Administrative Agent shall have received a certificate dated the Effective Date and signed by an executive officer of the Company, confirming (i) the representations and warranties of the Company set forth in this Agreement are true and correct in all material respects on and as of the Effective Date (except to the extent any such representation and warranty relates to an earlier date) (provided any such representations that are qualified by materiality, material adverse effect or

language of similar effect shall be true and correct in all respects as of the Effective Date) and (ii) with respect to the Existing Credit Agreement, all revolving loan commitments thereunder have been terminated in full and all revolving loans thereunder have been repaid in full.

(d) The Administrative Agent shall have received copies, certified by the Secretary or Assistant Secretary of each Borrower (or if such Borrower has not appointed a Secretary or Assistant Secretary, any executive officer of such Borrower), of its Board of Directors' resolutions approving this Agreement and any other Loan Documents to which such Borrower is becoming a party and such documents and certificates as the Administrative Agent or its counsel may reasonably request relating to the organization, existence and good standing of such Borrower.

(e) The Administrative Agent shall have received an incumbency certificate, executed by the Secretary or Assistant Secretary of such Borrower (or if such Borrower has not appointed a Secretary or Assistant Secretary, any executive officer of such Borrower), which shall identify by name and title and bear the signature of the officers of such Borrower authorized to request Borrowings hereunder and sign this Agreement and the other Loan Documents to which such Borrower is becoming a party, upon which certificate the Administrative Agent and the Lenders shall be entitled to rely until informed of any change in writing by the Company or such Borrower.

(f) The Administrative Agent shall have received opinions of counsel to the Borrowers, in form and substance reasonably satisfactory to the Administrative Agent and its counsel, with respect to the laws of its jurisdiction of organization and such other matters as are reasonably requested by counsel to the Administrative Agent.

(g) The Administrative Agent shall have received any promissory notes requested by any Lender at least three Business Days in advance of the Effective Date.

(h) To the extent invoiced three (3) Business Days prior to the Effective Date, the Administrative Agent shall have received all fees and other amounts due and payable hereunder and under the Facilities Commitment Letter and the Facilities Fee Letters on or prior to the Effective Date, including the reimbursement or payment of all out-of-pocket expenses required to be reimbursed or paid by the Borrowers hereunder and under the Facilities Commitment Letter and the Facilities Fee Letters.

SECTION 4.02. Each Credit Event. The obligation of each Lender to make a Loan on the occasion of any Borrowing (except for any conversion or continuation of any Loan), and of the Issuing Banks to issue, amend, renew or extend any Letter of Credit, is subject to the satisfaction of the following conditions:

(a) The Effective Date shall have occurred.

(b) The representations and warranties of the ~~Borrowers~~Loan Parties set forth in this Agreement (other than Sections 3.04(b) and 3.06) shall be true and correct on and as of the date of such Borrowing or the date of issuance, amendment, renewal or extension of such Letter of Credit, as applicable.

(c) At the time of and immediately after giving effect to such Borrowing or the issuance, amendment, renewal or extension of such Letter of Credit, as applicable, no Default or Event of Default shall have occurred and be continuing (including, for the avoidance of doubt, compliance with Sections 6.07 and 6.08 when such covenants are in effect).

(d) The Administrative Agent shall have received a duly executed Borrowing Request complying with the terms of Section 2.03.

Each Borrowing and each issuance, amendment, renewal or extension of a Letter of Credit shall be deemed to constitute a representation and warranty by the Borrowers on the date thereof as to the matters specified in paragraphs (b) and (c) of this Section.

SECTION 4.03. Designation of a Foreign Subsidiary Borrower. The designation of a Foreign Subsidiary Borrower pursuant to Section 2.23 is subject to the condition precedent that the Company or such proposed Foreign Subsidiary Borrower shall have furnished or caused to be furnished to the Administrative Agent:

(a) Copies, certified by the Secretary or Assistant Secretary of such Subsidiary (or if such Subsidiary has not appointed a Secretary or Assistant Secretary, any executive officer of such Subsidiary), of its Board of Directors' resolutions (and resolutions of other bodies, if any are deemed necessary by counsel for the Administrative Agent) approving the Borrowing Subsidiary Agreement and any other Loan Documents to which such Subsidiary is becoming a party and such documents and certificates as the Administrative Agent or its counsel may reasonably request relating to the organization, existence and good standing of such Subsidiary;

(b) An incumbency certificate, executed by the Secretary or Assistant Secretary of such Subsidiary (or if such Subsidiary has not appointed a Secretary or Assistant Secretary, any executive officer of such Subsidiary), which shall identify by name and title and bear the signature of the officers of such Subsidiary authorized to request Borrowings hereunder and sign the Borrowing Subsidiary Agreement and the other Loan Documents to which such Subsidiary is becoming a party, upon which certificate the Administrative Agent and the Lenders shall be entitled to rely until informed of any change in writing by the Company or such Subsidiary;

(c) Opinions of counsel to such Subsidiary, in form and substance reasonably satisfactory to the Administrative Agent and its counsel, with respect to the laws of its jurisdiction of organization and such other matters as are reasonably requested by counsel to the Administrative Agent and addressed to the Administrative Agent and the Lenders;

(d) Any promissory notes requested by any Lender, and any other instruments and documents reasonably requested by the Administrative Agent; and

(e) The Administrative Agent shall have received (i) all documentation and other information relating to such Foreign Subsidiary Borrower reasonably requested by the Administrative Agent and any Lenders at least three (3) Business Days prior to the effective date of such Foreign Subsidiary Borrower's Borrowing Subsidiary Agreement under applicable "know your customer" and anti-money laundering rules and regulations including, without limitation, the Act and (ii) a Beneficial Ownership Certification in relation to any Foreign Subsidiary Borrower that qualifies as a "legal entity customer" under the Beneficial Ownership Regulation as requested by the Administrative Agent and any Lenders.

ARTICLE V

Affirmative Covenants

Commencing on the Effective Date, until the Commitments have expired or been terminated and the principal of and interest on each Loan and all fees payable hereunder shall have been paid in full and all Letters of Credit shall have expired or terminated, in each case, without any pending draw, or cash collateralized in accordance with Section 2.06(j), and all LC Disbursements shall have been reimbursed, the Company covenants and agrees with the Lenders that:

SECTION 5.01. Financial Statements and Other Information. The Company will furnish to the Administrative Agent and each Lender through the Administrative Agent:

(a) within ninety (90) days after the end of each Fiscal Year of the Company (or, if earlier, by the date that the Annual Report on Form 10-K of the Company for such Fiscal Year would be required to be filed under the rules and regulations of the SEC, giving effect to any extension available thereunder for the filing of such form), its audited consolidated balance sheet and related statements of income, stockholders' equity and cash flows as of the end of and for such year, setting forth in each case in comparative form the figures for the previous Fiscal Year, all reported on by Deloitte & Touche, LLP or other independent public accountants of recognized national standing (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Company and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied;

(b) within sixty (60) days after the end of each of the first three Fiscal Quarters of each Fiscal Year of the Company (or, if earlier, by the date that the Quarterly Report on Form 10-Q of the Company for such Fiscal Quarter would be required to be filed under the rules and regulations of the SEC, giving effect to any extension available thereunder for the filing of such form), its consolidated balance sheet and related statements of income, stockholders' equity and cash flows as of the end of and for such Fiscal Quarter and the then elapsed portion of the Fiscal Year, setting forth in each case in comparative form the figures for the corresponding period or periods of (or, in the case of the balance sheet, as of the end of) the previous Fiscal Year, all certified by one of its Financial Officers as presenting fairly in all material respects the financial condition and results of operations of the Company and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes;

(c) concurrently with any delivery of financial statements under clause (a) or (b) above, a certificate of a Financial Officer of the Company (i) stating that he or she has obtained no knowledge that a Default has occurred (except as set forth in such certificate) and, if a Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto, (ii) ~~(x)~~ setting forth reasonably detailed calculations demonstrating [the calculation of the Gross Leverage Ratio and the Net Leverage Ratio at the end of the relevant Fiscal Quarter or Fiscal Year](#), ~~(y)~~ demonstrating compliance with Section 6.07 (to the extent such Section is in effect), and ~~(z)~~ for so long as Section 6.08 is in effect, [setting forth a reasonably detailed calculation of Available Liquidity at the end of the relevant Fiscal Quarter or Fiscal Year](#), and (iii) stating whether any change in GAAP or in the application thereof has occurred since the date of the audited financial statements referred to in Section 3.04 and, if any such change has occurred, specifying the effect of such change on the financial statements accompanying such certificate;

(d) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed by the Company or any Subsidiary with the SEC, or any Governmental Authority succeeding to any or all of the functions of said Commission, as the case may be;

(e) promptly following any request therefor, provide information and documentation reasonably requested by the Administrative Agent or any Lender (acting through the Administrative Agent) for purposes of compliance with applicable “know your customer” and anti-money-laundering rules and regulations, including, without limitation, the PATRIOT Act and the Beneficial Ownership Regulation; and

(f) promptly following any request therefor, such other information regarding the financial condition of the Company or any Subsidiary as the Administrative Agent may reasonably request (other than materials protected by the attorney-client privilege and materials which the Company or such Subsidiary, as applicable, may not disclose without violation of a confidentiality obligation binding upon it).

Documents required to be delivered pursuant to clauses (a), (b) and (d) of this Section 5.01 may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date on which such documents are filed for public availability on the SEC’s Electronic Data Gathering and Retrieval System.

SECTION 5.02. Notices of Material Events. Upon having knowledge thereof, the Company will furnish to the Administrative Agent and each Lender prompt written notice of the following:

(a) the occurrence of any Default;

(b) the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or affecting the Company or any Affiliate thereof that, if adversely determined, would reasonably be expected to result in a Material Adverse Effect;

(c) the occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred, could reasonably be expected to result in a Material Adverse Effect; and

(d) any other development that results in, or would reasonably be expected to result in, a Material Adverse Effect.

Each notice delivered under this Section shall be accompanied by a statement of a Financial Officer or other executive officer of the Company setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

SECTION 5.03. Existence; Conduct of Business. The Company will, and will cause each of its Subsidiaries to, do or cause to be done all things reasonably necessary to preserve, renew and keep in full force and effect its legal existence and the rights, licenses, permits, privileges and franchises material to the conduct of its business except, in each case (other than the case of the foregoing requirements insofar as they relate to the legal existence of the Borrowers and the Subsidiary Guarantors), to the extent that failure to do so would not reasonably be expected to result in a Material Adverse Effect; provided that the foregoing shall not prohibit any merger, consolidation, liquidation or dissolution permitted under Section 6.03. With respect to any Foreign

Subsidiary Borrower organized under the laws of Luxembourg, (i) the central administration (*administration centrale*) and the “centre of main interests” (as that term is used in the Council Regulation (EC) n°1346/2000 of May 29, 2000 on insolvency proceedings) of such Foreign Subsidiary Borrower shall remain in Luxembourg and (ii) such Foreign Subsidiary Borrower will have no “establishment” (as that term is used in the Council Regulation (EC) n°1346/2000 of May 29, 2000 on insolvency proceedings) outside Luxembourg.

SECTION 5.04. Payment of Obligations. The Company will, and will cause each of its Subsidiaries to, pay its Tax liabilities that, if not paid, could reasonably be expected to result in a Material Adverse Effect before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, (b) the Company or such Subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP and (c) the failure to make payment pending such contest could not reasonably be expected to result in a Material Adverse Effect.

SECTION 5.05. Maintenance of Properties; Insurance. Except where the failure to do so would not reasonably be expected to result in a Material Adverse Effect, the Company will, and will cause each of its Subsidiaries to, (a) keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted and except for surplus and obsolete properties, and (b) maintain, with financially sound and reputable insurance companies, insurance on such of its property and in such amounts and against such risks as are customarily maintained by companies engaged in the same or similar businesses operating in the same or similar locations.

SECTION 5.06. Books and Records; Inspection Rights. The Company will, and will cause each of its Subsidiaries to, keep proper books of record and account in which entries in conformity in all material respects with all applicable laws, rules and regulations of any Governmental Authority are made of all dealings and transactions in relation to its business and activities. The Company will, and will cause each of its Subsidiaries to, on an annual basis at the request of the Administrative Agent (or at any time after the occurrence and during the continuance of an Event of Default), permit any representatives designated by the Administrative Agent or any Lender (prior to the occurrence or continuation of an Event of Default, at the Administrative Agent’s or such Lender’s expense, as applicable, unless otherwise agreed to by the Administrative Agent or such Lender, as applicable, and the Company, and following the occurrence or continuation of an Event of Default, at the Company’s expense), upon reasonable prior notice, to visit and inspect its properties, to examine and make extracts from its books and records (other than materials protected by the attorney-client privilege and materials which the Company or such Subsidiary, as applicable, may not disclose without violation of a confidentiality obligation binding upon it), and to discuss its affairs, finances and condition with its officers and independent accountants, so long as afforded opportunity to be present, all during reasonable business hours. It is understood that so long as no Event of Default has occurred and is continuing, such visits and inspections shall be coordinated through the Administrative Agent.

SECTION 5.07. Compliance with Laws and Material Contractual Obligations. The Company will, and will cause each of its Subsidiaries to, (i) comply with all laws, rules, regulations and orders of any Governmental Authority, including the Luxembourg Domiciliation Law, applicable to it or its property, except where the failure to do so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect and (ii) perform in all material respects its obligations under material agreements to which it is a party,

in each case except where the failure to do so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect. The Company will maintain in effect and enforce policies and procedures designed to ensure compliance in all material respects by the Company, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions.

SECTION 5.08. Use of Proceeds and Letters of Credit.

(a) The proceeds of the Revolving Loans will be used only to finance the working capital needs, capital expenditures, Permitted Acquisitions, Investments permitted under Section 6.04, Restricted Payments permitted under Section 6.06 and other general corporate purposes of the Company and its Subsidiaries.

(b) No part of the proceeds of any Loan will be used, whether directly or indirectly, for the purpose of purchasing or carrying, or to extend credit to others for the purpose of purchasing or carrying any “margin stock” as defined in Regulation T, U or X of the Board or for any other purpose that entails a violation of any such regulations.

(c) The Commercial Letters of Credit shall be used solely to finance purchases of goods by the Company and its Subsidiaries in the ordinary course of their business, and the Standby Letters of Credit shall be used solely for the purposes described in the definition of such term in Section 1.01.

(d) No Borrower will request any Borrowing or Letter of Credit, and no Borrower shall use, and the Company shall use reasonable best efforts to ensure that its Subsidiaries and its or their respective directors, officers, employees and agents shall not use, the proceeds of any Borrowing or Letter of Credit (i) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws, (ii) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Embargoed Country, except to the extent permissible for a Person required to comply with Sanctions or (iii) in any manner that would result in the violation of any Sanctions applicable to any party hereto.

SECTION 5.09. Springing Subsidiary Guaranty. Commencing on the Trigger Date and continuing until the Release Date, the Company shall cause each Subsidiary that is a Material Subsidiary (other than any Excluded Subsidiary) to promptly (and in any event within 45 days of the earlier of (x) such Subsidiary becoming a Material Subsidiary and (y) the Trigger Date, or such later date as the Administrative Agent may reasonably agree) execute and deliver to the Administrative Agent (with a counterpart for each Lender) the Subsidiary Guaranty or a supplement to the Subsidiary Guaranty, as applicable, pursuant to which such Subsidiary shall become a party thereto as a Subsidiary Guarantor, together with such other documents and legal opinions with respect thereto as the Administrative Agent shall reasonably request (which documents and opinions shall be in form and substance reasonably satisfactory to the Administrative Agent).

SECTION 5.10. Springing Collateral Pledge. Commencing on the Trigger Date and continuing until the Release Date, the Company shall, and shall cause each Subsidiary Guarantor, to promptly (and in any event within 45 days of the earlier of (x) in the case of a Subsidiary, such Subsidiary becoming a Material Subsidiary and (y) the Trigger Date, or such later date as the Administrative Agent may reasonably agree) execute and deliver to the Administrative Agent (with a counterpart for each Lender) the Security Agreement or a supplement to the Security Agreement, as applicable, pursuant to which the Company and

[each Subsidiary Guarantor shall become a party thereto as a “Grantor”, together with such other documents and legal opinions with respect thereto as the Administrative Agent shall reasonably request \(which documents and opinions shall be in form and substance reasonably satisfactory to the Administrative Agent\).](#)

ARTICLE VI

Negative Covenants

Commencing on the Effective Date, until the Commitments have expired or terminated and the principal of and interest on each Loan and all fees payable hereunder have been paid in full and all Letters of Credit have expired or terminated, in each case, without any pending draw, or cash collateralized in accordance with Section 2.06(j), and all LC Disbursements shall have been reimbursed, the Company covenants and agrees with the Lenders that:

SECTION 6.01. Indebtedness. The Company will not, and will not permit any Subsidiary to, create, incur, assume or permit to exist any Indebtedness, except:

(a) the Obligations;

(b) Indebtedness existing on the Effective Date and set forth in Schedule 6.01 and extensions, renewals and replacements of any such Indebtedness that do not increase the outstanding principal amount thereof or shorten the final maturity or weighted average life to maturity thereof;

(c) Indebtedness of the Company to any Subsidiary and of any Subsidiary to the Company or any other Subsidiary;

(d) Guarantees by (i) the Company of Indebtedness of any Subsidiary, (ii) any Subsidiary of Indebtedness of the Company or any other Subsidiary, (iii) by the Company or any Subsidiary of Indebtedness incurred in connection with the ownership, development, leasing, acquisition, construction or improvement of the Corporate Headquarters and (iv) the Company of Indebtedness of any joint venture; provided that the aggregate amount of such Guarantees incurred pursuant to clause (iv) shall not exceed \$150,000,000 in the aggregate;

(e) Indebtedness of the Company or any Subsidiary incurred to finance or refinance the acquisition, ownership, development, construction, improvement or leasing of any real property (including the Corporate Headquarters), fixed or capital assets, including Finance Lease Liabilities, and extensions, renewals and replacements of any such Indebtedness that do not increase the outstanding principal amount thereof; provided that such Indebtedness is incurred no more than 90 days prior to or within 90 days after such ownership, development, leasing, acquisition or the completion of such construction or improvement;

(f) Indebtedness acquired or assumed in Permitted Acquisitions and extensions, renewals and replacements of any such indebtedness that do not increase the outstanding principal amount thereof or shorten the final maturity or weighted average life to maturity thereof or have different obligors;

(g) Priority Indebtedness (excluding any Indebtedness permitted by Sections 6.01(e) and (f)) in an aggregate principal amount at any one time outstanding not to exceed 10% of the Company’s then Consolidated Net Worth; [provided that during the Covenant Relief Period, the](#)

Company and its Subsidiaries may not incur more than \$100,000,000 in aggregate principal amount of Priority Indebtedness;

- (h) endorsements for collection, deposit or negotiation and warranties of products or services, in each case incurred in the ordinary course of business;
- (i) Indebtedness in respect of letters of credit in the ordinary course of business (other than Letters of Credit);
- (j) Indebtedness under Swap Agreements not entered into for speculative purposes;
- (k) unsecured Indebtedness ~~(excluding any Indebtedness permitted by Section 6.01(f)), not otherwise permitted by this Section, of any Borrower so long as on a pro forma basis~~ of any Borrower (which may be guaranteed by Subsidiaries if (x) such Subsidiaries are Subsidiary Guarantors and (y) the terms of such guarantee provide that the guarantees are incurred on or after the Trigger Date and released on or before the Release Date); provided that, in respect of such Indebtedness incurred after the Covenant Relief Period, after giving effect to ~~the~~such incurrence of such Indebtedness, the Net Leverage Ratio is not greater than 4.00 to 1.00 at the time of incurrence of such Indebtedness;
- (l) Indebtedness under any interest rate protection agreements or foreign exchange hedges (regardless of whether such hedging obligations are subject to hedge accounting) incurred in the ordinary course of business and not for speculative purposes;
- (m) Indebtedness owed to any Person providing workers' compensation, health, disability or other employee benefits or property, casualty or liability insurance, pursuant to reimbursement or indemnification obligations to such Person, in each case incurred in the ordinary course of business;
- (n) Indebtedness in respect of performance bonds, bid bonds, appeal bonds, surety bonds, performance and completion guarantees, import and export custom and duty guaranties and similar obligations, or obligations in respect of letters of credit, bank acceptances or guarantees or similar instruments related thereto, in each case provided in the ordinary course of business;
- (o) (i) contingent liabilities in respect of any indemnification, adjustment of purchase price, earn-out, non-compete, consulting, deferred compensation, seller indebtedness and similar obligations of the Company and its Subsidiaries incurred in connection with Permitted Acquisitions and (ii) Indebtedness incurred by the Company or its Subsidiaries in a Permitted Acquisition under agreements providing for earn-outs or the adjustment of the purchase price or similar adjustments;
- (p) Indebtedness owed to any Person providing property, casualty or liability insurance to the Company or any of its Subsidiary, so long as such Indebtedness shall not be in excess of the amount of the unpaid cost of, and shall be incurred only to defer the cost of, such insurance for the year in which such Indebtedness is incurred and such Indebtedness shall be outstanding only during such year;
- (q) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; provided that (i) such Indebtedness (other than credit or purchase cards) is extinguished within three

(3) Business Days of its incurrence and (ii) such Indebtedness in respect of credit or purchase cards is extinguished within 90 days from its incurrence;

(r) Indebtedness representing deferred compensation to employees of the Company and its Subsidiaries; and

(s) Indebtedness incurred in connection with the acquisition of joint ventures in an aggregate amount not to exceed the greater of (i) \$150,000,000 and (ii) 2.75% of Total Assets (determined at the time of each such incurrence by reference to the Company's financial statements most recently delivered pursuant to Section 5.01(a) or (b) or, if prior to the date of the delivery of the first financial statements to be delivered pursuant to Section 5.01(a) or (b), the most recent financial statements referred to in Section 3.04(a)).

For purposes of this subsection 6.01, any Person becoming a Subsidiary of the Company after the Effective Date shall be deemed to have incurred all of its then outstanding Indebtedness at the time it becomes a Subsidiary, and any Indebtedness assumed by the Company or any of its Subsidiaries shall be deemed to have been incurred on the date of assumption.

SECTION 6.02. Liens. The Company will not, and will not permit any Subsidiary to, create, incur, assume or permit to exist any Lien on any property or asset now owned or hereafter acquired by it, or assign or sell any income or revenues (including accounts receivable) or rights in respect of any thereof, except:

(a) (i) Permitted Encumbrances [and \(ii\) Liens securing the Obligations hereunder](#);

(b) Liens existing on the Effective Date and set forth on [Schedule 6.02](#);

(c) any Lien on any property or asset of the Company or any Subsidiary securing Indebtedness permitted by Section 6.01(e) incurred to own, develop, lease, acquire, construct or improve such property or asset;

(d) Liens solely constituting the right of any other Person to a share of any licensing royalties (pursuant to a licensing agreement or other related agreement entered into by the Company or any of its Subsidiaries with such Person in the ordinary course of the Company's or such Subsidiary's business) otherwise payable to the Company or any of its Subsidiaries, provided that such right shall have been conveyed to such Person for consideration received by the Company or such Subsidiary on an arm's-length basis;

(e) Liens arising from precautionary Uniform Commercial Code financing statement filings with respect to Operating Leases entered into by the Company or any of its Subsidiaries in the ordinary course of business;

(f) Liens securing Indebtedness described in clause (a) of the definition of Priority Indebtedness; [provided that any Liens securing such Indebtedness shall not extend to any collateral securing or intending to secure the Obligations hereunder](#);

(g) (i) ~~Liens securing Indebtedness permitted under Section 6.01(e)~~ [\[reserved\]](#) and (ii) Liens securing Indebtedness permitted under Section 6.01(f), provided that, for purposes of this clause (ii), (x) such Lien is not created in contemplation of or in connection with the applicable Permitted Acquisition, (y) such Lien shall not apply to any property or assets of the Company or

any Subsidiary other than the Subsidiary or assets being acquired pursuant to such Permitted Acquisition and (z) such Lien shall secure only those obligations which it secures on the date of such Permitted Acquisition;

(h) bankers' liens and rights of setoff with respect to customary depository arrangements entered into in the ordinary course of business;

(i) Liens attaching solely to cash earned money or similar deposits in connection with any letter of intent or purchase agreement in connection with a Permitted Acquisition;

(j) Liens arising from precautionary Uniform Commercial Code financing statement filings with respect to consignments, provided that such Liens extend solely to the assets subject to such consignments;

(k) Liens securing interest rate or foreign exchange hedging obligations (regardless of whether such hedging obligations are subject to hedge accounting), incurred in the ordinary course of business and not for speculative purposes;

(l) Liens, if any, in respect of leases that have been, or should be, in accordance with GAAP as in effect on the Effective Date, classified as Finance Lease Liabilities;

(m) Liens pursuant to supply or consignment contracts or otherwise for the receipt of goods or services, encumbering only the goods covered thereby, where the contracts are not overdue by more than 90 days or are being contested in good faith by appropriate proceedings and for which reasonable reserves are being maintained;

(n) extensions, renewals and replacements of the Liens described above, so long as there is no increase in the Indebtedness or other amounts secured thereby (other than amounts incurred to pay costs of renewal and replacement) and no additional property (other than accessions, improvements, and replacements in respect of such property) is subject to such Lien; and

(o) Liens arising as a result of the re-characterization as a loan and as a Lien of any transaction permitted under Section 6.03, including any precautionary financing statements or similar filings in connection therewith.

SECTION 6.03. Fundamental Changes and Asset Sales. (a) The Company will not, and will not permit any Subsidiary to, merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, or liquidate or dissolve, (including, in each case, pursuant to a Division) except that, if at the time thereof and immediately after giving effect thereto no Event of Default shall have occurred and be continuing, (i) any Subsidiary may merge into the Company in a transaction in which the Company is the surviving corporation, (ii) any Subsidiary (including a Subsidiary Guarantor) may merge into any other Subsidiary in a transaction in which the surviving entity is a Subsidiary (provided that, in the case of a merger of a Subsidiary that is not a Foreign Subsidiary Borrower into a Foreign Subsidiary Borrower in which the surviving Subsidiary is not the Foreign Subsidiary Borrower, the surviving Subsidiary shall execute and deliver to the Administrative Agent a Borrowing Subsidiary Agreement executed by such Subsidiary and the Company and shall satisfy the other conditions precedent set forth in Section 4.03), and (iii) any Subsidiary (other than a Foreign Subsidiary Borrower) may liquidate or dissolve if the Company determines in good faith that such liquidation or dissolution is in the best interests of the Company and its Subsidiaries and is not materially disadvantageous to the

Lenders and except that the Company or any Subsidiary may effect any acquisition permitted by Section 6.04 by means of a merger of the Person that is the subject of such acquisition with the Company or any of its Subsidiaries (provided that, in the case of a merger with the Company, the Company is the survivor).

(b) The Company will not, nor will it permit any of its Subsidiaries to, ~~sell, lease, transfer or otherwise dispose~~ Dispose of (in one transaction or a series of transactions) all or substantially all of the assets of the Company and its Subsidiaries taken as a whole.

(c) During the Covenant Relief Period, the Company will not, nor will it permit any of its Subsidiaries to, Dispose of (in one transaction or a series of related transactions) assets of the Company and its Subsidiaries, other than:

- (i) any Disposition described in Schedule 6.03;
- (ii) any ordinary course Disposition in connection with the closure of stores;
- (iii) any Disposition of cash or Permitted Investments or obsolete, damaged, unnecessary, unsuitable or worn out equipment or of assets no longer used in the business or any sale or disposition of assets in connection with scheduled turnarounds, maintenance and equipment and facility updates;
- (iv) any Disposition of assets or issuance of securities by (x) a Subsidiary to the Company or a Material Subsidiary (other than an Excluded Subsidiary) or (y) the Company to a Material Subsidiary (other than an Excluded Subsidiary);
- (v) grants, licenses or sublicenses of software, technology, patents, trademarks, copyrights, know-how, trade secrets, content, data and databases and any other intellectual property or other intangibles in the ordinary course of business;
- (vi) Dispositions of accounts receivable in connection with the compromise, settlement or collection thereof in the ordinary course of business, but excluding Dispositions of accounts receivable in factoring or similar transactions;
- (vii) Dispositions of inventory, equipment, accounts receivable or other assets held for sale in the ordinary course of business, the settlement or write-off of accounts receivable in the ordinary course of business or the conversion of accounts receivable to notes receivable in the ordinary course of business;
- (viii) Dispositions resulting from any casualty or other insured damage to, or any taking under power of eminent domain or by condemnation or similar proceeding of, any property or asset;
- (ix) the unwinding of any Swap Agreements; and
- (x) other Dispositions (other than of Collateral (as defined in the Security Agreement)) pursuant to which the Company or its Subsidiaries receive consideration at least equal to the fair market value of the assets subject to the Disposition (as reasonably determined by the Company) and the Net Proceeds received by the Company or its

Subsidiaries shall not exceed \$250,000,000 in the aggregate when taken together with all other Dispositions made pursuant to this clause (x).

Notwithstanding anything herein to the contrary, during the period commencing from the start of the Covenant Relief Period and ending on the later of (x) the end of the Covenant Relief Period and (y) the Release Date, the Company and its Subsidiaries shall not Dispose of any material Intellectual Property (as defined in the Security Agreement).

SECTION 6.04. Investments, Loans, Advances, Guarantees and Acquisitions. The Company will not, and will not permit any of its Subsidiaries to, purchase, hold or acquire (including pursuant to any merger or consolidation with any Person that was not a wholly owned Subsidiary prior to such merger or consolidation) any capital stock, evidences of indebtedness or other securities (including any option, warrant or other right to acquire any of the foregoing) of, make or permit to exist any loans or advances to, Guarantee any obligations of, or make or permit to exist any investment or any other interest in, any other Person, or purchase or otherwise acquire (in one transaction or a series of transactions) any Person or any assets of any other Person constituting a business unit or the rights of any licensee under a trademark license to such licensee from the Company or any of its Affiliates, except:

- (a) Permitted Investments;
- (b) investments by the Company or a Subsidiary in the capital stock of its Subsidiaries;
- (c) loans or advances made by the Company to, and Guarantees by the Company of obligations of, any Subsidiary, and loans or advances made by any Subsidiary to, and Guarantees by any Subsidiary of obligations of, the Company or any other Subsidiary;
- (d) Guarantees constituting Indebtedness permitted by Section 6.01;
- (e) advances or loans made in the ordinary course of business to employees of the Company and its Subsidiaries;
- (f) Investments ~~existing on the Effective Date not otherwise permitted under this Agreement and~~ described in Schedule 6.04 hereto;
- (g) Investments received in connection with the bona fide settlement of any defaulted Indebtedness or other liability owed to the Company or any Subsidiary;
- (h) Permitted Acquisitions;
- (i) Swap Agreements not entered into for speculative purposes;
- (j) Investments in connection with the ownership, development, leasing, acquisition, construction or improvement of the Corporate Headquarters;
- (k) Investments in joint ventures in an aggregate amount not to exceed the greater of (i) \$100,000,000 and (ii) 2.75% of Total Assets (determined at the time of each such investment by reference to the Company's financial statements most recently delivered pursuant to Section 5.01(a) or (b) or, if prior to the date of the delivery of the first financial statements to be delivered pursuant to Section 5.01(a) or (b), the most recent financial statements referred to in Section 3.04(a));

(l) Investments, ~~in addition to Investments permitted under clauses (a) through (j) of this Section 6.04~~ made after the Effective Date in an aggregate amount not to exceed \$500,000,000 at any time outstanding in any Person or Persons;

(m) Investments so long as prior to making such Investment and after giving effect (including giving effect on a pro forma basis) thereto (i) no Default or Event of Default has occurred and is continuing or would occur and (ii) the Company is in compliance ~~with Section 6.07~~ on a pro forma basis with a maximum Net Leverage Ratio of no greater than 4.00 to 1.00, recomputed as at the last day of the most recently ended fiscal quarter of the Company for which financial statements are available, as if such Investment had occurred on the first day of each relevant period for testing such compliance;

(n) Investments of any Person existing at the time such Person becomes a Subsidiary or consolidates or merges with the Borrower or any Subsidiary (including in connection with a Permitted Acquisition) so long as such Investments were not made in contemplation of such Person becoming a Subsidiary or of such consolidation or merger, and any modification, replacement, renewal, reinvestment or extension thereof;

(o) any Investment in securities or other assets, including earn-outs, not constituting cash or Permitted Investments and received in connection with a Disposition made pursuant to the provisions of Section 6.03 or any other disposition of assets not constituting a Disposition;

(p) advances to customers or suppliers in the ordinary course of business that are, in conformity with GAAP, recorded as accounts receivable, prepaid expenses or deposits on the balance sheet of the Company or the Subsidiaries and endorsements for collection or deposit arising in the ordinary course of business; provided that the aggregate amount of such advances outstanding at any time shall not exceed \$10,000,000;

(q) Investments consisting of the licensing or contribution of Intellectual Property pursuant to joint marketing arrangements with other Persons, in each case in the ordinary course of business; and

(r) Investments consisting of opening and closing stores and purchases and acquisitions of inventory, supplies, materials and equipment or purchases of contract rights or licenses or leases of Intellectual Property, in each case in the ordinary course of business.

Notwithstanding anything herein to the contrary, during the Covenant Relief Period, the Company and its Subsidiaries shall not be permitted to make any Investments pursuant to Section 6.04(h), (k), (l) or (m), other than Investments in an aggregate amount not to exceed \$150,000,000.

SECTION 6.05. Transactions with Affiliates. The Company will not, and will not permit any of its Subsidiaries to, sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates, except (a) at prices and on terms and conditions not less favorable to the Company or such Subsidiary than could be obtained on an arm's-length basis from unrelated third parties, (b) transactions between or among the Company and/or its Subsidiaries and (c) any Investment permitted by Section 6.04 and (d) any Restricted Payment permitted by Section 6.06.

SECTION 6.06. Restricted Payments. The Company will not, and will not permit any of its Subsidiaries to, declare or make, or agree to pay or make, directly or indirectly, any Restricted Payment, except (a) the Company may declare and pay dividends with respect to its Equity Interests payable solely in additional shares of its common stock, (b) Subsidiaries may declare and pay dividends ratably with respect to their Equity Interests, (c) the Company may make Restricted Payments pursuant to and in accordance with stock option plans or other benefit plans for management or employees of the Company and its Subsidiaries and (d) the Company and its Subsidiaries may make any other Restricted Payment so long as prior to making such Restricted Payment and after giving effect (including giving effect on a pro forma basis) thereto (i) no Default or Event of Default has occurred and is continuing or would occur and (ii) the Company is in pro forma compliance with a maximum Net Leverage Ratio of no greater than 4.00 to 1.00, recomputed as at the last day of the most recently ended fiscal quarter of the Company for which financial statements are available, as if such Restricted Payment had occurred on the first day of each relevant period for testing such compliance. Notwithstanding anything herein to the contrary, during the Covenant Relief Period, the Company and its Subsidiaries shall not be permitted to make any Restricted Payments pursuant to Section 6.076.06(d).

SECTION 6.07. Net Leverage Ratio. The Company will not permit the ~~ratio (the “Net Leverage Ratio”)~~, determined as of the end of each of its Fiscal Quarters ending on ~~and after the Effective Date, of (i) Consolidated Total Indebtedness to (ii) Consolidated EBITDAR for the period of four (4) consecutive Fiscal Quarters ending with the end of such Fiscal Quarter, all calculated for the Company and its Subsidiaries on a consolidated basis~~ or about October 2, 2021 and thereafter, to be greater than 4.00 to 1.00.

SECTION 6.08. Liquidity. From the Amendment No. 1 Effective Date to October 2, 2021, the Company will not permit Available Liquidity at any time to be less than \$700,000,000.

ARTICLE VII

Events of Default

If any of the following events (“Events of Default”) shall occur:

- (a) any Borrower shall fail to pay any principal of any Loan or any reimbursement obligation in respect of any LC Disbursement when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise;
- (b) any Borrower shall fail to pay any interest on any Loan or any fee or any other amount (other than an amount referred to in clause (a) of this Article) payable under this Agreement or any other Loan Document, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of five (5) Business Days;
- (c) any representation or warranty made or deemed made by or on behalf of any ~~Borrower~~ Loan Party in or in connection with this Agreement or any other Loan Document or any amendment or modification hereof or thereof or waiver hereunder or thereunder, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with this Agreement or any other Loan Document or any amendment or modification thereof or waiver thereunder, shall prove to have been incorrect in any material respect when made or deemed made;

(d) any Borrower shall fail to observe or perform any covenant, condition or agreement contained in Section 5.02, 5.03 (with respect to any Borrower's existence) ~~or~~, 5.08, 5.09 or 5.10, in Article VI or in Article X;

(e) any Borrower or any Subsidiary Guarantor, as applicable, shall fail to observe or perform any covenant, condition or agreement contained in this Agreement (other than those specified in clause (a), (b) or (d) of this Article) or any other Loan Document, and such failure shall continue unremedied for a period of thirty (30) days after notice thereof from the Administrative Agent to the Company (which notice will be given at the request of any Lender);

(f) the Company or any Subsidiary shall fail to make any payment of principal or interest, regardless of amount, in respect of any Material Indebtedness, when and as the same shall become due and payable beyond the period (without giving effect to any extensions, waivers, amendments or other modifications of or to such period) of grace, if any, provided in the instrument or agreement under which such Material Indebtedness was created, and, prior to any termination of Commitments or the acceleration of payment of Loans pursuant to this Article VII, such failure is not waived in writing by the holders of such Material Indebtedness;

(g) any event or condition occurs (after giving effect to any applicable grace periods and after giving effect to any extensions, waivers, amendments or other modifications of any applicable provision or agreement) that results in any Material Indebtedness becoming due prior to its scheduled maturity or that enables or permits the holder or holders of any Material Indebtedness or any trustee or agent on its or their behalf to cause, with the giving of an acceleration or similar notice if required, any Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity; provided that this clause (g) shall not apply to secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness to the extent such Indebtedness is paid when due;

(h) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Company or any Significant Subsidiary or its debts, or of a substantial part of its assets, under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, including a "*faillite*", "*gestion contrôlée*", "*concordat préventif de la faillite*", "*sursis de paiement*" or "*liquidation judiciaire*" or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator, a *juge délégué*, *commissaire*, *juge-commissaire*, *mandataire ad hoc*, *administrateur provisoire*, *liquidateur* or *curateur* or similar official for the Company or any Significant Subsidiary or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(i) (1) the Company or any Significant Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, including a "*faillite*", "*gestion contrôlée*", "*concordat préventif de la faillite*", "*sursis de paiement*" or "*liquidation volontaire*", (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (h) of this Article, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator, a *juge délégué*, *commissaire*, *juge-commissaire*, *mandataire ad hoc*, *administrateur provisoire*, *liquidateur* or *curateur* or similar official for the Company or any Significant Subsidiary or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it

in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing;

(j) the Company or any Significant Subsidiary shall become unable, admit in writing its inability or fail generally to pay its debts as they become due;

(k) one or more judgments for the payment of money in an aggregate amount (not paid or covered by insurance) in excess of \$100,000,000 shall be rendered against the Company, any Subsidiary or any combination thereof and (i) the same shall remain undischarged for a period of 60 consecutive days from the entry thereof during which execution shall not be effectively stayed or bonded, or (ii) any action shall be legally taken by a judgment creditor to attach or levy upon any assets of the Company or any Subsidiary to enforce any such judgment;

(l) an ERISA Event shall have occurred that, when taken together with all other ERISA Events that have occurred, would reasonably be expected to result in a Material Adverse Effect;

(m) a Change in Control shall occur; or

(n) any material provision of any Loan Document ([including, for the avoidance of doubt, with respect to guarantees and security](#)) for any reason ceases to be valid, binding and enforceable in accordance with its terms (or the Company or any Subsidiary shall challenge the enforceability of any Loan Document or shall assert in writing, or engage in any action or inaction based on any such assertion, that any provision of any of the Loan Documents has ceased to be or otherwise is not valid, binding and enforceable in accordance with its terms);

then, and in every such event (other than an event with respect to any Borrower described in clause (h) or (i) of this Article), and at any time thereafter during the continuance of such event, the Administrative Agent may, and at the request of the Required Lenders shall, by notice to the Company, take either or both of the following actions, at the same or different times: (i) terminate the Commitments, and thereupon the Commitments shall terminate immediately, and (ii) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other Obligations of the Borrowers accrued hereunder and under the other Loan Documents, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrowers; and in case of any event with respect to any Borrower described in clause (h) or (i) of this Article, the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other Obligations accrued hereunder and under the other Loan Documents, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrowers. Upon the occurrence and during the continuance of an Event of Default, the Administrative Agent may, and at the request of the Required Lenders shall, exercise any rights and remedies provided to the Administrative Agent under the Loan Documents or at law or equity.

ARTICLE VIII

The Administrative Agent

Each of the Lenders and the Issuing Banks hereby irrevocably appoints the Administrative Agent as its agent and authorizes the Administrative Agent to take such actions on its behalf, including execution of the other Loan Documents, and to exercise such powers as are delegated to the Administrative

Agent by the terms of the Loan Documents, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Administrative Agent, the Lenders and the Issuing Banks, and except with respect to the second sentence in the penultimate paragraph of this Article VIII, neither the Company nor any other Borrower shall have rights as a third party beneficiary of any of such provisions.

The bank serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent, and such bank and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Company or any Subsidiary or other Affiliate thereof as if it were not the Administrative Agent hereunder.

The Administrative Agent shall not have any duties or obligations except those expressly set forth in the Loan Documents. Without limiting the generality of the foregoing, (a) the Administrative Agent shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (b) the Administrative Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated by the Loan Documents that the Administrative Agent is required to exercise in writing as directed by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.02); provided that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Loan Document or applicable law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any debtor relief law or other insolvency law or that may effect a forfeiture, modification or termination of property of a Defaulting Lender in violation of any such debtor relief law or insolvency law; and (c) except as expressly set forth in the Loan Documents, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Company or any of its Subsidiaries that is communicated to or obtained by the bank serving as Administrative Agent or any of its Affiliates in any capacity. The Administrative Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.02) or in the absence of its own gross negligence, bad faith or willful misconduct. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until written notice thereof is given to the Administrative Agent by the Company or a Lender, and the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with any Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or in connection with any Loan Document, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth in any Loan Document, (iv) the validity, enforceability, effectiveness or genuineness of any Loan Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in Article IV or elsewhere in any Loan Document, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent. In determining compliance with any condition hereunder to the making of a Loan, or the issuance, extension, renewal or increase of a Letter of Credit, that by its terms must be fulfilled to the satisfaction of a Lender or the applicable Issuing Bank, the Administrative Agent may presume that such condition is satisfactory to such Lender or the applicable Issuing Bank unless the Administrative Agent shall have received notice to the contrary from such Lender or the applicable Issuing Bank prior to the making of such Loan or the issuance of such Letter of Credit.

In determining compliance with any condition hereunder to the making of a Loan, or the issuance, extension, renewal or increase of a Letter of Credit, that by its terms must be fulfilled to the

satisfaction of a Lender or the applicable Issuing Bank, the Administrative Agent may presume that such condition is satisfactory to such Lender or the applicable Issuing Bank unless the Administrative Agent shall have received notice to the contrary from such Lender or the applicable Issuing Bank prior to the making of such Loan or the issuance of such Letter of Credit.

The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. The Administrative Agent may consult with legal counsel (who may be counsel for the Company), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

The Administrative Agent may perform any and all its duties and exercise its rights and powers by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

Subject to the appointment and acceptance of a successor Administrative Agent as provided in this paragraph, the Administrative Agent may resign at any time by giving thirty (30) days' prior written notice thereof to the Lenders, the Issuing Banks and the Company. Upon any such resignation, the Required Lenders shall have the right, in consultation with the Company and, so long as no Event of Default pursuant to paragraph (a), (b), (h) or (i) under Article VII has occurred and is continuing, with the Company's prior written consent, to appoint a successor. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within thirty (30) days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may, on behalf of the Lenders and the Issuing Banks, appoint a successor Administrative Agent which shall be a bank with an office in New York, New York, or an Affiliate of any such bank. Whether or not a successor has been appointed, such resignation shall become effective in accordance with such notice. Upon the acceptance of its appointment as Administrative Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. The fees payable by any Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between such Borrower and such successor. After the Administrative Agent's resignation hereunder, the provisions of this Article and Section 9.03 shall continue in effect for the benefit of such retiring Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while it was acting as Administrative Agent.

Any resignation by Bank of America, N.A. as Administrative Agent pursuant to this Section shall also constitute its resignation as an Issuing Bank and Swingline Lender. If Bank of America, N.A. resigns as an Issuing Bank, it shall retain all the rights, powers, privileges and duties of an Issuing Bank hereunder with respect to all Letters of Credit outstanding and issued by it as of the effective date of its resignation as Issuing Bank and all LC Exposure with respect thereto, including the right to require the Lenders to fund risk participations in unreimbursed LC Disbursements pursuant to Section 2.06(e). If Bank of America, N.A. resigns as Swingline Lender, it shall retain all the rights of the Swingline Lender provided

for hereunder with respect to Swingline Loans made by it and outstanding as of the effective date of such resignation, including the right to require the Lenders to fund risk participations in outstanding Swingline Loans pursuant to Section 2.05(c). Upon the appointment by the Company of a successor Issuing Bank or Swingline Lender hereunder (which successor shall in all cases be a Lender other than a Defaulting Lender), (a) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring Issuing Bank or Swingline Lender, as applicable, (b) the retiring Issuing Bank and Swingline Lender shall be discharged from all of their respective duties and obligations hereunder or under the other Loan Documents, and (c) the successor Issuing Bank shall issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession or make other arrangements satisfactory to Bank of America, N.A. to effectively assume the obligations of Bank of America, N.A. with respect to such Letters of Credit.

Each Lender acknowledges and agrees that the extensions of credit made hereunder are commercial loans and letters of credit and not investments in a business enterprise or securities. Each Lender further represents that it is engaged in making, acquiring or holding commercial loans in the ordinary course of its business and has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement as a Lender, and to make, acquire or hold Loans hereunder. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information (which may contain material, non-public information within the meaning of the United States securities laws concerning the Company and its Affiliates) as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder and in deciding whether or to the extent to which it will continue as a lender or assign or otherwise transfer its rights, interests and obligations hereunder.

None of the Lenders, if any, identified in this Agreement as a Lead Arranger, Co-Syndication Agent or Co-Documentation Agent shall have any right, power, obligation, liability, responsibility or duty under this Agreement (other than with respect to Section 4.04) other than those applicable to all Lenders as such. Without limiting the foregoing, none of such Lenders shall have or be deemed to have a fiduciary relationship with any Lender. Each Lender hereby makes the same acknowledgments with respect to the relevant Lenders in their respective capacities as Lead Arrangers, Co-Syndication Agents or Co-Documentation Agents, as applicable, as it makes with respect to the Administrative Agent in the preceding paragraph.

The Lenders are not partners or co-venturers, and no Lender shall be liable for the acts or omissions of, or (except as otherwise set forth herein in case of the Administrative Agent) authorized to act for, any other Lender. The Administrative Agent shall have the exclusive right on behalf of the Lenders to enforce the payment of the principal of and interest on any Loan after the date such principal or interest has become due and payable pursuant to the terms of this Agreement.

Each Lender and each Issuing Bank expressly acknowledges that none of the Administrative Agent nor any Lead Arranger has made any representation or warranty to it, and that no act by the Administrative Agent or any Lead Arranger hereafter taken, including any consent to, and acceptance of any assignment or review of the affairs of any Borrowers of any Affiliate thereof, shall be deemed to constitute any representation or warranty by the Administrative Agent or any Lead Arranger to any Lender or each Issuing Bank as to any matter, including whether the Administrative Agent or any Lead Arranger have disclosed material information in their (or their Related Parties') possession. Each Lender and each Issuing Bank represents to the Administrative Agent and any Lead Arranger that it has, independently and without

reliance upon the Administrative Agent, any Lead Arranger, any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis of, appraisal of, and investigation into, the business, prospects, operations, property, financial and other condition and creditworthiness of the Borrowers and their Subsidiaries, and all applicable bank or other regulatory laws relating to the transactions contemplated hereby, and made its own decision to enter into this Agreement and to extend credit to the Borrowers hereunder. Each Lender and each Issuing Bank also acknowledges that it will, independently and without reliance upon the Administrative Agent, any Lead Arranger, any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of the Borrowers. Each Lender and each Issuing Bank represents and warrants that (i) the Loan Documents set forth the terms of a commercial lending facility and (ii) it is engaged in making, acquiring or holding commercial loans in the ordinary course and is entering into this Agreement as a Lender or Issuing Bank for the purpose of making, acquiring or holding commercial loans and providing other facilities set forth herein as may be applicable to such Lender or Issuing Bank, and not for the purpose of purchasing, acquiring or holding any other type of financial instrument, and each Lender and each Issuing Bank agrees not to assert a claim in contravention of the foregoing. Each Lender and each Issuing Bank represents and warrants that it is sophisticated with respect to decisions to make, acquire and/or hold commercial loans and to provide other facilities set forth herein, as may be applicable to such Lender or such Issuing Bank, and either it, or the Person exercising discretion in making its decision to make, acquire and/or hold such commercial loans or to provide such other facilities, is experienced in making, acquiring or holding such commercial loans or providing such other facilities.

ARTICLE IX

Miscellaneous

SECTION 9.01. Notices. (a) Except in the case of notices and other communications expressly permitted to be given by telephone (and subject to paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile or telecopy, as follows:

(i) if to any Borrower, to it c/o Tapestry, Inc., 10 Hudson Yards, New York, New York 10001 Attention of Treasurer (Telecopy No. (212) 946-8450; Telephone No. (212) 946-8400 x 100601), with a copy (in the case of a notice of Default) to Chief Legal Officer (Telecopy No. (212) 615-2541; Telephone No. (212) 629-2228);

(ii) if to Bank of America, N.A., in its capacity as the Administrative Agent, an Issuing Bank or as the Swingline Lender, to the address, facsimile number, electronic mail address or telephone number specified in Schedule 9.01;

(iii) if to any other Lender or Issuing Bank, to it at its address (or telecopy number) set forth in its Administrative Questionnaire.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given

at the opening of business on the next business day for the recipient). Notices delivered through Electronic Systems, to the extent provided in paragraph (b) below, shall be effective as provided in said paragraph (b).

(b) Notices and other communications to the Lenders and the Issuing Banks hereunder may be delivered or furnished by using Electronic Systems pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices pursuant to Article II unless otherwise agreed by the Administrative Agent and the applicable Lender. The Administrative Agent or the Company may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient, at its e-mail address as described in the foregoing clause (i), of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii) above, if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient.

(c) Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

(d) Electronic Systems.

(i) The Company agrees that the Administrative Agent may, but shall not be obligated to, make Communications (as defined below) available to the Issuing Banks and the other Lenders by posting the Communications on Debt Domain, Intralinks, SyndTrak, ClearPar or a substantially similar Electronic System.

(ii) Any Electronic System used by the Administrative Agent is provided "as is" and "as available." The Agent Parties (as defined below) do not warrant the adequacy of such Electronic Systems and expressly disclaim liability for errors or omissions in the Communications. No warranty of any kind, express, implied or statutory, including, without limitation, any warranty of merchantability, fitness for a particular purpose, non-infringement of third-party rights or freedom from viruses or other code defects, is made by any Agent Party in connection with the Communications or any Electronic System. In no event shall the Administrative Agent or any of its Related Parties (collectively, the "Agent Parties") have any liability to any ~~Borrower~~Loan Party, any Lender, any Issuing Bank or any other Person or entity for damages of any kind, including, without limitation, direct or indirect, special, incidental or consequential damages, losses or expenses (whether in tort, contract or otherwise) arising out of any ~~Borrower's~~Loan Party's or the Administrative Agent's transmission of Communications through an Electronic System. "Communications" means, collectively, any notice, demand, communication, information, document or other material provided by or on behalf of any ~~Borrower~~Loan Party pursuant

to any Loan Document or the transactions contemplated therein which is distributed by the Administrative Agent, any Lender or any Issuing Bank by means of electronic communications pursuant to this Section, including through an Electronic System.

SECTION 9.02. Waivers; Amendments. (a) No failure or delay by the Administrative Agent, any Issuing Bank or any Lender in exercising any right or power hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent, the Issuing Banks and the Lenders hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by any Borrower therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan or issuance of a Letter of Credit shall not be construed as a waiver of any Default, regardless of whether the Administrative Agent, any Lender or any Issuing Bank may have had notice or knowledge of such Default at the time.

(b) Except as provided in Sections 2.20 or 2.25 with respect to the extension of any Maturity Date, neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrowers and the Required Lenders or by the Borrowers and the Administrative Agent with the consent of the Required Lenders; provided that no such agreement shall (i) increase the Commitment of any Lender without the written consent of such Lender, (ii) reduce the principal amount of any Loan or LC Disbursement or reduce the rate of interest thereon, or reduce any fees payable hereunder, without the written consent of each Lender directly affected thereby, provided that (x) any amendment or modification to the financial covenants in this Agreement (or the defined terms used in the financial covenants to this Agreement) shall not constitute a reduction in the rate of interest or fees for purposes of this clause (ii) even if the effect of such amendment or modification would be to reduce the rate of interest on any Loan or any LC Disbursement or to reduce any fee payable hereunder and (y) that only the consent of the Required Lenders shall be necessary to reduce or waive any obligation of the Borrowers to pay interest or fees at the applicable default rate set forth in Section 2.13(c), (iii) postpone the scheduled date of payment of the principal amount of any Loan or LC Disbursement, or any interest thereon, or any fees payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender directly affected thereby, (iv) change Section 2.18(b) or (d) in a manner that would alter the pro rata sharing of payments required thereby, without the written consent of each Lender, (v) change any of the provisions of this Section or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender, or (vi) release the Company from its obligations under Article X without the written consent of each Lender; provided further that (1) no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent, any Issuing Bank or the Swingline Lender hereunder without the prior written consent of the Administrative Agent, such Issuing Bank or the Swingline Lender, as the case may be (it being understood that any change to Section 2.24 shall require the consent of the Administrative Agent, each Issuing Bank and the Swingline Lender) and (2) no amendment, waiver or consent hereunder may affect one Class of the Lenders' Loans or Commitments more adversely vis-a-vis the other Class without the consent of the Lenders having

a majority interest of the outstanding principal of Loans and Commitments of such adversely affected Class, as applicable. Notwithstanding the foregoing, no consent with respect to any amendment, waiver or other modification of this Agreement shall be required of any Defaulting Lender, except with respect to any amendment, waiver or other modification referred to in clause (i), (ii) or (iii) of the first proviso of this paragraph and then only in the event such Defaulting Lender shall be directly affected by such amendment, waiver or other modification.

(c) [Intentionally Omitted].

(d) If, in connection with any proposed amendment, waiver or consent requiring the consent of “each Lender” or “each Lender directly affected thereby,” the consent of the Required Lenders is obtained, but the consent of other necessary Lenders is not obtained (any such Lender whose consent is necessary but not obtained being referred to herein as a “Non-Consenting Lender”), then the Company may elect to replace a Non-Consenting Lender as a Lender party to this Agreement, provided that, concurrently with such replacement, (i) another bank or other entity which is reasonably satisfactory to the Company and the Administrative Agent shall agree, as of such date, to purchase for cash the Loans and other Obligations due to the Non-Consenting Lender pursuant to an Assignment and Assumption and to become a Lender for all purposes under this Agreement and to assume all obligations of the Non-Consenting Lender to be terminated as of such date and to comply with the requirements of clause (b) of Section 9.04, and (ii) each Borrower shall pay to such Non-Consenting Lender in same day funds on the day of such replacement (1) all interest, fees and other amounts then accrued but unpaid to such Non-Consenting Lender by such Borrower hereunder to and including the date of termination, including without limitation payments due to such Non-Consenting Lender under Sections 2.15 and 2.17, and (2) an amount, if any, equal to the payment which would have been due to such Lender on the day of such replacement under Section 2.16 had the Loans of such Non-Consenting Lender been prepaid on such date rather than sold to the replacement Lender.

(e) Notwithstanding anything to the contrary herein the Administrative Agent may, with the consent of the Borrowers only, amend, modify or supplement this Agreement or any of the other Loan Documents to cure any ambiguity, omission, mistake, defect or inconsistency.

SECTION 9.03. Expenses; Indemnity; Damage Waiver. (a) The Company shall pay (i) all reasonable out-of-pocket expenses incurred by the Administrative Agent and its Affiliates, including the reasonable fees, charges and disbursements of one primary counsel for the Administrative Agent and one local counsel in each applicable jurisdiction, in connection with the syndication and distribution (including, without limitation, via the internet or through a service such as Intralinks or SyndTrak) of the credit facilities provided for herein, the preparation and administration of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated) (provided, however, that if the Effective Date does not occur, the Company shall not be required to reimburse the Administrative Agent and its Affiliates for any such expenses (other than such legal fees)), (ii) all reasonable out-of-pocket expenses incurred by the Issuing Banks in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) all out-of-pocket expenses incurred by the Administrative Agent, any Issuing Bank or any Lender, including the reasonable fees, charges and disbursements of one primary counsel and of any special and local counsel for the Administrative Agent and the Issuing Banks and one additional counsel for all Lenders other than the Administrative Agent and additional counsel in light of actual or potential conflicts of interest

or the availability of different claims or defenses, in connection with the enforcement or protection of its rights in connection with this Agreement and any other Loan Document, including its rights under this Section, or in connection with the Loans made or Letters of Credit issued hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit.

(b) The Company shall indemnify the Administrative Agent, each Issuing Bank and each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an “Indemnitee”) against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the fees, charges and disbursements of any counsel for any Indemnitee, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the execution or delivery of any Loan Document or any agreement or instrument contemplated thereby, the performance by the parties hereto of their respective obligations thereunder or the consummation of the Transactions or any other transactions contemplated hereby, (ii) any Loan or Letter of Credit or the use of the proceeds therefrom (including any refusal by any Issuing Bank to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by the Company or any of its Subsidiaries, or any Environmental Liability related in any way to the Company or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Company or any of its Subsidiaries, and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from (i)(i) such Indemnitee’s gross negligence or willful misconduct, (i)(ii) such Indemnitee’s material breach of its obligations under this Agreement and the other Loan Documents or (i)(iii) any investigation, litigation, claim, proceeding or defense not involving an act or omission by the Company or any of its Affiliates and that is brought by an Indemnitee against another Indemnitee (other than in its capacity as a Joint Lead Arranger (or similar agent) or as the Administrative Agent). This Section 9.03(b) shall not apply with respect to Taxes other than any Taxes that represent losses, claims or damages arising from any non-Tax claim.

(c) To the extent that the Company fails to pay any amount required to be paid by it to the Administrative Agent, any Issuing Bank or the Swingline Lender under paragraph (a) or (b) of this Section, each Lender severally agrees to pay to the Administrative Agent, and each Lender severally agrees to pay to such Issuing Bank or the Swingline Lender, as the case may be, such Lender’s Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount (it being understood that the Company’s failure to pay any such amount shall not relieve the Company of any default in the payment thereof); provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent, such Issuing Bank or the Swingline Lender in its capacity as such.

(d) To the extent permitted by applicable law, no Borrower shall assert, and each Borrower hereby waives, any claim against any Indemnitee (i) for any damages arising from the use by others of information or other materials obtained through telecommunications, electronic or other information transmission systems (including the Internet), or (ii) on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of,

in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the Transactions, any Loan or Letter of Credit or the use of the proceeds thereof.

(e) All amounts due under this Section shall be payable not later than fifteen (15) days after written demand therefor.

SECTION 9.04. Successors and Assigns. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby (including any Affiliate of any Issuing Bank that issues any Letter of Credit), except that (i) no Borrower may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by any Borrower without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby (including any Affiliate of any Issuing Bank that issues any Letter of Credit), Participants (to the extent provided in paragraph (c) of this Section) and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent, the Issuing Banks and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) (i) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more Persons (other than an Ineligible Institution) all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans at the time owing to it) with the prior written consent (such consent not to be unreasonably withheld or delayed) of:

(A) the Company; provided, further, that (1) with respect to any assignments of Revolving Loans and Commitments, no consent of the Company shall be required for an assignment to a Lender, an Affiliate of a Lender, an Approved Fund, a Permitted Assignee or, if an Event of Default under paragraphs (a), (b), (h) or (i) under Article VII has occurred and is continuing, any other assignee; and (2) with respect to assignments of any Loans or Commitments hereunder, the Company's consent shall be deemed to have been provided if the Company shall not have responded to a written request therefor within five Business Days; and

(B) the Administrative Agent; and

(C) with respect to assignments of Revolving Loans and Commitments only, each Issuing Bank and the Swingline Lender.

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender, an Approved Fund, an Affiliate of a Lender or an assignment of the entire remaining amount of the assigning Lender's Commitment or Loans of any Class, the amount of the Commitment or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent) shall not be less than \$5,000,000 (in the case of Commitments and Revolving Loans) unless each of the

Company and the Administrative Agent otherwise consent, provided that no such consent of the Company shall be required if an Event of Default under paragraphs (a), (b), (h) or (i) under Article VII has occurred and is continuing;

(B) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement, provided that this clause shall not be construed to prohibit the assignment of a proportionate part of all the assigning Lender's rights and obligations in respect of one Class of Commitments or Loans;

(C) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of \$3,500, such fee to be paid by either the assigning Lender or the assignee Lender or shared between such Lenders; and

(D) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent (i) any tax documentation required pursuant to Section 2.17(f) and (ii) an Administrative Questionnaire in which the assignee designates one or more credit contacts to whom all syndicate-level information (which may contain material non-public information about the Company and its affiliates and their Related Parties or their respective securities) will be made available and who may receive such information in accordance with the assignee's compliance procedures and applicable laws, including Federal and state securities laws.

(iii) Subject to acceptance and recording thereof pursuant to paragraph (b)(iv) of this Section, from and after the effective date specified in each Assignment and Assumption the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.15, 2.16, 2.17 and 9.03). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 9.04 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (c) of this Section.

(iv) The Administrative Agent, acting for this purpose as an agent of each Borrower, shall maintain at one of its offices a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount (and stated interest) of the Loans and LC Disbursements owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Borrowers, the Administrative Agent, the Issuing Banks and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Company, any Issuing Bank and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(v) Upon its receipt of a duly completed Assignment and Assumption executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the Administrative Agent shall accept such Assignment and Assumption and record the information contained therein in the Register; provided that if either the assigning Lender or the assignee shall have failed to make any payment required to be made by it pursuant to Section 2.05(c), 2.06(d) or (e), 2.07(b), 2.18(e) or 9.03(c), the Administrative Agent shall have no obligation to accept such Assignment and Assumption and record the information therein in the Register unless and until such payment shall have been made in full, together with all accrued interest thereon. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(c) Any Lender may, without the consent of any Borrower, the Administrative Agent, the Issuing Banks or the Swingline Lender, sell participations to one or more banks or other entities (a "Participant"), other than an Ineligible Institution, in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); provided that (A) such Lender's obligations under this Agreement shall remain unchanged; (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations; and (C) the Borrowers, the Administrative Agent, the Issuing Banks and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 9.02(b) that affects such Participant. Each Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.15, 2.16 and 2.17 (subject to the requirements and limitations therein, including the requirements under Section 2.17(f) (it being understood that the documentation required under Section 2.17(f) shall be delivered to the participating Lender)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section; provided that such Participant (A) agrees to be subject to the provisions of Sections 2.18 and 2.19 as if it were an assignee under paragraph (b) of this Section; and (B) shall not be entitled to receive any greater payment under Sections 2.15 or 2.17, with respect to any participation, than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 9.08 as though it were a Lender, provided such Participant agrees to be subject to Section 2.18(d) as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrowers, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any Commitments, Loans, Letters of Credit or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such Commitment, Loan, Letter of Credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations and Section

1.163-5(b) of the Proposed United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(d) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including without limitation any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

SECTION 9.05. Survival. All covenants, agreements, representations and warranties made by the Borrowers Loan Parties in the Loan Documents and in the certificates or other instruments delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of the Loan Documents and the making of any Loans and issuance of any Letters of Credit, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent, any Issuing Bank or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement or any other Loan Document is outstanding and unpaid or any Letter of Credit is outstanding and so long as the Commitments have not expired or terminated. The provisions of Sections 2.15, 2.16, 2.17 and 9.03 and Article VIII shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Letters of Credit and the Commitments or the termination of this Agreement or any other Loan Document or any provision hereof or thereof.

SECTION 9.06. Counterparts; Integration; Effectiveness; Electronic Execution. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement, the other Loan Documents and any separate letter agreements with respect to fees payable to the Administrative Agent constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. This Agreement shall become effective on the Effective Date. The words “execute,” “execution,” “signed,” “signature,” “delivery,” and words of like import in or relating to any document to be signed in connection with this Agreement and the transactions contemplated hereby (including, without limitation, Assignment and Assumptions, amendments or other modifications, Borrowing Requests, Swingline Loan Notices, waivers and consents) shall be deemed to include Electronic Signatures, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

SECTION 9.07. Severability. Any provision of any Loan Document held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions thereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 9.08. Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final and in whatever currency denominated) at any time held and other obligations at any time owing by such Lender or Affiliate to or for the credit or the account of any Borrower or any Subsidiary Guarantor against any of and all of the Obligations held by such Lender, irrespective of whether or not such Lender shall have made any demand under the Loan Documents and although such obligations may be unmatured. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

SECTION 9.09. Governing Law; Jurisdiction; Consent to Service of Process. (a) This Agreement shall be construed in accordance with and governed by the law of the State of New York.

(b) Each party hereto hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County, Borough of Manhattan, and of the United States District Court for the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to any Loan Document, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or any other Loan Document shall affect any right that any party hereto may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against any other party hereto or its properties in the courts of any jurisdiction.

(c) Each party hereto hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 9.01. Each Foreign Subsidiary Borrower irrevocably designates and appoints the Company, as its authorized agent, to accept and acknowledge on its behalf, service of any and all process which may be served in any suit, action or proceeding of the nature referred to in Section 9.09(b) in any federal or New York State court sitting in New York City. The Company hereby represents, warrants and confirms that the Company has agreed to accept such appointment. Said designation and appointment shall be irrevocable by each such Foreign Subsidiary

Borrower until all Loans, all reimbursement obligations, interest thereon and all other amounts payable by such Foreign Subsidiary Borrower hereunder and under the other Loan Documents shall have been paid in full in accordance with the provisions hereof and thereof and such Foreign Subsidiary Borrower shall have been terminated as a Borrower hereunder pursuant to Section 2.23. Each Foreign Subsidiary Borrower hereby consents to process being served in any suit, action or proceeding of the nature referred to in Section 9.09(b) in any federal or New York State court sitting in New York City by service of process upon the Company as provided in this Section 9.09(d); provided that, to the extent lawful and possible, notice of said service upon such agent shall be mailed by registered or certified air mail, postage prepaid, return receipt requested, to the Company and (if applicable to) such Foreign Subsidiary Borrower at its address set forth in the Borrowing Subsidiary Agreement to which it is a party or to any other address of which such Foreign Subsidiary Borrower shall have given written notice to the Administrative Agent (with a copy thereof to the Company). Each Foreign Subsidiary Borrower irrevocably waives, to the fullest extent permitted by law, all claim of error by reason of any such service in such manner and agrees that such service shall be deemed in every respect effective service of process upon such Foreign Subsidiary Borrower in any such suit, action or proceeding and shall, to the fullest extent permitted by law, be taken and held to be valid and personal service upon and personal delivery to such Foreign Subsidiary Borrower. To the extent any Foreign Subsidiary Borrower has or hereafter may acquire any immunity from jurisdiction of any court or from any legal process (whether from service or notice, attachment prior to judgment, attachment in aid of execution of a judgment, execution or otherwise), each Foreign Subsidiary Borrower hereby irrevocably waives such immunity in respect of its obligations under the Loan Documents. Nothing in this Agreement or any other Loan Document will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 9.10. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 9.11. Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 9.12. Confidentiality. Each of the Administrative Agent, the Issuing Banks and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a)(a) pursuant to the order of any court or administrative agency or in any pending legal or administrative proceeding, or otherwise as required by applicable law or compulsory legal process (in which case (except with respect to any audit or examination conducted by bank accountants or any self-regulatory or governmental or regulatory authority exercising examination or regulatory authority) each Credit Party agrees to inform you promptly thereof prior to such disclosure to the extent not prohibited by law, rule or regulation),

(a)(b) upon the request or demand of any regulatory authority having jurisdiction over a Credit Party or any of its Affiliates, (a)(c) to the extent that such Information becomes publicly available other than by reason of disclosure in violation of this Agreement by such Credit Party, (a)(d) to each Credit Party's Affiliates and such Credit Party's and such Affiliates' directors, officers, employees, legal counsel, independent auditors and other experts or agents who need to know such information in connection with the Transactions and are informed of the confidential nature of such information, (a)(e) for purposes of establishing a "due diligence" defense, (a)(f) to the extent that such Information is received by a Credit Party from a third party that is not to such Credit Party's knowledge subject to confidentiality obligations to the Company, (a)(g) to the extent that such Information is or was independently developed by such Credit Party, (a)(h) to actual or prospective, direct or indirect counterparties (or their advisors) to any Swap Agreement or other derivative transaction relating to the Company or any of their respective subsidiaries or any of their respective obligations; provided that the disclosure of any such Information to any actual or prospective, direct or indirect counterparty (or their advisors) to any such Swap Agreement or other derivative transaction shall be made subject to the acknowledgment and acceptance by such counterparty (and their advisors, as applicable) that such Information is being disseminated on a confidential basis (on substantially the terms set forth in this paragraph or as is otherwise reasonably acceptable to the Company and such Credit Party) in accordance with customary market standards for dissemination of such type of information or (a)(i) to potential Lenders, participants or assignees who agree to be bound by the terms of this paragraph (or language substantially similar to this paragraph or as otherwise reasonably acceptable to the Company and such Credit Party, including as may be agreed in any confidential information memorandum or other marketing material). For the purposes of this Section, "Information" means all information received from the Company relating to the Company or its business, other than any such information that is available to the Administrative Agent, any Issuing Bank or any Lender on a nonconfidential basis prior to disclosure by the Company and other than information pertaining to this Agreement routinely provided by arrangers to data service providers, including league table providers, that serve the lending industry. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

EACH LENDER ACKNOWLEDGES THAT INFORMATION AS DEFINED IN THE IMMEDIATELY PRECEDING PARAGRAPH FURNISHED TO IT PURSUANT TO THIS AGREEMENT MAY INCLUDE MATERIAL NON-PUBLIC INFORMATION CONCERNING THE COMPANY AND ITS RELATED PARTIES OR THEIR RESPECTIVE SECURITIES, AND CONFIRMS THAT IT HAS DEVELOPED COMPLIANCE PROCEDURES REGARDING THE USE OF MATERIAL NON-PUBLIC INFORMATION AND THAT IT WILL HANDLE SUCH MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH THOSE PROCEDURES AND APPLICABLE LAW, INCLUDING FEDERAL AND STATE SECURITIES LAWS.

ALL INFORMATION, INCLUDING REQUESTS FOR WAIVERS AND AMENDMENTS, FURNISHED BY THE COMPANY OR THE ADMINISTRATIVE AGENT PURSUANT TO, OR IN THE COURSE OF ADMINISTERING, THIS AGREEMENT WILL BE SYNDICATE-LEVEL INFORMATION, WHICH MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION ABOUT THE COMPANY, THE OTHER **BORROWERS** LOAN PARTIES AND THEIR RELATED PARTIES OR THEIR RESPECTIVE SECURITIES. ACCORDINGLY, EACH LENDER REPRESENTS TO THE COMPANY AND THE ADMINISTRATIVE AGENT THAT IT HAS IDENTIFIED IN ITS ADMINISTRATIVE QUESTIONNAIRE A CREDIT CONTACT WHO MAY RECEIVE INFORMATION THAT MAY

SECTION 9.13. USA PATRIOT Act. Each Lender that is subject to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the “Act”) hereby notifies each ~~Borrower~~Loan Party that pursuant to the requirements of the Act and the Beneficial Ownership Regulation, it is required to obtain, verify and record information that identifies such ~~Borrower~~Loan Party, which information includes the name and address of such ~~Borrower~~Loan Party and other information that will allow such Lender to identify such ~~Borrower~~Loan Party in accordance with the Act and the Beneficial Ownership Regulation.

SECTION 9.14. ~~Intentionally Omitted~~Releases of Subsidiary Guarantors and Collateral.

(a) A Subsidiary Guarantor shall automatically be released from its obligations under the Subsidiary Guaranty and the Security Agreement upon the consummation of any transaction permitted by this Agreement as a result of which such Subsidiary Guarantor either (i) becomes an Excluded Subsidiary or (ii) ceases to be a Subsidiary; provided that, if so required by this Agreement, the Required Lenders shall have consented to such transaction and the terms of such consent shall not have provided otherwise. In connection with any termination or release pursuant to this Section, the Administrative Agent shall (and is hereby irrevocably authorized by each Lender to) execute and deliver to any Loan Party, at such Loan Party’s expense, all documents that such Loan Party shall reasonably request to evidence such termination or release. Any execution and delivery of documents pursuant to this Section shall be without recourse to or warranty by the Administrative Agent.

(a) Upon the occurrence of the Release Date, (x) the Company shall be automatically released from its obligations under the Security Agreement and (y) each Subsidiary Guarantor shall automatically be released from its obligations under the Subsidiary Guaranty and the Security Agreement. In connection with any termination or release pursuant to this Section, the Administrative Agent shall (and is hereby irrevocably authorized by each Lender to) execute and deliver to any Loan Party, at such Loan Party’s expense, all documents that such Loan Party shall reasonably request to evidence such termination or release. Any execution and delivery of documents pursuant to this Section shall be without recourse to or warranty by the Administrative Agent.

(a) At such time as the principal and interest on the Loans, all LC Disbursements, the fees, expenses and other amounts payable under the Loan Documents and the other Obligations (other than Obligations expressly stated to survive such payment and termination) shall have been paid in full in cash, the Commitments shall have been terminated and no Letters of Credit shall be outstanding, the Subsidiary Guaranty, the Security Agreement and all obligations (other than those expressly stated to survive such termination) of the Company and each Subsidiary Guarantor thereunder shall automatically terminate, all without delivery of any instrument or performance of any act by any Person. In connection with any termination or release pursuant to this Section, the Administrative Agent shall (and is hereby irrevocably authorized by each Lender to) execute and deliver to any Loan Party, at such Loan Party’s expense, all documents that such Loan Party shall reasonably request to evidence such termination or release. Any execution and delivery of documents pursuant to this Section shall be without recourse to or warranty by the Administrative Agent.

SECTION 9.15. Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts which are treated as interest on such Loan under applicable law (collectively

the “Charges”), shall exceed the maximum lawful rate (the “Maximum Rate”) which may be contracted for, charged, taken, received or reserved by the Lender holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to such Lender in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Rate to the date of repayment, shall have been received by such Lender.

SECTION 9.16. No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), each Borrower acknowledges and agrees that: (i) (A) the arranging and other services regarding this Agreement provided by the Lenders are arm’s-length commercial transactions between such Borrower and its Affiliates, on the one hand, and the Lenders and their Affiliates, on the other hand, (B) such Borrower has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (C) such Borrower is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents; (ii) (A) each of the Lenders and their Affiliates is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for such Borrower or any of its Affiliates, or any other Person and (B) no Lender or any of its Affiliates has any obligation to such Borrower or any of its Affiliates with respect to the transactions contemplated hereby except, in the case of a Lender, those obligations expressly set forth herein and in the other Loan Documents; and (iii) each of the Lenders and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of such Borrower and its Affiliates, and no Lender or any of its Affiliates has any obligation to disclose any of such interests to such Borrower or its Affiliates. To the fullest extent permitted by law, each Borrower hereby waives and releases any claims that it may have against each of the Lenders and their Affiliates with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

SECTION 9.17. Acknowledgement and Consent to Bail-In of EEA Financial Institutions. Solely to the extent any Lender or Issuing Bank that is an EEA Financial Institution is a party to this Agreement and notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Lender or Issuing Bank that is an EEA Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

- (a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any Lender or Issuing Bank that is an EEA Financial Institution; and
- (b) the effects of any Bail-In Action on any such liability, including, if applicable:
 - (i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

SECTION 9.18. Acknowledgement Regarding Any Supported QFCs. To the extent that the Loan Documents provide support, through a guarantee or otherwise, for any Swap Agreement or any other agreement or instrument that is a QFC (such support, “QFC Credit Support”, and each such QFC, a “Supported QFC”), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the “U.S. Special Resolution Regimes”) in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):

In the event a Covered Entity that is party to a Supported QFC (each, a “Covered Party”) becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Loan Documents were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

SECTION 9.19. Certain ERISA Matters.

(a) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and not, for the avoidance of doubt, to or for the benefit of the Borrowers Loan Parties, that at least one of the following is and will be true: (i) such Lender is not using “plan assets” (within the meaning of Section 3(42) of ERISA or otherwise) of one or more Benefit Plans with respect to such Lender’s entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments or this Agreement, (ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified

professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement, (iii) (A) such Lender is an investment fund managed by a "Qualified Professional Asset Manager" (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Loans, the Letters of Credit, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement, or (iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Lender.

(b) In addition, unless either (1) sub-clause (i) in the immediately preceding paragraph is true with respect to a Lender or (2) a Lender has provided another representation, warranty and covenant in accordance with sub-clause (iv) in the immediately preceding clause, such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and not, for the avoidance of doubt, to or for the benefit of the ~~Borrowers~~ Loan Parties, that the Administrative Agent is not a fiduciary with respect to the assets of such Lender involved in such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Loan Document or any documents related hereto or thereto).

SECTION 9.20. Amendments and Waivers with Respect to Subsidiary Guaranty and Security Agreement. With respect to the provisions contained herein pertaining to the Subsidiary Guaranty and the Security Agreement, neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrowers and the Required Lenders or by the Borrowers and the Administrative Agent with the consent of the Required Lenders; provided that no such agreement shall (i) release the Company from its obligations under Article X or, after execution thereof, the Security Agreement without the written consent of each Lender (other than in accordance with Section 9.14) or (ii) release all or substantially all of the Subsidiary Guarantors from their obligations under the Subsidiary Guaranty or the Security Agreement (in each case, after execution thereof) without the written consent of each Lender (other than in accordance with Section 9.14).

ARTICLE X

Company Guarantee

SECTION 10.01. Guarantee. (a) The Company hereby unconditionally and irrevocably guarantees to the Administrative Agent, for the ratable benefit of the Lenders, the Cash

Management Banks, the Hedge Banks and their respective successors, indorsees, transferees and assigns, the prompt and complete payment and performance by (x) the Foreign Subsidiary Borrowers when due (whether at the stated maturity, by acceleration or otherwise) of the Obligations of the Foreign Subsidiary Borrowers and (y) the Subsidiaries when due (whether at the stated maturity, by acceleration or otherwise) of the Obligations of the Subsidiaries with respect to Cash Management Obligations and Hedge Agreements (the “Subsidiary Obligations”).

(b) The Company agrees that the Subsidiary Obligations may at any time and from time to time exceed the amount of the liability of the Company hereunder that would exist in the absence of this Article X without impairing this Guarantee or affecting the rights and remedies of the Administrative Agent or any Lender hereunder.

(c) This Guarantee shall remain in full force and effect until all the Subsidiary Obligations shall have been satisfied by payment in full in immediately available funds, no Letter of Credit shall be outstanding and the Commitments shall be terminated, notwithstanding that from time to time during the term of this Guarantee the Subsidiaries and the Foreign Subsidiary Borrowers may be free from any Subsidiary Obligations.

(d) No payment made by any Borrower, any Subsidiary Guarantor, any other guarantor or any other Person or received or collected by the Administrative Agent or any Lender from any Borrower, any Subsidiary Guarantor, any other guarantor or any other Person by virtue of any action or proceeding or any set-off or appropriation or application at any time or from time to time in reduction of or in payment of the Subsidiary Obligations shall be deemed to modify, reduce, release or otherwise affect the liability of the Company hereunder which shall, notwithstanding any such payment (other than any payment made by the Company in respect of the Subsidiary Obligations or any payment received or collected from the Company in respect of the Subsidiary Obligations), remain liable for the Subsidiary Obligations until the Subsidiary Obligations are paid in full in immediately available funds, no Letter of Credit shall be outstanding and the Commitments are terminated.

SECTION 10.02. No Subrogation. Notwithstanding any payment made by the Company hereunder or any set-off or application of funds of the Company by the Administrative Agent or any Lender, the Company shall not be entitled to be subrogated to any of the rights of the Administrative Agent or any Lender against the Foreign Subsidiary Borrowers ~~or any, the Subsidiaries, any Subsidiary Guarantor or any other~~ guarantor or any collateral security or guarantee or right of offset held by the Administrative Agent or any Lender for the payment of the Subsidiary Obligations nor shall the Company seek or be entitled to seek any contribution or reimbursement from the Foreign Subsidiary Borrowers ~~or any, the Subsidiaries, any Subsidiary Guarantor or any other~~ guarantor in respect of payments made by the Company under this Guarantee, until all amounts owing to the Administrative Agent and the Lenders by the Foreign Subsidiary Borrowers and the Subsidiaries on account of the Subsidiary Obligations are paid in full in immediately available funds, no Letter of Credit shall be outstanding and the Commitments are terminated. If any amount shall be paid to the Company on account of such subrogation rights at any time when all of the Subsidiary Obligations shall not have been paid in full in immediately available funds, such amount shall be held by the Company for the benefit of the Administrative Agent and the Lenders, and shall, forthwith upon receipt by the Company, be turned over to the Administrative Agent in the exact form received by the Company (duly indorsed by the Company to the Administrative Agent, if required), to be applied against the Subsidiary Obligations whether matured or unmatured, in such order as the Administrative Agent may determine.

SECTION 10.03. Amendments, etc. with respect to the Subsidiary Obligations. The Company shall remain obligated under this Guarantee notwithstanding that, without any reservation of rights against the Company and without notice to or further assent by the Company, any demand for payment of any of the Subsidiary Obligations made by the Administrative Agent or any Lender may be rescinded by the Administrative Agent or such Lender and any of the Subsidiary Obligations continued, and the Subsidiary Obligations or the liability of any other Person upon or for any part thereof, or any collateral security or guarantee therefor or right of offset with respect thereto, may, from time to time, in whole or in part, be renewed, extended, amended, modified, accelerated, compromised, waived, surrendered or released by the Administrative Agent or any Lender, and this Agreement and any other documents executed and delivered in connection therewith may be amended, modified, supplemented or terminated, in whole or in part, in accordance with Section 9.02, as the Administrative Agent (or the Required Lenders or all Lenders, as the case may be) may deem advisable from time to time, and any collateral security, guarantee or right of offset at any time held by the Administrative Agent or any Lender for the payment of the Subsidiary Obligations may be sold, exchanged, waived, surrendered or released without affecting the Company's obligations under this Article X. Neither the Administrative Agent nor any Lender shall have any obligation to protect, secure, perfect or insure any Lien at any time held by it as security for the Subsidiary Obligations or for this Guarantee.

SECTION 10.04. Guarantee Absolute and Unconditional. The Company waives any and all notice of the creation, renewal, extension or accrual of any of the Subsidiary Obligations and notice of or proof of reliance by the Administrative Agent or any Lender upon this Guarantee or acceptance of this Guarantee; the Subsidiary Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred, or renewed, extended, amended or waived, in reliance upon this Article X; and all dealings between the Company, the Subsidiaries and any of the Subsidiary Guarantors, on the one hand, and the Administrative Agent and the Lenders, on the other hand, likewise shall be conclusively presumed to have been had or consummated in reliance upon this Article X. The Company waives diligence, presentment, protest, demand for payment and notice of default or nonpayment to or upon the Foreign Subsidiary Borrowers, the Subsidiaries or any of the Subsidiary Guarantors with respect to the Subsidiary Obligations. The Company understands and agrees that this Guarantee shall be construed as a continuing, absolute and unconditional guarantee of payment without regard to (a) the validity or enforceability of this Agreement, any of the Subsidiary Obligations or any other collateral security therefor or guarantee or right of offset with respect thereto at any time or from time to time held by the Administrative Agent or any Lender, (b) any defense, set-off or counterclaim (other than a defense of payment or performance) which may at any time be available to or be asserted by any Foreign Subsidiary Borrower, any Subsidiary or any other Person against the Administrative Agent or any Lender or any Cash Management Bank or any Hedge Bank, or (c) any other circumstance whatsoever (with or without notice to or knowledge of any Borrower or any Subsidiary Guarantor) which constitutes, or might be construed to constitute, an equitable or legal discharge of the Foreign Subsidiary Borrowers or the Subsidiaries for the Subsidiary Obligations, or of the Company under this Article X, in bankruptcy or in any other instance. When making any demand hereunder or otherwise pursuing its rights and remedies hereunder against the Company, the Administrative Agent or any Lender may, but shall be under no obligation to, make a similar demand on or otherwise pursue such rights and remedies as it may have against the Foreign Subsidiary Borrowers ~~or any~~, any relevant Subsidiary, any Subsidiary Guarantor or any other guarantor or any other Person or against any collateral security or guarantee for the Subsidiary Obligations or any right of offset with respect thereto, and any failure by the Administrative Agent or any Lender to make any such demand, to pursue such other rights or remedies or to collect any payments from any Foreign

Subsidiary Borrower, any [Subsidiary, any Subsidiary Guarantor or any other](#) guarantor or any other Person or to realize upon any such collateral security or guarantee or to exercise any such right of offset, or any release of any Foreign Subsidiary Borrower, any [Subsidiary, any Subsidiary Guarantor or any other](#) guarantor or any other Person or any such collateral security, guarantee or right of offset, shall not relieve the Company of any obligation or liability under this Article X, and shall not impair or affect the rights and remedies, whether express, implied or available as a matter of law, of the Administrative Agent or any Lender against the Company under this Article X. For the purposes hereof “demand” shall include the commencement and continuance of any legal proceedings.

SECTION 10.05. Reinstatement. This Article X shall continue to be effective, or shall be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Subsidiary Obligations is rescinded or must otherwise be restored or returned by the Administrative Agent or any Lender upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of any Borrower, ~~or any Subsidiary or any Subsidiary Guarantor, or~~ upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, any Borrower, [any Subsidiary or any Subsidiary Guarantor](#) or any substantial part of its property, or otherwise, all as though such payments had not been made.

SECTION 10.06. Payments. The Company hereby guarantees that payments hereunder will be paid to the Administrative Agent without set-off or counterclaim in dollars or the applicable Agreed Currency in accordance with Section 2.18.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

TAPESTRY, INC.,
as the Company

By _____
Name:
Title:

BANK OF AMERICA, N.A.,
as Administrative Agent

By _____
Name:
Title:

BANK OF AMERICA, N.A., individually as a Lender, as the Swingline Lender and as an Issuing Bank

By _____
Name:
Title:

JPMORGAN CHASE BANK, N.A.,
as an Issuing Bank and a Lender

By _____
Name:
Title:

HSBC BANK USA, N.A.,
as an Issuing Bank and a Lender

By _____
Name:
Title:

Signature Page to Credit Agreement
Tapestry, Inc.

CITIBANK, N.A.,
as a Lender

By _____
Name:
Title:

TD BANK, N.A.,
as a Lender

By _____
Name:
Title:

U.S. BANK NATIONAL ASSOCIATION,
as a Lender

By _____
Name:
Title:

WELLS FARGO BANK, NATIONAL ASSOCIATION, as a Lender

By _____
Name:
Title:

BANK OF CHINA, NEW YORK BRANCH, as a Lender

By _____
Name:
Title:

Signature Page to Credit Agreement
Tapestry, Inc.

BNP PARIBAS, as a Lender

By _____
Name:
Title:

GOLDMAN SACHS BANK USA, as a Lender

By _____
Name:
Title:

MUFG BANK, LTD., as a Lender

By _____
Name:
Title:

PNC BANK, NATIONAL ASSOCIATION, as a Lender

By _____
Name:
Title:

Signature Page to Credit Agreement
Tapestry, Inc.

EXHIBIT A

ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (the “Assignment and Assumption”) is dated as of the Effective Date set forth below and is entered into by and between [*Insert name of Assignor*] (the “Assignor”) and [*Insert name of Assignee*] (the “Assignee”). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, the “Credit Agreement”), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of the Assignor’s rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including any letters of credit, guarantees, and swingline loans included in such facilities) and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as the “Assigned Interest”). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor: ___

2. Assignee: ___

[and is an Affiliate of [identify Lender]]

3. Borrowers: Tapestry, Inc. and certain Foreign Subsidiary Borrowers

4. Administrative Agent: Bank of America, N.A., as the administrative agent under the Credit Agreement

5. Credit Agreement: The Credit Agreement dated as of October 24, 2019, among Tapestry, Inc., the Foreign Subsidiary Borrowers from time to time parties thereto, the Lenders parties thereto, Bank of America, N.A., as Administrative Agent, and the other agents parties thereto

6. Assigned Interest:

Facility Assigned	Aggregate Amount of Commitment/Loans for all Lenders	Amount of Commitment/Loans Assigned	Percentage Assigned of Commitment/Loans
\$	\$	\$	%
\$	\$	\$	%
\$	\$	\$	%

Effective Date: _____, 20__ [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR

[NAME OF ASSIGNOR]

By: _____
Title:

ASSIGNEE

[NAME OF ASSIGNEE]

By: _____
Title:

Consented to and Accepted:

BANK OF AMERICA, N.A., as Administrative Agent

By: ___

Title:

[Consented to:]

TAPESTRY, INC.

By: ___

Title:

3

#93177127v17

STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Company, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Company, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2. Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it satisfies the requirements, if any, specified in the Credit Agreement that are required to be satisfied by it in order to acquire the Assigned Interest and become a Lender, (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 5.01 thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender, and (v) attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Acceptance and adoption of the terms of this Assignment and Assumption by the Assignee and the Assignor by Electronic Signature or delivery of an executed counterpart of a signature page of this Assignment and Assumption by any Electronic System shall be effective as delivery of a manually executed counterpart of

this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.

EXHIBIT B

[Intentionally Omitted]

EXHIBIT C

FORM OF INCREASING LENDER SUPPLEMENT

INCREASING LENDER SUPPLEMENT, dated _____, 20__ (this "Supplement"), by and among each of the signatories hereto, to the Credit Agreement dated as of October 24, 2019, (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Tapestry, Inc. (the "Company"), the Foreign Subsidiary Borrowers from time to time party thereto, the Lenders party thereto and Bank of America, N.A., as administrative agent (in such capacity, the "Administrative Agent").

WITNESSETH

WHEREAS, pursuant to Section 2.20 of the Credit Agreement, the Company has the right, subject to the terms and conditions thereof, to effectuate from time to time an increase in the aggregate Commitments under the Credit Agreement by requesting one or more Lenders to increase the amount of its Commitment;

WHEREAS, the Company has given notice to the Administrative Agent of its intention to increase the aggregate Commitments pursuant to such Section 2.20; and

WHEREAS, pursuant to Section 2.20 of the Credit Agreement, the undersigned Increasing Lender now desires to increase the amount of its Commitment under the Credit Agreement by executing and delivering to the Company and the Administrative Agent this Supplement;

NOW, THEREFORE, each of the parties hereto hereby agrees as follows:

1. The undersigned Increasing Lender agrees, subject to the terms and conditions of the Credit Agreement, that on the date of this Supplement it shall have its Commitment increased by \$[_____], thereby making the aggregate amount of its total Commitments equal to \$[_____].
2. The Company hereby represents and warrants that no Default or Event of Default has occurred and is continuing on and as of the date hereof.
3. Terms defined in the Credit Agreement shall have their defined meanings when used herein.
4. This Supplement shall be governed by, and construed in accordance with, the laws of the State of New York.
5. This Supplement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same document.

IN WITNESS WHEREOF, each of the undersigned has caused this Supplement to be executed and delivered by a duly authorized officer on the date first above written.

[INSERT NAME OF INCREASING LENDER]

By: _____
Name:
Title:

Accepted and agreed to as of the date first written above:

TAPESTRY, INC.

By: _____

Name:

Title:

Acknowledged as of the date first written above:

BANK OF AMERICA, N.A.,
as Administrative Agent

By: _____

Name:

Title:

EXHIBIT D

FORM OF AUGMENTING LENDER SUPPLEMENT

AUGMENTING LENDER SUPPLEMENT, dated _____, 20__ (this "Supplement"), by and among each of the signatories hereto, to the Credit Agreement dated as of October 24, 2019 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Tapestry, Inc. (the "Company"), the Foreign Subsidiary Borrowers from time to time party thereto, the Lenders party thereto and Bank of America, N.A., as administrative agent (in such capacity, the "Administrative Agent").

WITNESSETH

WHEREAS, the Credit Agreement provides in Section 2.20 thereof that any bank, financial institution or other entity may extend Commitments under the Credit Agreement subject to the approval of the Company and the Administrative Agent, by executing and delivering to the Company and the Administrative Agent a supplement to the Credit Agreement in substantially the form of this Supplement; and

WHEREAS, the undersigned Augmenting Lender was not an original party to the Credit Agreement but now desires to become a party thereto;

NOW, THEREFORE, each of the parties hereto hereby agrees as follows:

1. The undersigned Augmenting Lender agrees to be bound by the provisions of the Credit Agreement and agrees that it shall, on the date of this Supplement, become a Lender for all purposes of the Credit Agreement to the same extent as if originally a party thereto, with a Commitment of \$[_____].

2. The undersigned Augmenting Lender (a) represents and warrants that it is legally authorized to enter into this Supplement; (b) confirms that it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 5.01 thereof, as applicable, and has reviewed such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Supplement; (c) agrees that it will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement or any other instrument or document furnished pursuant hereto or thereto; (d) appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Credit Agreement or any other instrument or document furnished pursuant hereto or thereto as are delegated to the Administrative Agent by the terms thereof, together with such powers as are incidental thereto; and (e) agrees that it will be bound by the provisions of the Credit Agreement and will perform in accordance with its terms all the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender.

3. The undersigned's address for notices for the purposes of the Credit Agreement is as follows:

[_____]

4. The Company hereby represents and warrants that no Default or Event of Default has occurred and is continuing on and as of the date hereof.

5. Terms defined in the Credit Agreement shall have their defined meanings when used herein.

6. This Supplement shall be governed by, and construed in accordance with, the laws of the State of New York.

7. This Supplement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same document.

[remainder of this page intentionally left blank]

IN WITNESS WHEREOF, each of the undersigned has caused this Supplement to be executed and delivered by a duly authorized officer on the date first above written.

[INSERT NAME OF AUGMENTING LENDER]

By: _____
Name:
Title:

Accepted and agreed to as of the date first written above:

TAPESTRY, INC.

By: _____

Name:

Title:

Acknowledged as of the date first written above:

BANK OF AMERICA, N.A.
as Administrative Agent

By: _____

Name:

Title:

EXHIBIT E

FORM OF SECURITY AGREEMENT

[~~Intentionally Omitted~~ See Attached]

EXHIBIT F-1

[FORM OF]

BORROWING SUBSIDIARY AGREEMENT

BORROWING SUBSIDIARY AGREEMENT dated as of [____], among Tapestry, Inc., a Maryland corporation (the “Company”), [Name of Foreign Subsidiary Borrower], a [_____] (the “New Borrowing Subsidiary”), and Bank of America, N.A. as Administrative Agent (the “Administrative Agent”).

Reference is hereby made to the Credit Agreement, dated as of October 24, 2019 (as amended, restated, supplemented or otherwise modified from time to time, the “Credit Agreement”), among the Company, the Foreign Subsidiary Borrowers from time to time party thereto, the Lenders from time to time party thereto and Bank of America, N.A. as Administrative Agent. Capitalized terms used herein but not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement. Under the Credit Agreement, the Lenders have agreed, upon the terms and subject to the conditions therein set forth, to make Loans to certain Foreign Subsidiary Borrowers (collectively with the Company, the “Borrowers”), and the Company and the New Borrowing Subsidiary desire that the New Borrowing Subsidiary become a Foreign Subsidiary Borrower. In addition, the New Borrowing Subsidiary hereby authorizes the Company to act on its behalf as and to the extent provided for in Article II of the Credit Agreement. [Notwithstanding the preceding sentence, the New Borrowing Subsidiary hereby designates the following officers as being authorized to request Borrowings under the Credit Agreement on behalf of the New Subsidiary Borrower and sign this Borrowing Subsidiary Agreement and the other Loan Documents to which the New Borrowing Subsidiary is, or may from time to time become, a party: [_____].]

Each of the Company and the New Borrowing Subsidiary represents and warrants that the representations and warranties of the Company in the Credit Agreement relating to the New Borrowing Subsidiary and this Agreement are true and correct on and as of the date hereof, other than representations given as of a particular date, in which case they shall be true and correct as of that date. [The Company and the New Borrowing Subsidiary further represent and warrant that the execution, delivery and performance by the New Borrowing Subsidiary of the transactions contemplated under this Agreement and the use of any of the proceeds raised in connection with this Agreement will not contravene or conflict with, or otherwise constitute unlawful financial assistance under, Sections 677 to 683 (inclusive) of the United Kingdom Companies Act 2006 of England and Wales (as amended).] [INSERT OTHER PROVISIONS REASONABLY REQUESTED BY ADMINISTRATIVE AGENT OR ITS COUNSELS] The Company agrees that the Guarantee of the Company contained in the Credit Agreement will apply to the Obligations of the New Borrowing Subsidiary. Upon execution of this Agreement by each of the Company, the New Borrowing Subsidiary and the Administrative Agent, the New Borrowing Subsidiary shall be a party to the Credit Agreement and shall constitute a “Foreign Subsidiary Borrower” for all purposes thereof, and the New Borrowing Subsidiary hereby agrees to be bound by all provisions of the Credit Agreement.

This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their authorized officers as of the date first appearing above.

TAPESTRY, INC.

By: _____
Name:
Title:

[NAME OF NEW BORROWING SUBSIDIARY]

By: _____
Name:
Title:

BANK OF AMERICA, N.A., as Administrative Agent

By: _____
Name:
Title:

EXHIBIT F-2

[FORM OF]

BORROWING SUBSIDIARY TERMINATION

Bank of America, N.A.
as Administrative Agent
for the Lenders referred to below

[_____]

[_____]

Attention: [_____]

[Date]

Ladies and Gentlemen:

The undersigned, Tapestry, Inc. (the "Company"), refers to the Credit Agreement dated as of October 24, 2019 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among the Company, the Foreign Subsidiary Borrowers from time to time party thereto and Bank of America, N.A., as Administrative Agent. Capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement.

The Company hereby terminates the status of [_____] (the "Terminated Borrowing Subsidiary") as a Foreign Subsidiary Borrower under the Credit Agreement. [The Company represents and warrants that no Loans made to the Terminated Borrowing Subsidiary are outstanding as of the date hereof and that all amounts payable by the Terminated Borrowing Subsidiary in respect of interest and/or fees (and, to the extent notified by the Administrative Agent or any Lender, any other amounts payable under the Credit Agreement) pursuant to the Credit Agreement have been paid in full on or prior to the date hereof.] [The Company acknowledges that the Terminated Borrowing Subsidiary shall continue to be a Borrower until such time as all Loans made to the Terminated Borrowing Subsidiary shall have been prepaid and all amounts payable by the Terminated Borrowing Subsidiary in respect of interest and/or fees (and, to the extent notified by the Administrative Agent or any Lender, any other amounts payable under the Credit Agreement) pursuant to the Credit Agreement shall have been paid in full, provided that the Terminated Borrowing Subsidiary shall not have the right to make further Borrowings under the Credit Agreement.]

[Signature Page Follows]

This instrument shall be construed in accordance with and governed by the laws of the State of New York.

Very truly yours,

TAPESTRY, INC.

By: _____
Name:
Title:

EXHIBIT G

FORM OF SUBSIDIARY GUARANTY

~~[Intentionally Omitted]~~ See Attached

EXHIBIT H-1

[FORM OF]

U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Lenders That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Credit Agreement dated as of October 24, 2019 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Tapestry, Inc. (the "Company"), the Foreign Subsidiary Borrowers from time to time party thereto (collectively with the Company, the "Borrowers"), the Lenders from time to time party thereto and Bank of America, N.A., as administrative agent (in such capacity, the "Administrative Agent").

Pursuant to the provisions of Section 2.17 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of any Borrower within the meaning of Section 871(h)(3)(B) of the Code and (iv) it is not a controlled foreign corporation related to any Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the Borrowers with a certificate of its non-U.S. Person status on IRS Form W-8BEN or IRS Form W-8BEN-E (or successor form). By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrowers and the Administrative Agent and (2) the undersigned shall have at all times furnished the Borrowers and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF LENDER]

By: _____

Name:

Title:

Date: _____, 20[__]

EXHIBIT H-2

[FORM OF]

U.S. TAX COMPLIANCE CERTIFICATE
(For Foreign Participants That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Credit Agreement dated as of October 24, 2019 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Tapestry, Inc. (the "Company"), the Foreign Subsidiary Borrowers from time to time party thereto (collectively with the Company, the "Borrowers"), the Lenders from time to time party thereto and Bank of America, N.A., as administrative agent (in such capacity, the "Administrative Agent").

Pursuant to the provisions of Section 2.17 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the participation in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of any Borrower within the meaning of Section 871(h)(3)(B) of the Code, and (iv) it is not a controlled foreign corporation related to any Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with a certificate of its non-U.S. Person status on IRS Form W-8BEN or IRS Form W-8BEN-E (or successor form). By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender in writing, and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF PARTICIPANT]

By: _____

Name:

Title:

Date: _____, 20[]

EXHIBIT H-3

[FORM OF]

U.S. TAX COMPLIANCE CERTIFICATE
(For Foreign Participants That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Credit Agreement dated as of October 24, 2019 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Tapestry, Inc. (the "Company"), the Foreign Subsidiary Borrowers from time to time party thereto (collectively with the Company, the "Borrowers"), the Lenders from time to time party thereto and Bank of America, N.A., as administrative agent (in such capacity, the "Administrative Agent").

Pursuant to the provisions of Section 2.17 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the participation in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such participation, (iii) with respect such participation, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of any Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to any Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or IRS Form W-8BEN-E (or successor form) or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or IRS Form W-8BEN-E (or successor form) from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF PARTICIPANT]

By: _____

Name:

Title:

Date: _____, 20[__]

EXHIBIT H-4

[FORM OF]

U.S. TAX COMPLIANCE CERTIFICATE
(For Foreign Lenders That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Credit Agreement dated as of October 24, 2019 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Tapestry, Inc. (the "Company"), the Foreign Subsidiary Borrowers from time to time party thereto (collectively with the Company, the "Borrowers"), the Lenders from time to time party thereto and Bank of America, N.A., as administrative agent (in such capacity, the "Administrative Agent").

Pursuant to the provisions of Section 2.17 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such Loan(s) (as well as any Note(s) evidencing such Loan(s)), (iii) with respect to the extension of credit pursuant to the Credit Agreement or any other Loan Document, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of any Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to any Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the Borrowers with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or IRS Form W-8BEN-E (or successor form) or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or IRS Form W-8BEN-E (or successor form) from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrowers and the Administrative Agent, and (2) the undersigned shall have at all times furnished the Borrowers and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF LENDER]

By: _____

Name:

Title:

Date: _____, 20[__]

EXHIBIT I

[FORM OF]

SOLVENCY CERTIFICATE

Reference is hereby made to the Credit Agreement dated as of October 24, 2019 (as amended, restated, supplemented or otherwise modified from time to time, the “Credit Agreement”), among Tapestry, Inc. (the “Company”), the Foreign Subsidiary Borrowers from time to time party thereto (collectively with the Company, the “Borrowers”), the Lenders from time to time party thereto and Bank of America, N.A., as administrative agent (in such capacity, the “Administrative Agent”). Unless otherwise defined herein, capitalized terms used in this Certificate shall have the meanings set forth in the Credit Agreement.

The undersigned hereby certifies as follows:

1. I am the chief financial officer of the Company.

2. I have reviewed the terms of the Credit Agreement and the definitions and provisions contained in the Credit Agreement relating thereto and, in my opinion, have made, or have caused to be made under my supervision, such examination or investigation as is necessary to enable me to express an informed opinion as to the matters referred to herein.

3. Based upon my review and examination described in paragraph 2 above, I certify on behalf of the Company and its Subsidiaries, on a consolidated basis, that, as of the date hereof and after giving effect to the Transactions and the other transactions contemplated by the Credit Agreement:

(i) The sum of the “fair value” of the assets of the Company and its Subsidiaries, taken as a whole, exceeds the sum of all debts of the Company and its Subsidiaries, taken as a whole, as such quoted terms are determined in accordance with applicable federal and state laws governing determinations of the insolvency of debtors.

(ii) The “present fair saleable value” of the assets of the Company and its Subsidiaries, taken as a whole, is greater than the amount that will be required to pay the probable liability on debts of the Company and its Subsidiaries, taken as a whole, as such debts become absolute and matured, as such quoted term is determined in accordance with applicable federal and state laws governing determinations of the insolvency of debtors.

(iii) The capital of the Company and its Subsidiaries, taken as a whole, is not unreasonably small in relation to the business in which they are or are about to become engaged.

(iv) The Company and its Subsidiaries, taken as a whole, do not intend to incur, or believe that they will incur, debts beyond their ability to pay as they mature.

(v) The Company and its Subsidiaries, taken as a whole, are presently able to pay their debts as such debts mature.

For purposes of clauses (i) through (v) above, (a) (i) “debt” means liability on a “claim” and (ii) “claim” means any (x) right to payment, whether or not such a right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, subordinated,

secured or unsecured or (y) right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured or unmatured, disputed, undisputed, secured or unsecured and (b) the amount of any contingent, unliquidated and disputed claim and any claim that has not been reduced to judgment at any time has been computed as the amount that, in light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability (irrespective of whether such liabilities meet the criteria for accrual under the Financial Accounting Standards Board Statement of Financial Accounting Standards No. 5).

The foregoing certifications are made and delivered as of [●], 2019.

This certificate is being signed by the undersigned in [his/her] capacity as chief financial officer of the Borrower and not in [his/her] individual capacity.

[Signature page follows]

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of the date first written above.

TAPESTRY, INC.

By: _____
Name: [●]
Title: [Chief Financial Officer]

SECURITY AGREEMENT

dated as of

[]

among
TAPESTRY, INC.

THE SUBSIDIARY GUARANTORS PARTY HERETO

and

BANK OF AMERICA, N.A.
as Administrative Agent

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EXHIBITS:

Exhibit A Security Agreement Supplement

Exhibit B Copyright Security Agreement

Exhibit C Patent Security Agreement

Exhibit D Trademark Security Agreement

SECURITY AGREEMENT

SECURITY AGREEMENT (this “**Agreement**”), dated as of [] (the “**Effective Date**”), among TAPESTRY, INC., as the Company, the SUBSIDIARY GUARANTORS from time to time party hereto and BANK OF AMERICA, N.A., as Administrative Agent.

WHEREAS, the Company has entered into the Credit Agreement described in Section 1 hereof, pursuant to which the Company and certain Foreign Subsidiary Borrowers intend to borrow funds and obtain letters of credit for the purposes set forth therein;

WHEREAS, the Credit Agreement requires the Company and the Subsidiary Guarantors to enter into this Agreement; and

WHEREAS, upon any foreclosure or other enforcement of the Security Documents, the net proceeds of the relevant Collateral are to be received by or paid over to the Administrative Agent and applied as provided in Section 15 hereof;

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1 . Definitions.

(A) *Terms Defined in Credit Agreement.* Terms defined in the Credit Agreement and not otherwise defined in subsection (b) or (c) of this Section have, as used herein, the respective meanings provided for therein. The rules of construction specified in Sections 1.03 and 1.04 of the Credit Agreement also apply to this Agreement.

(B) *Terms Defined in UCC.* As used herein, each of the following terms has the meaning specified in the UCC:

<u>Term</u>	<u>UCC</u>
Account	9-102
Authenticate	9-102
Document	9-102
General Intangibles	9-102
Instrument	9-102
Inventory	9-102
Record	9-102
Security	8-102 & 103

(C) *Additional Definitions.* The following additional terms, as used herein, have the following meanings:

“**Collateral**” means, collectively, all property on which a Lien is granted or purported to be granted to the Administrative Agent pursuant to Section 3 of this Agreement.

“**Contingent Secured Obligation**” means, at any time, any Secured Obligation (or portion thereof) that is contingent in nature at such time, including any Secured Obligation that is:

- (i) an obligation to reimburse a bank for drawings not yet made under a letter of credit issued by it;
- (ii) an obligation under a Hedging Agreement to make payments that cannot be quantified at such time;
- (iii) any other obligation (including any guarantee) that is contingent in nature at such time; or
- (iv) an obligation to provide collateral to secure any of the foregoing types of obligations.

“**Copyright License**” means any agreement now or hereafter in existence granting to any Grantor, or pursuant to which any Grantor grants to any other Person, any right to use, copy, reproduce, distribute, prepare derivative works, display or publish any records or other materials on which a Copyright is in

existence or may come into existence, including any agreement identified in Schedule 1 to any Copyright Security Agreement.

“Copyrights” means all the following: (i) all copyrights under the laws of the United States or any other country (whether or not the underlying works of authorship have been published), all registrations and recordings thereof, all copyrightable works of authorship (whether or not published), and all applications for copyrights under the laws of the United States or any other country, including registrations, recordings and applications in the United States Copyright Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof, including those described in Schedule 1 to any Copyright Security Agreement, (ii) all renewals of any of the foregoing, (iii) all claims for, and rights to sue for, past or future infringements of any of the foregoing, and (iv) all income, royalties, damages and payments now or hereafter due or payable with respect to any of the foregoing, including damages and payments for past or future infringements thereof.

“Copyright Security Agreement” means a Copyright Security Agreement, substantially in the form of Exhibit B (with any changes that the Administrative Agent shall have approved), executed and delivered by a Grantor in favor of the Administrative Agent for the benefit of the Secured Parties.

“Credit Agreement” means the Credit Agreement dated as of October 24, 2019 (as amended, restated or otherwise modified from time to time) among the Company, the Foreign Subsidiary Borrowers party thereto, the Lenders party thereto and the Administrative Agent.

“Grantors” means the Company and the Subsidiary Guarantors.

“Intellectual Property” means all intellectual and similar property of any Grantor of every kind and nature now owned or hereafter acquired by any Grantor, including (i) inventions, designs, Patents, Copyrights, Licenses, Trademarks, (ii) trade secrets, confidential or proprietary technical and business information, know-how, show-how or other data or information that are reduced to writing, and (iii) software and databases and all embodiments or fixations thereof and related documentation, registrations and franchises, and all additions, improvements and accessions to, and books and records describing or used in connection with, any of the foregoing.

“Intellectual Property Filing” means (i) with respect to any Patent, Patent License, Trademark or Trademark License, the filing of the applicable Patent Security Agreement or Trademark Security Agreement with the United States Patent and Trademark Office, together with an appropriately completed recordation form, and (ii) with respect to any Copyright or Copyright License, the filing of the applicable Copyright Security Agreement with the United States Copyright Office, together with an appropriately completed recordation form, in

each case sufficient to record the Transaction Lien granted to the Administrative Agent in such Recordable Intellectual Property.

“Intellectual Property Security Agreement” means a Copyright Security Agreement, a Patent Security Agreement or a Trademark Security Agreement.

“License” means any Patent License, Trademark License, Copyright License or other license or sublicense agreement relating to Intellectual Property to which any Grantor is a party.

“Non-Contingent Secured Obligation” means at any time any Secured Obligation (or portion thereof) that is not a Contingent Secured Obligation at such time.

“Original Grantor” means any Grantor that grants a Lien on any of its assets hereunder on the Effective Date.

“own” refers to the possession of sufficient rights in property to grant a security interest therein as contemplated by UCC Section 9-203, and **“acquire”** refers to the acquisition of any such rights.

“Patent License” means any agreement now or hereafter in existence granting to any Grantor, or pursuant to which any Grantor grants to any other Person, any right with respect to any Patent or any invention now or hereafter in existence, whether patentable or not, whether a patent or application for patent is in existence on such invention or not, and whether a patent or application for patent on such invention may come into existence or not, including any agreement identified in Schedule 1 to any Patent Security Agreement.

“Patents” means (i) all letters patent and design letters patent of the United States or any other country and all applications for letters patent or design letters patent of the United States or any other country, including applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof, including those described in Schedule 1 to any Patent Security Agreement, (ii) all reissues, divisions, continuations, continuations in part, revisions and extensions of any of the foregoing, (iii) all claims for, and rights to sue for, past or future infringements of any of the foregoing and (iv) all income, royalties, damages and payments now or hereafter due or payable with respect to any of the foregoing, including damages and payments for past or future infringements thereof.

“Patent Security Agreement” means a Patent Security Agreement, substantially in the form of Exhibit C (with any changes that the Administrative Agent shall have approved), executed and delivered by a Grantor in favor of the Administrative Agent for the benefit of the Secured Parties.

“Permitted Liens” means (i) the Transaction Liens and (ii) any other Liens on the Collateral permitted to be created or assumed or to exist pursuant to Section 6.02 of the Credit Agreement.

“Post-Petition Interest” means any interest that accrues after the commencement of any case, proceeding or other action relating to the bankruptcy, insolvency or reorganization of any one or more of the Grantors (or would accrue but for the operation of applicable bankruptcy or insolvency laws), whether or not such interest is allowed or allowable as a claim in any such proceeding.

“Proceeds” means all proceeds of, and all other profits, products, rents or receipts, in whatever form, arising from the collection, sale, lease, exchange, assignment, licensing or other disposition of, or other realization upon, any Collateral, including all claims of the relevant Grantor against third parties for loss of, damage to or destruction of, or for proceeds payable under, or unearned premiums with respect to, policies of insurance in respect of, any Collateral, and any condemnation or requisition payments with respect to any Collateral.

“Recordable Intellectual Property” means (i) any Patent registered with the United States Patent and Trademark Office, and any Patent License with respect to a Patent so registered, (ii) any Trademark registered with the United States Patent and Trademark Office, and any Trademark License with respect to a Trademark so registered, (iii) any Copyright registered with the United States Copyright Office and any Copyright License with respect to a Copyright so registered, and all rights in or under any of the foregoing.

“Secured Agreement”, when used with respect to any Secured Obligation, refers collectively to each instrument, agreement or other document that sets forth obligations of the Company, obligations of a Subsidiary Guarantor and/or rights of the holder with respect to such Secured Obligation.

“Secured Obligations” means all Obligations (as defined in the Credit Agreement).

“Secured Parties” means the holders from time to time of the Secured Obligations.

“Security Agreement Supplement” means a Security Agreement Supplement, substantially in the form of Exhibit A, signed and delivered to the Administrative Agent for the purpose of adding a Subsidiary as a party hereto pursuant to Section 21.

“Security Documents” means this Agreement, the Security Agreement Supplements, the Intellectual Property Security Agreements and all other supplemental or additional security agreements or similar instruments delivered pursuant to the Loan Documents.

“Trademark License” means any agreement now or hereafter in existence granting to any Grantor, or pursuant to which any Grantor grants to any other Person, any right to use any Trademark, including any agreement identified in Schedule 1 to any Trademark Security Agreement.

“Trademarks” means: (i) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos, brand names, trade dress, prints and labels on which any of the foregoing have appeared or appear, package and other designs, and all other source or business identifiers, and all general intangibles of like nature, and the rights in any of the foregoing which arise under applicable law, (ii) the goodwill of the business symbolized thereby or associated with each of them, (iii) all registrations and applications in connection therewith, including registrations and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof, including those described in Schedule 1 to any Trademark Security Agreement, (iv) all renewals of any of the foregoing, (v) all claims for, and rights to sue for, past or future infringements of any of the foregoing and (vi) all income, royalties, damages and payments now or hereafter due or payable with respect to any of the foregoing, including damages and payments for past or future infringements thereof.

“Trademark Security Agreement” means a Trademark Security Agreement, substantially in the form of Exhibit D (with any changes that the Administrative Agent shall have approved), executed and delivered by a Grantor in favor of the Administrative Agent for the benefit of the Secured Parties.

“Transaction Liens” means the Liens granted by the Grantors under the Security Documents.

“UCC” means the Uniform Commercial Code as in effect from time to time in the State of New York; *provided* that, if perfection or the effect of perfection or non-perfection or the priority of any Transaction Lien on any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than New York, “UCC” means the Uniform Commercial Code as in effect from time to time in such other jurisdiction for purposes of the provisions hereof relating to such perfection, effect of perfection or non-perfection or priority.

Section 2 . *[Reserved]*.

Section 3 . *Grant of Transaction Liens.*

(A) Each Grantor, in order to secure the Secured Obligations, grants to the Administrative Agent for the benefit of the Secured Parties a continuing security interest in all the following property of such Grantor, whether now owned or existing or hereafter acquired or arising and regardless of where located:

(i) all Accounts;

(ii) all Inventory;

(iii) all Intellectual Property

(iv) all Documents, books and records (including customer lists, credit files, computer programs, printouts and other computer materials and records) of such Grantor pertaining to any of its Collateral;

(v) all Proceeds of the Collateral described in the foregoing clauses (i) through (iv);

provided that the following property is excluded from the foregoing security interests:

(i) motor vehicles the perfection of a security interest in which is excluded from the Uniform Commercial Code in the relevant jurisdiction;

(ii). Equity Interests in or Indebtedness of any Subsidiary;

(C) any property to the extent that the grant of a security interest therein is prohibited by any applicable law or regulation, requires a consent not obtained of any Governmental Authority pursuant to any applicable law or regulation, or is prohibited by, or constitutes a breach or default under or results in the termination of or requires any consent not obtained under, any contract, license, agreement, instrument or other document evidencing or giving rise to such property, in each case, after giving effect to applicable anti-assignment provisions of the UCC or other applicable law, other than the proceeds and receivables thereof the assignment of which is effective under the UCC or other applicable law notwithstanding such prohibition or restriction;

(D) any assets where the grant of a security interest therein would result in material adverse accounting, tax or regulatory consequences as reasonably determined in good faith by the Company;

(E) any intent-to-use trademark application prior to the filing of a "Statement of Use" or "Amendment to Allege Use" with respect thereto, to the extent, if any, that, and solely during the period, if any, in which, the grant of a security interest therein would impair the validity or enforceability of such intent-to-use trademark application under applicable law;

(F) any property acquired after the Effective Date that is secured by pre-existing Liens securing pre-existing secured Indebtedness permitted under the Credit Agreement and not incurred in anticipation of the acquisition of such property to the extent that the granting of a security

interest in such property would be prohibited under the terms of such secured Indebtedness after giving effect to the applicable anti-assignment provisions of the UCC or other applicable law, other than the proceeds and receivables thereof the assignment of which is expressly deemed effective under the UCC or other applicable law notwithstanding such prohibition or restriction;

(G) any “Principal Property” (as defined in the Indentures governing the senior unsecured notes of the Company due 2022, 2025 and 2027), now owned or hereafter acquired.

In addition, (i) no action shall be required to be taken in order to perfect assets requiring perfection through control or similar agreements or by “control” and (ii) no action shall be required to be taken in any non-U.S. jurisdiction to create any security interest in assets located or titled outside of the U.S. (including any Intellectual Property registered in any non-U.S. jurisdiction) or perfect any security interest in such assets or enter into any security agreements or pledge agreements governed by the laws of any such non-U.S. jurisdiction

(B) With respect to each right to payment or performance included in the Collateral from time to time, the Transaction Lien granted therein includes a continuing security interest in (iii)**Error! Bookmark not defined.** any Supporting Obligation that supports such payment or performance and (iv)**Error! Bookmark not defined.** any Lien that (x) secures such right to payment or performance or (y) secures any such Supporting Obligation.

(C) The Transaction Liens are granted as security only and shall not subject the Administrative Agent or any other Secured Party to, or transfer or in any way affect or modify, any obligation or liability of any Grantor with respect to any of the Collateral or any transaction in connection therewith.

Section 4 . *General Representations and Warranties*. Each Grantor represents and warrants that, on the date hereof:

(A) Such Grantor is validly existing and in good standing under the laws of its jurisdiction of organization.

(B) The execution and delivery of this Security Agreement by such Grantor and the performance by it of its obligations under this Agreement are within its corporate or other powers, have been duly authorized by all necessary corporate or other action, require no action by or in respect of, or filing with, any governmental body, agency or official and do not contravene, or constitute a default under, any provision of applicable law or regulation or of its Organizational Documents, or of any agreement, judgment, injunction, order, decree or other instrument binding upon it or result in the creation or imposition of any Lien (except a Transaction Lien) on any of its assets.

(C) This Agreement constitutes a valid and binding agreement of such Grantor, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, liquidation, reconstruction, moratorium or other laws affecting creditors’ rights generally and subject to general principles of equity,

regardless of whether considered in a proceeding in equity or at law and except to the extent that availability of the remedy of specific performance or injunctive relief is subject to the discretion of the court before which any proceeding therefor may be brought.

(D) Such Grantor has good and marketable title to all its Collateral, except for minor defects in title that do not interfere with its ability to conduct its business as currently conducted or to utilize such Collateral for its intended purposes or such other defects as, in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

(E) Such Grantor has not performed any acts that might prevent the Administrative Agent from enforcing any of the provisions of the Security Documents or that would limit the Administrative Agent in any such enforcement. No financing statement, security agreement, mortgage or similar or equivalent document or instrument covering all or part of the Collateral owned by such Grantor is on file or of record in any jurisdiction in which such filing or recording would be effective to perfect or record a Lien on such Collateral, except financing statements, mortgages or other similar or equivalent documents with respect to Permitted Liens. After the Effective Date, no Collateral owned by such Grantor will be in the possession or under the control of any other Person having a claim thereto or security interest therein, other than a Permitted Lien.

(F) The Transaction Liens on all Collateral owned by such Grantor (v) have been validly created, (vi) will attach to each item of such Collateral on the Effective Date (or, if such Grantor first obtains rights thereto on a later date, on such later date) and (vii) when so attached, will secure all the Secured Obligations.

(G) When UCC financing statements describing the Collateral have been filed in the relevant filing offices for UCC financing statements, the Transaction Liens will constitute perfected security interests in the Collateral owned by such Grantor to the extent that a security interest therein may be perfected by filing pursuant to the UCC, prior to all Liens and rights of others therein except Permitted Liens. When, in addition to the filing of such UCC financing statements, the applicable Intellectual Property Filings have been made with respect to such Grantor's Recordable Intellectual Property (including any future filings required pursuant to Sections 5(a) and 6(a)), the Transaction Liens will constitute perfected security interests in all right, title and interest of such Grantor in its Recordable Intellectual Property to the extent that security interests therein may be perfected by such filings, prior to all Liens and rights of others therein except Permitted Liens. Except for (viii) the filing of such UCC financing statements and (ix) such Intellectual Property Filings, no registration, recordation or filing with any governmental body, agency or official is required in connection with the execution or delivery of the Security Documents or is necessary for the validity or enforceability thereof or for the perfection or due recordation of the Transaction Liens or for the enforcement of the Transaction Liens.

Section 5

. *Further Assurances; General Covenants.* Each Grantor covenants as follows:

(A) Such Grantor will, from time to time, at the Company's or such Grantor's expense, execute, deliver, file and record any statement, assignment, instrument, document, agreement or other paper and take any other action (including any Intellectual Property Filing) that from time to time may be necessary or desirable, or that the Administrative Agent may reasonably request, in order to:

(i) create, preserve, perfect, confirm or validate the Transaction Liens on such Grantor's Collateral;

(ii) enable the Administrative Agent and the other Secured Parties to obtain the full benefits of the Security Documents; or

(iii) enable the Administrative Agent to exercise and enforce any of its rights, powers and remedies with respect to any of such Grantor's Collateral.

Such Grantor authorizes the Administrative Agent to execute and file such financing statements or continuation statements in such jurisdictions with such descriptions of collateral and other information set forth therein as the Administrative Agent may deem necessary or desirable for the purposes set forth in the preceding sentence. The Administrative Agent is further authorized to file with the United States Patent and Trademark Office or United States Copyright Office (or any successor office or any similar office in any other country) such documents as may be necessary or advisable for the purpose of perfecting, confirming, continuing, enforcing or protecting the security interests granted by each Grantor, without the signature of any Grantor, and naming any Grantor or the Grantors as debtors and the Administrative Agent as secured party. The Company or the relevant Grantor will pay the costs of, or incidental to, any Intellectual Property Filings and any recording or filing of any financing or continuation statements or other documents recorded or filed pursuant hereto.

(B) Such Grantor will not (x) change its name or organizational form or (xi) change its location (determined as provided in UCC Section 9-307), unless it shall have given the Administrative Agent written notice thereof within 15 days thereof.

(C) Within 15 days after it takes any action contemplated by Section 5(b), such Grantor will, at the Company's expense, cause to be delivered to the Administrative Agent, in form and substance satisfactory to the Administrative Agent, all financing statements and amendments or supplements thereto, continuation statements and other documents required to be filed or recorded in order to perfect and protect the Transaction Liens against all creditors.

(D) During the continuance of any Event of Default, if any of its Collateral is in the possession or control of a warehouseman, bailee or agent at any time, such Grantor will (xii) notify such warehouseman, bailee or agent of the relevant Transaction Liens, (xiii) instruct such warehouseman, bailee or agent to hold all such Collateral for the Administrative Agent's account subject to the Administrative Agent's instructions (which shall permit such Collateral to be removed by such Grantor in the ordinary course of business until the Administrative Agent notifies

such warehouseman, bailee or agent that an Event of Default has occurred and is continuing), (xiv) cause such warehouseman, bailee or agent to Authenticate a Record acknowledging that it holds possession of such Collateral for the Administrative Agent's benefit and (xv) make such Authenticated Record available to the Administrative Agent.

Section 6 . *Recordable Intellectual Property*. Each Grantor covenants as follows:

(A) On the Effective Date (in the case of an Original Grantor) or the date on which it signs and delivers its first Security Agreement Supplement (in the case of any other Grantor), such Grantor will sign and deliver to the Administrative Agent Intellectual Property Security Agreements with respect to all Recordable Intellectual Property then owned by it. Within 30 days after each March 31 and September 30 thereafter, it will sign and deliver to the Administrative Agent an appropriate Intellectual Property Security Agreement covering any Recordable Intellectual Property owned by it on such March 31 and September 30 that is not covered by any previous Intellectual Property Security Agreement so signed and delivered by it. In each case, it will promptly make all Intellectual Property Filings necessary to record the Transaction Liens on such Recordable Intellectual Property.

(B) Such Grantor will notify the Administrative Agent promptly if it knows that any application or registration relating to any Recordable Intellectual Property owned or licensed by it may become abandoned or dedicated to the public, or of any adverse determination or development (including the institution of, or any adverse determination or development in, any proceeding in the United States Copyright Office, the United States Patent and Trademark Office or any court) regarding such Grantor's ownership of such Recordable Intellectual Property, its right to register or patent the same, or its right to keep and maintain the same. If any of such Grantor's rights to any Recordable Intellectual Property are infringed, misappropriated or diluted by a third party, such Grantor will notify the Administrative Agent within 30 days after it learns thereof and will, unless such Grantor shall reasonably determine that such action would be of negligible value, economic or otherwise, promptly sue for infringement, misappropriation or dilution and to recover any and all damages for such infringement, misappropriation or dilution, and take such other actions as such Grantor shall reasonably deem appropriate under the circumstances to protect such Recordable Intellectual Property.

(C) Upon the occurrence and during the continuance of an Event of Default, each Grantor shall use its best efforts to obtain all requisite consents or approvals by the licensor of each Copyright License, Patent License or Trademark License under which such Grantor is a licensee to effect the assignment of all such Grantor's right, title and interest thereunder to the Administrative Agent, for the ratable benefit of the Secured Parties, or its designee.

Section 7 . *[Reserved]*.

Section 8 . *[Reserved]*.

Section 9 . *[Reserved]*.

Section 10 . *[Reserved]*.

Section 11 . *[Reserved]*.

Section 12 . *[Reserved]*.

Section 13 . *[Reserved]*.

Section 14 . *Remedies upon Event of Default.* (xvi)**Error! Bookmark not defined.** If an Event of Default shall have occurred and be continuing, the Administrative Agent may exercise (or cause its sub-agents to exercise) any or all of the remedies available to it (or to such sub-agents) under the Security Documents.

(A) Without limiting the generality of the foregoing, if an Event of Default shall have occurred and be continuing, the Administrative Agent may exercise on behalf of the Secured Parties all the rights of a secured party under the UCC (whether or not in effect in the jurisdiction where such rights are exercised) with respect to any Collateral and, in addition, the Administrative Agent may, without being required to give any notice, except as herein provided or as may be required by mandatory provisions of law, sell or otherwise dispose of the Collateral or any part thereof in one or more parcels at public or private sale, at any exchange, broker's board or at any of the Administrative Agent's offices or elsewhere, for cash, on credit or for future delivery, at such time or times and at such price or prices and upon such other terms as the Administrative Agent may deem commercially reasonable, irrespective of the impact of any such sales on the market price of the Collateral. To the maximum extent permitted by applicable law, any Secured Party may be the purchaser of any or all of the Collateral at any such sale and (with the consent of the Administrative Agent, which may be withheld in its discretion) shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold at any such public sale, to use and apply all of any part of the Secured Obligations as a credit on account of the purchase price of any Collateral payable at such sale. Upon any sale of Collateral by the Administrative Agent (including pursuant to a power of sale granted by statute or under a judicial proceeding), the receipt of the Administrative Agent or of the officer making the sale shall be a sufficient discharge to the purchaser or purchasers of the Collateral so sold and such purchaser or purchasers shall not be obligated to see to the application of any part of the purchase money paid to the Administrative Agent or such officer or be answerable in any way for the misapplication thereof. Each purchaser at any such sale shall hold the property sold absolutely free from any claim or right on the part of any Grantor, and each Grantor hereby waives (to the extent permitted by law) all rights of redemption, stay or appraisal that it now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted. The Administrative Agent shall not be obliged to make any sale of Collateral regardless of notice of sale having been given. The Administrative Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. To the maximum extent permitted by law, each Grantor

hereby waives any claim against any Secured Party arising because the price at which any Collateral may have been sold at such a private sale was less than the price that might have been obtained at a public sale, even if the Administrative Agent accepts the first offer received and does not offer such Collateral to more than one offeree. The Administrative Agent may disclaim any warranty, as to title or as to any other matter, in connection with such sale or other disposition, and its doing so shall not be considered adversely to affect the commercial reasonableness of such sale or other disposition.

(B) If the Administrative Agent sells any of the Collateral upon credit, the Grantors will be credited only with payment actually made by the purchaser, received by the Administrative Agent and applied in accordance with Section 15 hereof. In the event the purchaser fails to pay for the Collateral, the Administrative Agent may resell the same, subject to the same rights and duties set forth herein.

(C) Notice of any such sale or other disposition shall be given to the relevant Grantor(s) as (and if) required by Section 17.

(D) For the purpose of enabling the Administrative Agent to exercise rights and remedies under this Agreement at such time as the Administrative Agent shall be lawfully entitled to exercise such rights and remedies, each Grantor hereby grants to the Administrative Agent an irrevocable license (exercisable without payment of royalty or other compensation to the Grantors), to use, license or sublicense any of the Collateral consisting of Intellectual Property now owned or hereafter acquired by such Grantor, and including in such license access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof. The use of such license by the Administrative Agent may be exercised only upon the occurrence and during the continuation of an Event of Default; *provided, however*, that any license, sublicense or other transaction entered into by the Administrative Agent in accordance herewith shall be binding upon each Grantor notwithstanding any subsequent cure of an Event of Default.

Section 15 . *Application of Proceeds.* (xvii) If an Event of Default shall have occurred and be continuing, the Administrative Agent shall apply the proceeds of any sale or other disposition of all or any part of the Collateral in the following order of priorities:

first, to pay the expenses of such sale or other disposition, including reasonable compensation to agents of and counsel for the Administrative Agent, and all expenses, liabilities and advances incurred or made by the Administrative Agent in connection with the Security Documents, and any other amounts then due and payable to the Administrative Agent pursuant to Section 16 or pursuant to Section 9.03 of the Credit Agreement;

second, in accordance with Section 2.18(b) of the Credit Agreement; and

finally, to pay to the relevant Grantor, or as a court of competent jurisdiction may direct, any surplus then remaining from the proceeds of the Collateral owned by it;

The Administrative Agent may make such distributions hereunder in cash or in kind or, on a ratable basis, in any combination thereof.

(A) If at any time any portion of any monies collected or received by the Administrative Agent would, but for the provisions of this Section 15(b), be payable pursuant to Section 15(a) in respect of a Contingent Secured Obligation, the Administrative Agent shall not apply any monies to pay such Contingent Secured Obligation but instead shall request the holder thereof, at least 10 days before each proposed distribution hereunder, to notify the Administrative Agent as to the maximum amount of such Contingent Secured Obligation if then ascertainable (*e.g.*, in the case of a letter of credit, the maximum amount available for subsequent drawings thereunder). If the holder of such Contingent Secured Obligation does not notify the Administrative Agent of the maximum ascertainable amount thereof at least two Business Days before such distribution, such holder will not be entitled to share in such distribution. If such holder does so notify the Administrative Agent as to the maximum ascertainable amount thereof, the Administrative Agent will allocate to such holder a portion of the monies to be distributed in such distribution, calculated as if such Contingent Secured Obligation were outstanding in such maximum ascertainable amount. However, the Administrative Agent will not apply such portion of such monies to pay such Contingent Secured Obligation, but instead will hold such monies or invest such monies in Permitted Investments. All such monies and Permitted Investments and all proceeds thereof will constitute Collateral hereunder, but will be subject to distribution in accordance with this Section 15(b) rather than Section 15(a). The Administrative Agent will hold all such monies and Permitted Investments and the net proceeds thereof in trust until all or part of such Contingent Secured Obligation becomes a Non-Contingent Secured Obligation, whereupon the Administrative Agent at the request of the relevant Secured Party will apply the amount so held in trust to pay such Non-Contingent Secured Obligation; *provided* that, if the other Secured Obligations theretofore paid pursuant to the same clause of Section 15(a) (*i.e.*, clause *second*) were not paid in full, the Administrative Agent will apply the amount so held in trust to pay the same percentage of such Non-Contingent Secured Obligation as the percentage of such other Secured Obligations theretofore paid pursuant to the same clause of Section 15(a). If (xviii), the holder of such Contingent Secured Obligation shall advise the Administrative Agent that no portion thereof remains in the category of a Contingent Secured Obligation and (xix) the Administrative Agent still holds any amount held in trust pursuant to this Section 15(b) in respect of such Contingent Secured Obligation (after paying all amounts payable pursuant to the preceding sentence with respect to any portions thereof that became Non-Contingent Secured Obligations), such remaining amount will be applied by the Administrative Agent in the order of priorities set forth in Section 15(a).

(B) In making the payments and allocations required by this Section, the Administrative Agent may rely upon information supplied to it pursuant to Section 19(c). All distributions made by the Administrative Agent pursuant to this Section shall be final (except in the event of manifest error) and the Administrative Agent shall have no duty to inquire as to the application by any Secured Party of any amount distributed to it.

Section 16 . *Fees and Expenses; Indemnification.* Section 9.03 of the Credit Agreement shall apply to this Agreement mutatis mutandis.

Section 17 . *Authority to Administer Collateral.* Each Grantor irrevocably appoints the Administrative Agent its true and lawful attorney, with full power of substitution, in the name of such Grantor, any Secured Party or otherwise, for the sole use and benefit of the Secured Parties, but at the Company's expense, to the extent permitted by law to exercise, at any time and from time to time while an Event of Default shall have occurred and be continuing, all or any of the following powers with respect to all or any of such Grantor's Collateral:

(i) to demand, sue for, collect, receive and give acquittance for any and all monies due or to become due upon or by virtue thereof,

(ii) to settle, compromise, compound, prosecute or defend any action or proceeding with respect thereto,

(iii) to sell, lease, license or otherwise dispose of the same or the proceeds or avails thereof, as fully and effectually as if the Administrative Agent were the absolute owner thereof, and

(iv) to extend the time of payment of any or all thereof and to make any allowance or other adjustment with reference thereto;

provided that, except in the case of Collateral that is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, the Administrative Agent will give the relevant Grantor at least ten days' prior written notice of the time and place of any public sale thereof or the time after which any private sale or other intended disposition thereof will be made. Any such notice shall (b)contain the information specified in UCC Section 9-613, (c)be Authenticated and (d) be sent to the parties required to be notified pursuant to UCC Section 9-611(c); *provided* that, if the Administrative Agent fails to comply with this sentence in any respect, its liability for such failure shall be limited to the liability (if any) imposed on it as a matter of law under the UCC.

Section 18 . *Limitation on Duty in Respect of Collateral.* Beyond the exercise of reasonable care in the custody and preservation thereof, the Administrative Agent will have no duty as to any Collateral in its possession or control or in the possession or control of any sub-agent or bailee or any income therefrom or as to the preservation of rights against prior parties or any other rights pertaining thereto. The Administrative Agent will be deemed to have exercised

reasonable care in the custody and preservation of the Collateral in its possession or control if such Collateral is accorded treatment substantially equal to that which it accords its own property, and will not be liable or responsible for any loss or damage to any Collateral, or for any diminution in the value thereof, by reason of any act or omission of any sub-agent or bailee selected by the Administrative Agent in good faith, except to the extent that such liability arises from the Administrative Agent's gross negligence or willful misconduct.

Section 19 . *General Provisions Concerning the Administrative Agent.*

(A) The provisions of Article VIII of the Credit Agreement shall inure to the benefit of the Administrative Agent, and shall be binding upon all Grantors and all Secured Parties, in connection with this Agreement and the other Security Documents. Without limiting the generality of the foregoing, (e)**Error! Bookmark not defined.** the Administrative Agent shall not be subject to any fiduciary or other implied duties, regardless of whether an Event of Default has occurred and is continuing, (f)**Error! Bookmark not defined.** the Administrative Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated by the Security Documents that the Administrative Agent is required in writing to exercise by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.20 of the Credit Agreement), and (g)**Error! Bookmark not defined.** except as expressly set forth in the Loan Documents, the Administrative Agent shall not have any duty to disclose, and shall not be liable for any failure to disclose, any information relating to any Grantor that is communicated to or obtained by the bank serving as Administrative Agent or any of its Affiliates in any capacity. The Administrative Agent shall not be responsible for the existence, genuineness or value of any Collateral or for the validity, perfection, priority or enforceability of any Transaction Lien, whether impaired by operation of law or by reason of any action or omission to act on its part under the Security Documents. The Administrative Agent shall be deemed not to have knowledge of any Event of Default unless and until written notice thereof is given to the Administrative Agent by the Company, a Borrower or a Secured Party.

(B) *Sub-Agents and Related Parties.* The Administrative Agent may perform any of its duties and exercise any of its rights and powers through one or more sub-agents appointed by it. The Administrative Agent and any such sub-agent may perform any of its duties and exercise any of its rights and powers through its Related Parties. The exculpatory provisions of Section 18 and this Section shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent.

(C) *Information as to Secured Obligations and Actions by Secured Parties.* For all purposes of the Security Documents, including determining the amounts of the Secured Obligations and whether a Secured Obligation is a Contingent Secured Obligation or not, or whether any action has been taken under any Secured Agreement, the Administrative Agent will be entitled to rely on information from (h) its own records for information as to the Lenders and their Affiliates, their

respective Secured Obligations and actions taken by them, (i) any Secured Party (or any trustee, agent or similar representative designated to supply such information) for information as to its Secured Obligations and actions taken by it, to the extent that the Administrative Agent has not obtained such information from its own records, and (j) the Company, to the extent that the Administrative Agent has not obtained information from the foregoing sources.

(D) *Refusal to Act.* The Administrative Agent may refuse to act on any notice, consent, direction or instruction from any Secured Parties or any agent, trustee or similar representative thereof that, in the Administrative Agent's opinion, (k) is contrary to law or the provisions of any Security Document, (l) may expose the Administrative Agent to liability (unless the Administrative Agent shall have been indemnified, to its reasonable satisfaction, for such liability by the Secured Parties that gave such notice, consent, direction or instruction) or (m) is unduly prejudicial to Secured Parties not joining in such notice, consent, direction or instruction.

Section 20 . *Termination of Transaction Liens; Release of Collateral.* The Transaction Liens granted by each Grantor shall terminate in accordance with Section 9.14 of the Credit Agreement.

Section 21 . *Additional Grantors.* Any Subsidiary may become a party hereto by signing and delivering to the Administrative Agent a Security Agreement Supplement, whereupon such Subsidiary shall become a "Grantor" as defined herein.

Section 22 . *[Reserved].*

Section 23 . *Notices.* Each notice, request or other communication given to any party hereunder shall be given in accordance with Section 9.01 of the Credit Agreement, and in the case of any such notice, request or other communication to a Grantor other than the Company, shall be given to it in care of the Company.

Section 24 . *No Implied Waivers; Remedies Not Exclusive.* No failure by the Administrative Agent or any Secured Party to exercise, and no delay in exercising and no course of dealing with respect to, any right or remedy under any Security Document shall operate as a waiver thereof; nor shall any single or partial exercise by the Administrative Agent or any Secured Party of any right or remedy under any Loan Document preclude any other or further exercise thereof or the exercise of any other right or remedy. The rights and remedies specified in the Loan Documents are cumulative and are not exclusive of any other rights or remedies provided by law.

Section 25 . *Successors and Assigns.* This Agreement is for the benefit of the Administrative Agent and the Secured Parties. If all or any part of any Secured Party's interest in any Secured Obligation is assigned or otherwise transferred, the transferor's rights hereunder, to the extent applicable to the obligation so transferred, shall be automatically transferred with such obligation. This Agreement shall be binding on the Grantors and their respective successors and assigns.

Section 26 . *Amendments and Waivers.* Neither this Agreement nor any provision hereof may be waived, amended, modified or terminated except pursuant to an agreement or agreements in writing entered into by the Company, the Administrative Agent and the applicable Lenders required to consent thereto under Section 9.20 of the Credit Agreement.

Section 27 . *Choice of Law.* This Agreement shall be construed in accordance with and governed by the laws of the State of New York, except as otherwise required by mandatory provisions of law and except to the extent that remedies provided by the laws of any jurisdiction other than the State of New York are governed by the laws of such jurisdiction.

Section 28 . *Governing Law; Jurisdiction; Consent to Service of Process.*

(A) This Agreement shall be construed in accordance with and governed by the law of the State of New York.

(B) Each party hereto hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County, Borough of Manhattan, and of the United States District Court for the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to any Loan Document, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or any other Loan Document shall affect any right that any party hereto may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against any other party hereto or its properties in the courts of any jurisdiction.

(C) Each party hereto hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(D) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 9.01 of the Credit Agreement.

Section 29. Severability. Any provision of any Loan Document held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions thereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

TAPESTRY, INC.

By: _____
Name:
Title:

BANK OF AMERICA, N.A., as Administrative Agent

By: _____
Name:
Title:

Subsidiary Guarantors:

[NAMES OF SUBSIDIARY GUARANTORS]

By: _____
Name:
Title:

SECURITY AGREEMENT SUPPLEMENT

SECURITY AGREEMENT SUPPLEMENT dated as of _____, _____, between [NAME OF GRANTOR] (the “Grantor”) and BANK OF AMERICA, N.A., as Administrative Agent.

WHEREAS, TAPESTRY, INC., the Subsidiary Guarantors party thereto and BANK OF AMERICA, N.A., as Administrative Agent, are parties to a Security Agreement dated as of May [], 2020 (as heretofore amended and/or supplemented, the “Security Agreement”) under which the Grantors thereunder secure certain of their obligations (the “Secured Obligations”);

WHEREAS, [name of Grantor] desires to become a party to the Security Agreement as a Grantor thereunder; and

WHEREAS, terms defined in the Security Agreement (or whose definitions are incorporated by reference in Section 1 of the Security Agreement) and not otherwise defined herein have, as used herein, the respective meanings provided for therein;

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. *Grant of Transaction Liens.* (i) In order to secure the Secured Obligations, the Grantor grants to the Administrative Agent for the benefit of the Secured Parties a continuing security interest in all its property described in Section 3(a) of the Security Agreement, whether now owned or existing or hereafter acquired or arising and regardless of where located (the “New Collateral”).

(a) With respect to each right to payment or performance included in the Collateral from time to time, the Transaction Lien granted therein includes a continuing security interest in (i) any Supporting Obligation that supports such payment or performance and (i) any Lien that (x) secures such right to payment or performance or (y) secures any such Supporting Obligation.

(b) The foregoing Transaction Liens are granted as security only and shall not subject the Administrative Agent or any other Secured Party to, or transfer or in any way affect or modify, any obligation or

liability of the Grantor with respect to any of the New Collateral or any transaction in connection therewith.

2. *Party to Security Agreement.* Upon delivering this Security Agreement Supplement to the Administrative Agent, the Grantor will become a party to the Security Agreement and will thereafter have all the rights and obligations of a Grantor thereunder and be bound by all the provisions thereof as fully as if the Grantor were one of the original parties thereto.

3. *Representations and Warranties.* The Grantor hereby represents and warrants that after giving effect to this Security Agreement Supplement, all of the representations and warranties contained in Section 4 of the Security Agreement (as to itself) are true and correct in all material respects as of the date hereof.

4. *Governing Law.* This Security Agreement Supplement shall be construed in accordance with and governed by the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement Supplement to be duly executed by their respective authorized officers as of the day and year first above written.

[NAME OF GRANTOR]

By: _____
Name:
Title:

BANK OF AMERICA, N.A., as Administrative Agent

By: _____
Name:
Title:

COPYRIGHT SECURITY AGREEMENT

(Copyrights, Copyright Registrations, Copyright Applications and Copyright Licenses)

WHEREAS, [name of Grantor], a _____ corporation¹ (herein referred to as the “**Grantor**”) owns, or in the case of licenses is a party to, the Copyright Collateral (as defined below);

WHEREAS, TAPESTRY, INC. (the “**Company**”), the Foreign Subsidiary Borrowers party thereto, the Lenders party thereto, and BANK OF AMERICA, N.A., as Administrative Agent, are parties to a Credit Agreement dated as of October 24, 2019 (as amended, restated or otherwise modified from time to time, the “**Credit Agreement**”);

WHEREAS, pursuant to (i) a Security Agreement dated as of May [], 2020 (as amended and/or supplemented from time to time, the “**Security Agreement**”) among the Company, the Subsidiary Guarantors party thereto and BANK OF AMERICA, N.A., as Administrative Agent for the Secured Parties referred to therein (in such capacity, together with its successors in such capacity, the “**Grantee**”), and (ii) certain other Security Documents (including this Copyright Security Agreement), the Grantor has secured certain of its obligations (the “**Secured Obligations**”) by granting to the Grantee for the benefit of such Secured Parties a continuing security interest in personal property of the Grantor, including all right, title and interest of the Grantor in, to and under the Copyright Collateral (as defined below);

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantor grants to the Grantee, to secure the Secured Obligations, a continuing security interest in all of the Grantor’s right, title and interest in, to and under the following (all of the following items or types of property being herein collectively referred to as the “**Copyright Collateral**”), whether now owned or existing or hereafter acquired or arising:

- (i) each Copyright (as defined in the Security Agreement) owned by the Grantor, including, without limitation, each Copyright registration or application therefor referred to in Schedule 1 hereto;
- (ii) each Copyright License (as defined in the Security Agreement) to which the Grantor is a party, including, without limitation, each Copyright License identified in Schedule 1 hereto; and

(iii) all proceeds of, revenues from, and accounts and general intangibles arising out of, the foregoing, including, without limitation, all proceeds of and revenues from any claim by the Grantor against third parties for past, present or future infringement of any Copyright (including, without limitation, any Copyright owned by the Grantor and identified in Schedule 1), and all rights and benefits of the Grantor under any Copyright License (including, without limitation, any Copyright License identified in Schedule 1).

The Grantor irrevocably constitutes and appoints the Grantee and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full power and authority in the name of the Grantor or in the Grantee's name, from time to time, in the Grantee's discretion, so long as any Event of Default shall have occurred and be continuing, to take with respect to the Copyright Collateral any and all appropriate action which the Grantor might take with respect to the Copyright Collateral and to execute any and all documents and instruments which may be necessary or desirable to carry out the terms of this Copyright Security Agreement and to accomplish the purposes hereof.

Except to the extent expressly permitted in the Security Agreement or the Credit Agreement, the Grantor agrees not to sell, license, exchange, assign or otherwise transfer or dispose of, or grant any rights with respect to, or mortgage or otherwise encumber, any of the Copyright Collateral.

The foregoing security interest is granted in conjunction with the security interests granted by the Grantor to the Grantee pursuant to the Security Agreement. The Grantor acknowledges and affirms that the rights and remedies of the Grantee with respect to the security interest in the Copyright Collateral granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein.

IN WITNESS WHEREOF, the Grantor has caused this Copyright Security Agreement to be duly executed by its officer thereunto duly authorized as of the ___ day of _____, ____.

[NAME OF GRANTOR]

By:

Name:

Title:

Acknowledged:

BANK OF AMERICA, N.A.,
as Administrative Agent

By: _____
Name:
Title:

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[NAME OF GRANTOR]

COPYRIGHT REGISTRATIONS

Registration No.	Registration Date	Title	Expiration Date
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COPYRIGHT APPLICATIONS

Case No.	Serial No.	Country	Date	Filing Title
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COPYRIGHT LICENSES

Name of Agreement	Parties Licensor/Licensee	Date of Agreement	Subject Matter
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PATENT SECURITY AGREEMENT

(Patents, Patent Applications and Patent Licenses)

WHEREAS, [name of Grantor], a _____ corporation¹ (herein referred to as the “**Grantor**”) owns, or in the case of licenses is a party to, the Patent Collateral (as defined below);

WHEREAS, TAPESTRY, INC. (the “**Company**”), the Foreign Subsidiary Borrowers party thereto, the Lenders party thereto, and BANK OF AMERICA, N.A., as Administrative Agent, are parties to a Credit Agreement dated as of October 24, 2019 (as amended, restated or otherwise modified from time to time, the “**Credit Agreement**”); and

WHEREAS, pursuant to (i) a Security Agreement dated as of May [], 2020 (as amended and/or supplemented from time to time, the “**Security Agreement**”) among the Company, the Subsidiary Guarantors party thereto and BANK OF AMERICA, N.A., as Administrative Agent for the Secured Parties referred to therein (in such capacity, together with its successors in such capacity, the “**Grantee**”), and (ii) certain other Security Documents (including this Patent Security Agreement), the Grantor has secured certain of its obligations (the “**Secured Obligations**”) by granting to the Grantee for the benefit of such Secured Parties a continuing security interest in personal property of the Grantor, including all right, title and interest of the Grantor in, to and under the Patent Collateral (as defined below);

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantor grants to the Grantee, to secure the Secured Obligations, a continuing security interest in all of the Grantor’s right, title and interest in, to and under the following (all of the following items or types of property being herein collectively referred to as the “**Patent Collateral**”), whether now owned or existing or hereafter acquired or arising:

- (i) each Patent (as defined in the Security Agreement) owned by the Grantor, including, without limitation, each Patent referred to in Schedule 1 hereto;
- (ii) each Patent License (as defined in the Security Agreement) to which the Grantor is a party, including, without limitation, each Patent License identified in Schedule 1 hereto; and
- (iii) all proceeds of and revenues from the foregoing, including, without limitation, all proceeds of and revenues from any claim by the

Grantor against third parties for past, present or future infringement of any Patent owned by the Grantor (including, without limitation, any Patent identified in Schedule 1 hereto) and all rights and benefits of the Grantor under any Patent License (including, without limitation, any Patent License identified in Schedule 1 hereto).

The Grantor irrevocably constitutes and appoints the Grantee and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full power and authority in the name of the Grantor or in the Grantee's name, from time to time, in the Grantee's discretion, so long as any Event of Default shall have occurred and be continuing, to take with respect to the Patent Collateral any and all appropriate action which the Grantor might take with respect to the Patent Collateral and to execute any and all documents and instruments which may be necessary or desirable to carry out the terms of this Patent Security Agreement and to accomplish the purposes hereof.

Except to the extent expressly permitted in the Security Agreement or the Credit Agreement, the Grantor agrees not to sell, license, exchange, assign or otherwise transfer or dispose of, or grant any rights with respect to, or mortgage or otherwise encumber, any of the Patent Collateral.

The foregoing security interest is granted in conjunction with the security interests granted by the Grantor to the Grantee pursuant to the Security Agreement. The Grantor acknowledges and affirms that the rights and remedies of the Grantee with respect to the security interest in the Patent Collateral granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein.

IN WITNESS WHEREOF, the Grantor has caused this Patent Security Agreement to be duly executed by its officer thereunto duly authorized as of the ____ day of _____, ____.

[NAME OF GRANTOR]

By: _____
Name:
Title:

Acknowledged:

BANK OF AMERICA, N.A.,
as Administrative Agent

By:

Name:

Title:

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[NAME OF GRANTOR]

PATENTS AND DESIGN PATENTS

Patent No.	Issued	Expiration	Country	Title
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PATENT APPLICATIONS

Case No.	Serial No.	Country	Date	Filing Title
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PATENT LICENSES

Name of Agreement	Parties Licensor/Licensee	Date of Agreement	Subject Matter
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TRADEMARK SECURITY AGREEMENT

(Trademarks, Trademark Registrations, Trademark Applications and Trademark Licenses)

WHEREAS, [name of Grantor], a _____ corporation¹ (herein referred to as the “**Grantor**”) owns, or in the case of licenses is a party to, the Trademark Collateral (as defined below);

WHEREAS, TAPESTRY, INC. (the “**Company**”), the Foreign Subsidiary Borrowers party thereto, the Lenders party thereto, and BANK OF AMERICA, N.A., as Administrative Agent, are parties to a Credit Agreement dated as of October 24, 2019 (as amended, restated or otherwise modified from time to time, the “**Credit Agreement**”); and

WHEREAS, pursuant to (i) a Security Agreement dated as of May [], 2020 (as amended and/or supplemented from time to time, the “**Security Agreement**”) among the Company, the Subsidiary Guarantors party thereto and BANK OF AMERICA, N.A., as Administrative Agent for the Secured Parties referred to therein (in such capacity, together with its successors in such capacity, the “**Grantee**”), and (ii) certain other Security Documents (including this Trademark Security Agreement), the Grantor has secured certain of its obligations (the “**Secured Obligations**”) by granting to the Grantee for the benefit of such Secured Parties a continuing security interest in personal property of the Grantor, including all right, title and interest of the Grantor in, to and under the Trademark Collateral (as defined below);

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantor grants to the Grantee, to secure the Secured Obligations, a continuing security interest in all of the Grantor’s right, title and interest in, to and under the following (all of the following items or types of property being herein collectively referred to as the “**Trademark Collateral**”), whether now owned or existing or hereafter acquired or arising:

- (i) each Trademark (as defined in the Security Agreement) owned by the Grantor, including, without limitation, each Trademark registration and application referred to in Schedule 1 hereto, and all of the goodwill of the business connected with the use of, or symbolized by, each Trademark;
- (ii) each Trademark License (as defined in the Security Agreement) to which the Grantor is a party, including, without limitation, each Trademark License identified in Schedule 1 hereto, and all of the goodwill of the business connected with the use of, or symbolized by, each Trademark licensed pursuant thereto; and

(iii) all proceeds of and revenues from the foregoing, including, without limitation, all proceeds of and revenues from any claim by the Grantor against third parties for past, present or future unfair competition with, or violation of intellectual property rights in connection with or injury to, or infringement or dilution of, any Trademark owned by the Grantor (including, without limitation, any Trademark identified in Schedule 1 hereto), and all rights and benefits of the Grantor under any Trademark License (including, without limitation, any Trademark License identified in Schedule 1 hereto), or for injury to the goodwill associated with any of the foregoing.

The Grantor irrevocably constitutes and appoints the Grantee and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full power and authority in the name of the Grantor or in the Grantee's name, from time to time, in the Grantee's discretion, so long as any Event of Default shall have occurred and be continuing, to take with respect to the Trademark Collateral any and all appropriate action which the Grantor might take with respect to the Trademark Collateral and to execute any and all documents and instruments which may be necessary or desirable to carry out the terms of this Trademark Security Agreement and to accomplish the purposes hereof.

Except to the extent expressly permitted in the Security Agreement or the Credit Agreement, the Grantor agrees not to sell, license, exchange, assign or otherwise transfer or dispose of, or grant any rights with respect to, or mortgage or otherwise encumber, any of the Trademark Collateral.

The foregoing security interest is granted in conjunction with the security interests granted by the Grantor to the Grantee pursuant to the Security Agreement. The Grantor acknowledges and affirms that the rights and remedies of the Grantee with respect to the security interest in the Trademark Collateral granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein.

IN WITNESS WHEREOF, the Grantor has caused this Trademark Security Agreement to be duly executed by its officer thereunto duly authorized as of the ____ day of _____, ____.

[NAME OF GRANTOR]

By: _____
Name:
Title:

Acknowledged:

BANK OF AMERICA, N.A.,
as Administrative Agent

By:

Name:

Title:

[NAME OF GRANTOR]

U.S. TRADEMARK REGISTRATIONS

TRADEMARK	REG. NO.	REG. DATE
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U.S. TRADEMARK APPLICATIONS

TRADEMARK	REG. NO.	REG. DATE
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TRADEMARK LICENSES

**Name of
Agreement**

**Parties
Licensor/Licensee**

**Date of
Agreement**

**Subject
Matter**

EXHIBIT G

[FORM OF]

GUARANTEE AGREEMENT

GUARANTEE AGREEMENT, dated as of [_____] (this “Guarantee”), made by each of the signatories hereto (together with any other entity that may become a party hereto as provided herein, the “Subsidiary Guarantors”), in favor of Bank of America, N.A., as Administrative Agent (in such capacity, the “Administrative Agent”) for the banks and other financial institutions or entities (the “Lenders”) from time to time party to the Credit Agreement, dated as of October 24, 2019 (as amended, supplemented or otherwise modified from time to time, the “Credit Agreement”), among Tapestry, Inc., a Maryland corporation (the “Company”), the Foreign Subsidiary Borrowers parties thereto (the “Foreign Subsidiary Borrowers”) and, together with the Company, the “Borrowers”), the Lenders party thereto and the Administrative Agent.

WITNESSETH:

WHEREAS, pursuant to the Credit Agreement, the Lenders have severally agreed to make extensions of credit to the Borrowers upon the terms and subject to the conditions set forth therein;

WHEREAS, each Borrower is a member of an affiliated group of companies that includes each Subsidiary Guarantor;

WHEREAS, the proceeds of the extensions of credit under the Credit Agreement will be used in part to enable the Borrowers to make valuable transfers to one or more of the Subsidiary Guarantors in connection with the operation of their respective businesses;

WHEREAS, the Borrowers and the Subsidiary Guarantors are engaged in related businesses, and each Subsidiary Guarantor will derive substantial direct and indirect benefit from the making of the extensions of credit under the Credit Agreement; and

WHEREAS, pursuant to Section 5.09 of the Credit Agreement, the Company has covenanted to cause the Subsidiary Guarantors to have executed and delivered this Guarantee to the Administrative Agent for the ratable benefit of the Lenders;

NOW, THEREFORE, in consideration of the premises and to induce the Lenders to make their respective extensions of credit to the Borrowers thereunder, each Subsidiary Guarantor hereby agrees with the Administrative Agent, for the ratable benefit of the Lenders, as follows:

SECTION 1. DEFINED TERMS

1.1 Definitions. (a) Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

(b) The following terms shall have the following meanings:

“Guaranteed Obligations” means all of the Obligations (as defined in the Credit Agreement), but excluding the direct obligations of the applicable Subsidiary Guarantor for which it is the underlying obligor.

1.2 Other Definitional Provisions. (a) The words “hereof,” “herein,” “hereto” and “hereunder” and words of similar import when used in this Guarantee shall refer to this Guarantee as a whole and not to any particular provision of this Guarantee, and Section and Schedule references are to this Guarantee unless otherwise specified.

(b) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

SECTION 2. GUARANTEE

2.1 Guarantee. (a) Each Subsidiary Guarantor hereby, jointly and severally, unconditionally and irrevocably guarantees to the Administrative Agent, for the ratable benefit of the Lenders and their respective successors, indorsees, transferees and assigns, the prompt and complete payment and performance by each applicable Loan Party when due (whether at the stated maturity, by acceleration or otherwise) of the Guaranteed Obligations.

(b) Anything herein to the contrary notwithstanding, the maximum liability of each Subsidiary Guarantor hereunder shall in no event exceed the amount which can be guaranteed by such Subsidiary Guarantor under applicable federal and state laws relating to the insolvency of debtors (after giving effect to the right of contribution established in Section 2.2).

(c) Each Subsidiary Guarantor agrees that the Guaranteed Obligations may at any time and from time to time exceed the amount of the liability of such Subsidiary Guarantor hereunder without impairing this Guarantee or affecting the rights and remedies of the Administrative Agent or any Lender hereunder.

(d) Subject to Section 9.14 of the Credit Agreement, this Guarantee shall remain in full force and effect until all the Guaranteed Obligations and the obligations of each Subsidiary Guarantor under this Guarantee shall have been satisfied by payment in full in immediately available funds, no Letter of Credit shall be outstanding and the Commitments shall be terminated, notwithstanding that from time to time during the term of the Credit Agreement the Loan Parties may be free from any Guaranteed Obligations.

(e) No payment made by any Borrower, any Subsidiary Guarantor, any other guarantor or any other Person or received or collected by the Administrative Agent or any Lender from any Borrower, any Subsidiary Guarantor, any other guarantor or any other Person by virtue of any action or proceeding or any set-off or appropriation or application at any time or from time to time in reduction of or in payment of the Guaranteed Obligations shall be deemed to modify, reduce, release or otherwise affect the liability of any Subsidiary Guarantor hereunder which shall, notwithstanding any such payment (other than any payment made by such Subsidiary Guarantor in respect of the Guaranteed Obligations or any payment received or collected from such Subsidiary Guarantor in respect of the Guaranteed Obligations), remain liable for the Guaranteed Obligations up to the maximum liability of such Subsidiary Guarantor hereunder until the Guaranteed Obligations are paid in full in immediately available funds, no Letter of Credit shall be outstanding and the Commitments are terminated.

2.2 Right of Contribution. Each Subsidiary Guarantor hereby agrees that to the extent that a Subsidiary Guarantor shall have paid more than the amount which otherwise would have been paid by or attributable to such Subsidiary Guarantor if each Subsidiary Guarantor had paid the aggregate Guaranteed Obligations satisfied by such payment in the same proportion as such Subsidiary Guarantor’s “Allocable Amount” (as defined below) (as determined immediately prior to such payment) bore to the aggregate Allocable Amounts of each of the Subsidiary Guarantors as determined immediately prior to the

making of such payment, such Subsidiary Guarantor shall be entitled to seek and receive contribution from and against any other Subsidiary Guarantor hereunder which has not paid its proportionate share of such payment. Each Subsidiary Guarantor's right of contribution shall be subject to the terms and conditions of Section 2.3. The provisions of this Section 2.2 shall in no respect limit the obligations and liabilities of any Subsidiary Guarantor to the Administrative Agent and the Lenders, and each Subsidiary Guarantor shall remain liable to the Administrative Agent and the Lenders for the full amount guaranteed by such Subsidiary Guarantor hereunder. As of any date of determination, the "Allocable Amount" of any Subsidiary Guarantor shall be equal to the excess of the fair saleable value of the property of such Subsidiary Guarantor over the total liabilities of such Subsidiary Guarantor (including the maximum amount reasonably expected to become due in respect of contingent liabilities, calculated, without duplication, assuming each other Subsidiary Guarantor that is also liable for such contingent liability pays its ratable share thereof), giving effect to all payments made by other Subsidiary Guarantors as of such date in a manner to maximize the amount of such contributions.

2.3 No Subrogation. Notwithstanding any payment made by any Subsidiary Guarantor hereunder or any set-off or application of funds of any Subsidiary Guarantor by the Administrative Agent or any Lender, no Subsidiary Guarantor shall be entitled to be subrogated to any of the rights of the Administrative Agent or any Lender against the Borrowers or any other Subsidiary Guarantor or any collateral security or guarantee or right of offset held by the Administrative Agent or any Lender for the payment of the Guaranteed Obligations, nor shall any Subsidiary Guarantor seek or be entitled to seek any contribution or reimbursement from the Borrowers or any other Subsidiary Guarantor in respect of payments made by such Subsidiary Guarantor hereunder, until all amounts owing to the Administrative Agent and the Lenders by the Loan Parties on account of the Guaranteed Obligations are paid in full in immediately available funds, no Letter of Credit shall be outstanding and the Commitments are terminated. If any amount shall be paid to any Subsidiary Guarantor on account of such subrogation rights at any time when all of the Guaranteed Obligations shall not have been paid in full in immediately available funds, such amount shall be held by such Subsidiary Guarantor for the benefit of the Administrative Agent and the Lenders, segregated from other funds of such Subsidiary Guarantor, and shall, forthwith upon receipt by such Subsidiary Guarantor, be turned over to the Administrative Agent in the exact form received by such Subsidiary Guarantor (duly indorsed by such Subsidiary Guarantor to the Administrative Agent, if required), to be applied against the Guaranteed Obligations, whether matured or unmatured, in such order as the Administrative Agent may determine.

2.4 Amendments, etc. with respect to the Guaranteed Obligations. Each Subsidiary Guarantor shall remain obligated hereunder notwithstanding that, without any reservation of rights against any Subsidiary Guarantor and without notice to or further assent by any Subsidiary Guarantor, any demand for payment of any of the Guaranteed Obligations made by the Administrative Agent or any Lender may be rescinded by the Administrative Agent or such Lender and any of the Guaranteed Obligations continued, and the Guaranteed Obligations, or the liability of any other Person upon or for any part thereof, or any collateral security or guarantee therefor or right of offset with respect thereto, may, from time to time, in whole or in part, be renewed, extended, amended, modified, accelerated, compromised, waived, surrendered or released by the Administrative Agent or any Lender, and the Credit Agreement and any other documents executed and delivered in connection therewith may be amended, modified, supplemented or terminated, in whole or in part, as the Administrative Agent (or the Required Lenders or all Lenders, as the case may be) may deem advisable from time to time, and any collateral security, guarantee or right of offset at any time held by the Administrative Agent or any Lender for the payment of the Guaranteed Obligations may be sold, exchanged, waived, surrendered or released. Neither the Administrative Agent nor any Lender shall have any obligation to protect, secure, perfect or insure any Lien at any time held by it as security for the Guaranteed Obligations or for this Guarantee.

2.5 Guarantee Absolute and Unconditional. Each Subsidiary Guarantor waives any and all notice of the creation, renewal, extension or accrual of any of the Guaranteed Obligations and notice of or proof of reliance by the Administrative Agent or any Lender upon this Guarantee or acceptance of this Guarantee; the Guaranteed Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred, or renewed, extended, amended or waived, in reliance upon this Guarantee; and all dealings between any Borrower and any Subsidiary Guarantor, on the one hand, and the Administrative Agent and the Lenders, on the other hand, likewise shall be conclusively presumed to have been had or consummated in reliance upon this Guarantee. Each Subsidiary Guarantor waives diligence, presentment, protest, demand for payment and notice of default or nonpayment to or upon the Borrowers or any Subsidiary Guarantor with respect to the Guaranteed Obligations. Each Subsidiary Guarantor understands and agrees that this Guarantee shall be construed as a continuing, absolute and unconditional guarantee of payment without regard to (a) the validity or enforceability of the Credit Agreement, any of the Hedge Agreements, any of the Cash Management Obligations, any of the Guaranteed Obligations or any other collateral security therefor or guarantee or right of offset with respect thereto at any time or from time to time held by the Administrative Agent or any Lender, (b) any defense, set-off or counterclaim (other than a defense of payment or performance) which may at any time be available to or be asserted by any Borrower or any other Person against the Administrative Agent or any Lender, or (c) any other circumstance whatsoever (with or without notice to or knowledge of the Borrower or such Subsidiary Guarantor) which constitutes, or might be construed to constitute, an equitable or legal discharge of any Borrower for the Guaranteed Obligations, or of such Subsidiary Guarantor under this Guarantee, in bankruptcy or in any other instance. When making any demand hereunder or otherwise pursuing its rights and remedies hereunder against any Subsidiary Guarantor, the Administrative Agent or any Lender may, but shall be under no obligation to, make a similar demand on or otherwise pursue such rights and remedies as it may have against the Borrowers, any other Subsidiary Guarantor or any other Person or against any collateral security or guarantee for the Guaranteed Obligations or any right of offset with respect thereto, and any failure by the Administrative Agent or any Lender to make any such demand, to pursue such other rights or remedies or to collect any payments from any Borrower, any other Subsidiary Guarantor or any other Person or to realize upon any such collateral security or guarantee or to exercise any such right of offset, or any release of any Borrower, any other Subsidiary Guarantor or any other Person or any such collateral security, guarantee or right of offset, shall not relieve any Subsidiary Guarantor of any obligation or liability hereunder, and shall not impair or affect the rights and remedies, whether express, implied or available as a matter of law, of the Administrative Agent or any Lender against any Subsidiary Guarantor. For the purposes hereof “demand” shall include the commencement and continuance of any legal proceedings.

2.6 Reinstatement. This Guarantee shall continue to be effective, or shall be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Guaranteed Obligations is rescinded or must otherwise be restored or returned by the Administrative Agent or any Lender upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of any Borrower or any Subsidiary Guarantor, or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, any Borrower or any Subsidiary Guarantor or any substantial part of its property, or otherwise, all as though such payments had not been made.

2.7 Payments. Each Subsidiary Guarantor hereby guarantees that payments hereunder will be paid to the Administrative Agent without set-off or counterclaim in dollars or the applicable Alternative Currency in accordance with Section 2.18 of the Credit Agreement.

2.8 Limitation of Guarantee. Notwithstanding any other provision of this Guarantee, the amount guaranteed by each Subsidiary Guarantor hereunder shall be limited to the extent, if any, required so that its obligations hereunder shall not be subject to avoidance under Section 548 of the Bankruptcy Code

or under any applicable state Uniform Fraudulent Transfer Act, Uniform Fraudulent Conveyance Act or similar statute or common law. In determining the limitations, if any, on the amount of any Subsidiary Guarantor's obligations hereunder pursuant to the preceding sentence, it is the intention of the parties hereto that any rights of subrogation, indemnification or contribution which such Subsidiary Guarantor may have under this Guarantee, any other agreement or applicable law shall be taken into account.

2.9 Representations and Warranties of the Subsidiary Guarantors. Each Subsidiary Guarantor represents and warrants that each of the representations with respect to it contained in Article III of the Credit Agreement are true and correct on and as of the date hereof.

SECTION 3. THE ADMINISTRATIVE AGENT

Each Subsidiary Guarantor acknowledges that the rights and responsibilities of the Administrative Agent under this Guarantee with respect to any action taken by the Administrative Agent or the exercise or non-exercise by the Administrative Agent of any right or remedy provided for herein or resulting or arising out of this Guarantee shall, as between the Administrative Agent and the Lenders, be governed by the Credit Agreement and by such other agreements with respect thereto as may exist from time to time among them, but, as between the Administrative Agent and the Subsidiary Guarantors, the Administrative Agent shall be conclusively presumed to be acting as agent for the Lenders with full and valid authority so to act or refrain from acting, and no Subsidiary Guarantor shall be under any obligation, or entitlement, to make any inquiry respecting such authority.

SECTION 4. MISCELLANEOUS

4.1 Amendments in Writing. None of the terms or provisions of this Guarantee may be waived, amended, supplemented or otherwise modified except in accordance with Section 9.20 of the Credit Agreement.

4.2 Notices. All notices, requests and demands to or upon the Administrative Agent, any Lender or any Subsidiary Guarantor to be effective shall be in writing, shall be given in the manner and at the addresses specified in Section 9.01 of the Credit Agreement (or, in the case of any Subsidiary Guarantor, to such Subsidiary Guarantor c/o the Company at the address of the Company set forth in said Section or at such other address as the Company may provide in accordance with Section 9.01(c) of the Credit Agreement) and shall be deemed to have been duly given or made when received.

4.3 No Waiver by Course of Conduct; Cumulative Remedies. Neither the Administrative Agent nor any Lender shall by any act (except by a written instrument pursuant to Section 4.1), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default. No failure to exercise, nor any delay in exercising, on the part of the Administrative Agent or any Lender, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Administrative Agent or any Lender of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Administrative Agent or such Lender would otherwise have on any future occasion. The rights and remedies herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any other rights or remedies provided by law.

4.4 Enforcement Expenses; Indemnification. (a) Each Subsidiary Guarantor agrees to pay or reimburse each Lender and the Administrative Agent for all its out-of-pocket expenses incurred in collecting against such Subsidiary Guarantor under this Guarantee or otherwise enforcing or preserving its

rights under this Guarantee, including, without limitation, the reasonable fees, charges and disbursements of one primary counsel and of any special and local counsel for the Administrative Agent and one additional counsel for all Lenders other than the Administrative Agent and additional counsel in light of actual or potential conflicts of interest or the availability of different claims or defenses.

(b) Each Subsidiary Guarantor agrees to pay, and to save the Administrative Agent and the Lenders harmless from, any and all liabilities with respect to, or resulting from any delay in paying, any and all stamp, excise, sales or similar taxes which may be payable or determined to be payable in connection with any of the transactions contemplated by this Guarantee.

(c) Each Subsidiary Guarantor agrees to indemnify, and to hold the Administrative Agent and the Lenders harmless from, any and all losses, claims, damages, liabilities and related expenses, including the fees, charges and disbursements of any counsel for any the Administrative Agent and the Lenders, incurred by or asserted against the Administrative Agent or any Lender arising out of, in connection with, or as a result of the execution, delivery, enforcement, performance and administration of this Guarantee to the extent the Company would be required to do so pursuant to Section 9.03 of the Credit Agreement.

(d) The agreements in this Section 4.4 shall survive repayment of the Guaranteed Obligations and all other amounts payable under the Credit Agreement.

4.5 Successors and Assigns. This Guarantee shall be binding upon the successors and assigns of each Subsidiary Guarantor and shall inure to the benefit of the Administrative Agent and the Lenders and their successors and assigns; provided that no Subsidiary Guarantor may assign, transfer or delegate any of its rights or obligations under this Guarantee without the prior written consent of the Administrative Agent.

4.6 Set-Off. If an Event of Default shall have occurred and be continuing, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other obligations at any time owing by such Lender or Affiliate to or for the credit or the account of any Subsidiary Guarantor against any of and all the obligations of such Subsidiary Guarantor now or hereafter existing under this Agreement held by such Lender, irrespective of whether or not such Lender shall have made any demand for payment under this Guarantee and although such obligations may be unmaturred. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

4.7 Counterparts. This Guarantee may be executed by one or more of the parties to this Guarantee on any number of separate counterparts (including by telecopy), and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

4.8 Severability. Any provision of this Guarantee which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

4.9 Section Headings. The Section headings used in this Guarantee are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

4.10 Integration. This Guarantee represents the agreement of each Subsidiary Guarantor with respect to the subject matter hereof, and there are no promises, undertakings, representations or warranties by the Administrative Agent or any Lender relative to subject matter hereof not expressly set forth or referred to herein or in the other Loan Documents.

4.11 GOVERNING LAW. THIS GUARANTEE SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

4.12 Submission To Jurisdiction; Waivers. (a) Each Subsidiary Guarantor hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County, Borough of Manhattan, and of the United States District Court for the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Guarantee, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Guarantee shall affect any right that the Administrative Agent, any Issuing Bank or any Lender may otherwise have to bring any action or proceeding relating to this Guarantee against any Subsidiary Guarantor or its properties in the courts of any jurisdiction.

(b) Each Subsidiary Guarantor hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any court referred to in paragraph (a) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Each party to this Guarantee irrevocably consents to service of process in the manner provided for notices in Section 4.2. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

(d) Each Subsidiary Guarantor waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this Section any special, exemplary, punitive or consequential damages.

4.13 Additional Subsidiary Guarantors. Each Subsidiary of the Company that is required to become a party to this Guarantee pursuant to Section 5.09 of the Credit Agreement shall execute and deliver to the Administrative Agent an Assumption Agreement in the form of Annex 1 hereto and thereupon shall become a Subsidiary Guarantor under this Guarantee.

4.14 Releases. The obligations of any Subsidiary Guarantor under this Guarantee shall automatically terminate in accordance with Section 9.14 of the Credit Agreement.

4.15 WAIVER OF JURY TRIAL. EACH GUARANTOR HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS GUARANTEE OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH GUARANTOR (A)

CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

[Signature Pages Follow]

IN WITNESS WHEREOF, each of the undersigned has caused this Guarantee Agreement to be duly executed and delivered as of the date first above written.

[SUBSIDIARY GUARANTORS]

By: _____

Name:

Title:

[Signature Page to Tapestry, Inc. Guarantee Agreement]

Acknowledged and Agreed
as of the date first written above:

BANK OF AMERICA, N.A.,
as Administrative Agent

By: _____

Name:

Title:

[Signature Page to Tapestry, Inc. Guarantee Agreement]

ASSUMPTION AGREEMENT, dated as of [____], made by [____], a [____] (the "Additional Subsidiary Guarantor"), in favor of BANK OF AMERICA, N.A., as administrative agent (in such capacity, the "Administrative Agent") for the banks and other financial institutions or entities (the "Lenders") parties to the Credit Agreement referred to below. All capitalized terms not defined herein shall have the meaning ascribed to them in such Credit Agreement.

WITNESSETH:

WHEREAS, Tapestry, Inc., a Maryland corporation (the "Company"), the Foreign Subsidiary Borrowers parties thereto, the Lenders party thereto and the Administrative Agent have entered into the Credit Agreement, dated as of October 24, 2019 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement");

WHEREAS, in connection with the Credit Agreement, certain of the Company's Subsidiaries (other than the Additional Subsidiary Guarantor) have entered into the Guarantee Agreement, dated as of [____] (as amended, supplemented or otherwise modified from time to time, the "Guarantee Agreement") in favor of the Administrative Agent for the benefit of the Lenders;

WHEREAS, the Credit Agreement requires the Additional Subsidiary Guarantor to become a party to the Guarantee Agreement; and

WHEREAS, the Additional Subsidiary Guarantor has agreed to execute and deliver this Assumption Agreement in order to become a party to the Guarantee Agreement;

NOW, THEREFORE, IT IS AGREED:

1. Guarantee Agreement. By executing and delivering this Assumption Agreement, as provided in Section 4.13 of the Guarantee Agreement, the Additional Subsidiary Guarantor hereby becomes a party to the Guarantee Agreement as a Subsidiary Guarantor thereunder with the same force and effect as if originally named therein as a Subsidiary Guarantor and, without limiting the generality of the foregoing, hereby expressly assumes all obligations and liabilities of a Subsidiary Guarantor thereunder.

2. Representations and Warranties of the Additional Subsidiary Guarantor. The Additional Subsidiary Guarantor represents and warrants that each of the representations with respect to it contained in Article III of the Credit Agreement are true and correct on and as of the date hereof.

3. Governing Law. THIS ASSUMPTION AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned has caused this Assumption Agreement to be duly executed and delivered as of the date first above written.

[ADDITIONAL SUBSIDIARY GUARANTOR]

By: _____
Name:
Title:

[Signature Page to Assumption Agreement – Tapestry, Inc. Guarantee Agreement]

Acknowledged and Agreed
as of the date first written above:

BANK OF AMERICA, N.A.,
as Administrative Agent

By: _____

Name:

Title:

[Signature Page to Assumption Agreement – Tapestry, Inc. Guarantee Agreement]



COACH | kate spade | STUART WEITZMAN

July 20, 2020

Joanne Crevoiserat

Dear Joanne,

Reference is hereby made to your current employment letter dated as of June 17, 2019 (the "Employment Letter") pursuant to which you are employed as the Chief Financial Officer of Tapestry, Inc. ("Tapestry" or the "Company"). This letter is being provided in connection with your appointment as Interim Chief Executive Officer ("Interim CEO"), reporting to the Board of Directors of Tapestry (the "Board"). By signing below where indicated, you will be accepting that appointment effective July 21, 2020 (the "Effective Date").

This letter details the changes to your base salary and bonus opportunity that will apply, and a special retention award that will be made, in connection with your appointment as Interim CEO. Except as set forth herein, the terms of your Employment Letter continue to apply with respect to your employment as Interim CEO, except that while you are serving as the Company's Interim CEO (the "Interim CEO Term"), you will not serve, and will be deemed to have relinquished your position, as the Company's Chief Financial Officer. You will continue to be considered an "officer" under Section 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as well as an "Executive Officer" of Tapestry pursuant to Rule 3b-7 of the Exchange Act. Upon the termination of the Interim CEO Term, you will no longer serve as Interim CEO, the Board intends to reappoint you as the Company's Chief Financial Officer and the terms of the Employment Letter shall apply. For the avoidance of doubt, the changes to the terms of your employment described in this letter, including the changes occurring upon the commencement and termination of the Interim CEO Term, will not be deemed to give rise to "good reason" under the Employment Letter, the Company's 2010 and 2018 Stock Incentive Plans, each as amended, or any grant agreements for awards under either such Plan, the Tapestry, Inc. Special Severance Plan or other agreement between you and the Company or any applicable Company plan or policy.

Base Salary

As of the Effective Date and continuing through the last date of the fiscal quarter in which the Interim CEO Term ends, your annual base salary rate will be \$1,300,000, which will be immediately reduced by 20% to \$1,040,000 annually, consistent with the Company-wide salary reductions that were announced on April 20, 2020, and which are expected to remain in effect no longer than the end of the Company's fiscal year 2021 (i.e., July 3, 2021). In the event your employment terminates under circumstances in which you are entitled to severance, your severance will be calculated based on your annual base salary rate in effect on the date of your termination.

122122557

Incentive Compensation

You will continue to be eligible to participate in the Company's Performance-Based Annual Incentive Plan ("AIP"). For the period commencing on the Effective Date and continuing through the last date of the fiscal quarter in which the Interim CEO Term ends, your target bonus will be 150% of your salary actually paid during that period. Thereafter, your target bonus will revert to 100% of your salary paid for the remainder of the fiscal year, which shall reflect the reduced salary, as in effect for any portion of the fiscal year. The actual bonus payout may range from 0% of target for performance below established thresholds to 200% of target for maximum performance.

Any AIP bonus is paid within three months of the end of the fiscal year and you must be an employee in good standing with the Company on the AIP bonus payment date in order to be eligible to receive any such AIP bonus payment. If you resign your employment or are terminated for "cause," you are not eligible for this bonus for the fiscal year in which you provide the required notice of your intent to resign your employment (or resign without notice) or your employment is terminated, as applicable.

Special Equity or Cash Award

You will receive a special retention award (the "Special Award") with a grant value of \$1,000,000, which is expected to be granted in August 2020 as restricted stock units ("RSUs"). However, the Board or the Human Resources Committee of the Board (the "Committee") may determine that the Special Award will be a cash-based award instead of RSUs. The Special Award will cliff vest after two years subject to your continued employment or other service with the Company through the vesting date; provided, however that should your employment cease involuntarily for any reason other than for "cause" (e.g. position elimination) or if you resign for "Good Reason," each as defined in your Employment Letter, and subject to your compliance with the Restrictive Covenants set forth in your Employment Letter and the grant agreement for the Special Award, the Special Award will continue to vest according to the original vesting schedule of such grant.

You will be subject to the terms and conditions of the grant agreement, including, but not limited to, the provisions relating to claw back of equity gains or other incentive compensation in certain post-employment scenarios. Except as provided in this letter, the terms of the plan pursuant to which the Special Award is granted and related grant agreement, as they may be changed from time to time, will be controlling.

Your appointment as Interim CEO is contingent upon you passing a background check.

Joanne, if the foregoing accurately reflects your understanding of the terms that will apply in connection with your appointment as Interim CEO, kindly acknowledge your agreement by signing below where indicated and returning a signed copy to me.

Sincerely,

/s/ Sarah J. Dunn

Sarah J. Dunn
Global Human Resources Officer
Tapestry, Inc.

Agreed and accepted by:

/s/ Joanne Crevoiserat July 20, 2020
Name: Joanne Crevoiserat Date



COACH | kate spade | STUART WEITZMAN

July 20, 2020

Andrea Shaw Resnick

Dear Andrea,

Reference is hereby made to your current employment letter dated as of August 10, 2016 (the "Employment Letter") pursuant to which you are employed as the Global Head of Investor Relations and Corporate Communications of Tapestry, Inc. ("Tapestry" or the "Company"). This letter is being provided in connection with your appointment as Interim Chief Financial Officer ("Interim CFO"), reporting to the Chief Executive Officer of Tapestry. Upon effectiveness of the appointment, you will be a member of Tapestry's Executive Committee during the Interim CFO Term (as defined below). You will be considered an "officer" under Section 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as well as an "Executive Officer" of Tapestry pursuant to Rule 3b-7 of the Exchange Act. By signing below where indicated, you will be accepting that appointment effective July 21, 2020 (the "Effective Date").

This letter details the changes to your base salary and bonus opportunity that will apply, and a special retention award that will be made, in connection with your appointment as Interim CFO. Except as set forth herein, the terms of your Employment Letter continue to apply with respect to your employment as Interim CFO, except that while you are serving as the Company's Interim CFO (the "Interim CFO Term"). You will continue to serve as the Company's Global Head of Investor Relations and Corporate Communications during the Interim CFO Term. Upon the termination of the Interim CFO Term, you will no longer serve as Interim CFO. The remaining terms of the Employment Letter shall apply. For the avoidance of doubt the changes to the terms of your employment described in this letter, including the changes occurring upon the commencement and termination of the Interim CFO Term, will not be deemed to give rise to "good reason" under the Company's 2010 and 2018 Stock Incentive Plan, each as amended, or any grant agreements for awards under either such Plan, the Tapestry, Inc. Special Severance Plan or other agreement between you and the Company or any applicable Company plan or policy.

Base Salary

As of the Effective Date and continuing through the last date of the fiscal quarter in which the Interim CFO Term ends, your annual base salary rate will be \$700,000, which will be immediately reduced by 15% to \$595,000 annually, consistent with the Company-wide salary reductions that were announced on April 20, 2020, and which are expected to remain in effect no longer than the end of the Company's fiscal year 2021 (i.e., July 3, 2021). In the event your employment terminates under circumstances in which you are entitled to severance, your severance will be calculated based on your annual base salary rate in effect on the date of your termination.

Incentive Compensation

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You will continue to be eligible to participate in the Company's Performance-Based Annual Incentive Plan ("AIP"). For the period commencing on the Effective Date and continuing through the last date of the fiscal quarter in which the Interim CFO Term ends, your target bonus will be 80% of your salary actually paid during that period. Thereafter, your target bonus will revert to 60% of your salary paid for the remainder of the fiscal year, which shall reflect the reduced salary, as in effect for any portion of the fiscal year. The actual bonus payout may range from 0% of target for performance below established thresholds to 200% of target for maximum performance.

Any AIP bonus is paid within three months of the end of the fiscal year and you must be an employee in good standing with the Company on the AIP bonus payment date in order to be eligible to receive any such AIP bonus payment. If you resign your employment or are terminated for "cause," you are not eligible for this bonus for the fiscal year in which you provide the required notice of your intent to resign your employment (or resign without notice) or your employment is terminated, as applicable.

Special Equity or Cash Award

You will receive a special retention award (the "Special Award") with a grant value of \$400,000, which is expected to be granted in August 2020 as restricted stock units ("RSUs"). However, the Board of Directors of Tapestry (the "Board") or the Human Resources Committee of the Board (the "Committee") may determine that the Special Award will be a cash-based award instead of RSUs. The Special Award will cliff vest after two years subject to your continued employment or other service with the Company through the vesting date.

You will be subject to the terms and conditions of the grant agreement, including, but not limited to, the provisions relating to claw back of equity gains or other incentive compensation in certain post-employment scenarios. The terms and conditions of such grant agreements shall be the same as the terms that will apply to your anticipated annual equity grant in August; however, retirement treatment shall not apply to the Special Award in the event of a voluntary resignation. Notwithstanding anything to the contrary in this letter, the terms of the plan pursuant to which the Special Award is granted and related grant agreement, as they may be changed from time to time, will be controlling.

You hereby represent and warrant that you are not currently, and have never been, the subject of any allegation or complaint of harassment, discrimination, retaliation, or sexual or other misconduct in connection with prior employment or otherwise, and have not been a party to any settlement agreement or nondisclosure agreement relating to such matters (the "Representations"). The definition of termination for "cause" under your Employment Letter shall be amended to include a determination by the Company that your employment should be terminated for your breach of the Representations set forth above.

Your appointment as Interim CFO is contingent upon you passing a background check.

Andrea, if the foregoing accurately reflects your understanding of the terms that will apply in connection with your appointment as Interim CFO, kindly acknowledge your agreement by signing below where indicated and returning a signed copy to me.

Sincerely,

/s/ Sarah Dunn
Sarah J. Dunn
Global Human Resources Officer
Tapestry, Inc.

Agreed and accepted by:

/s/ Andrea Shaw Resnick July 20, 2020
Name: Andrea Shaw Resnick Date



COACH | kate spade | STUART WEITZMAN

July 20, 2020

Dear Todd,

Reference is hereby made to your current employment letter dated as of January 7, 2008, and amended as of June 22, 2015, and further amended as of August 11, 2016 (the "Employment Letter"), pursuant to which you are employed as the President, Chief Administrative Officer & Secretary of Tapestry, Inc. ("Tapestry" or the "Company"). This letter is being provided in connection with your appointment as Interim Chief Executive Officer and Brand President, Coach ("Interim Coach Brand CEO"), reporting to the Chief Executive Officer of Tapestry. By signing below where indicated, you will be accepting that appointment effective July 21, 2020 (the "Effective Date").

This letter details the changes to your base salary and bonus opportunity that will apply, and a special retention award that will be made, in connection with your appointment as Interim Coach Brand CEO. Except as set forth herein, the terms of your Employment Letter continue to apply with respect to your employment as Interim Coach Brand CEO. You will continue to serve as the Company's President, Chief Administrative Officer & Secretary during the period during which you are serving as the Company's Interim Coach Brand CEO (the "Interim Coach Brand CEO Term") unless the Board of Directors of the Company determines otherwise. You will also continue to be considered an "officer" under Section 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as well as an "Executive Officer" of Tapestry pursuant to Rule 3b-7 of the Exchange Act. Upon the termination of the Interim Coach Brand CEO Term, you will no longer serve as Interim Coach Brand CEO. The remaining terms of the Employment Letter shall apply. For the avoidance of doubt, the changes to the terms of your employment described in this letter, including the changes occurring upon the commencement and termination of the Interim Coach Brand CEO Term, will not be deemed to give rise to "good reason" under the Company's 2010 and 2018 Stock Incentive Plan, each as amended, or any grant agreements for awards under either such Plan, the Tapestry, Inc. Special Severance Plan or other agreement between you and the Company or any applicable Company plan or policy.

Base Salary

As of the Effective Date and continuing through the last date of the fiscal quarter in which the Interim Coach Brand CEO Term ends, your annual base salary rate will be \$900,000, which will be immediately reduced by 20% to \$720,000 annually, consistent with the Company-wide salary reductions that were announced on April 20, 2020, and which are will remain in effect no longer than the end of the Company's fiscal year 2021 (i.e., July 3, 2021). In the event your employment terminates under circumstances in which you are entitled to severance, your severance will be calculated based on your annual base salary rate in effect on the date of your termination.

122123273

Incentive Compensation

You will continue to be eligible to participate in the Company's Performance-Based Annual Incentive Plan ("AIP"). For the period commencing on the Effective Date and continuing through the last date of the fiscal quarter in which the Interim Coach Brand CEO Term ends, your target bonus will be 125% of your salary actually paid during that period. During the Interim Coach Brand CEO Term your AIP payout will continue to be based on Tapestry's financial performance, weighted as determined by the Human Resources Committee of the Board of Directors of Tapestry (the "Committee"). Thereafter, your target bonus will revert to 100% of your salary paid for the remainder of the fiscal year, which shall reflect the reduced salary, as in effect for any portion of the fiscal year. The actual bonus payout may range from 0% of target for performance below established thresholds to 200% of target for maximum performance.

Any AIP bonus is paid within three months of the end of the fiscal year and you must be an employee in good standing with the Company on the AIP bonus payment date in order to be eligible to receive any such AIP bonus payment. If you resign your employment or are terminated for "cause," you are not eligible for this bonus for the fiscal year in which you provide the required notice of your intent to resign your employment (or resign without notice) or your employment is terminated, as applicable.

Special Equity or Cash Award & Annual Equity Compensation

You will receive a special retention award (the "Special Award") with a grant value of \$800,000, which is expected to be granted in August 2020 as restricted stock units ("RSUs"). However, the Board of Directors of Tapestry or the Committee may determine that the Special Award will be a cash-based award instead of RSUs. The Special Award will cliff vest after two years subject to your continued employment or other service with the Company through the vesting date.

Your guideline annual equity grant value will be increased to \$2,000,000, to be granted in a fixed proportion of different equity vehicles, which may include RSUs, performance RSUs ("PRSUs"), and/or stock options, as determined annually by the Committee and normally granted in August. This guideline amount shall remain in place after the completion of the Interim Coach Brand CEO Term. The form, terms and amounts of all equity awards are subject to approval by the Committee.

In all cases, you will be subject to the terms and conditions of the grant agreements, including, but not limited to, the provisions relating to claw back of equity gains or other incentive compensation in certain post-employment scenarios. The terms and conditions of the Special Award grant agreement shall be the same as the terms that will apply to your anticipated annual equity grant in August; however, retirement treatment shall not apply to the Special Award in the event of your voluntary resignation. Notwithstanding anything to the contrary in this letter, the terms of the plan pursuant to which the Special Award and annual awards are granted and related grant agreements, as they may be changed from time to time, will be controlling.

You hereby represent and warrant that you are not currently, and have never been, the subject of any allegation or complaint of harassment, discrimination, retaliation, or sexual or other misconduct in connection with prior employment or otherwise, and have not been a party to any settlement agreement or nondisclosure agreement relating to such matters (the "Representations"). The definition of termination for "cause" under your Employment Letter

shall be amended to include a determination by the Company that your employment should be terminated for your breach of the Representations set forth above.

Your appointment as Interim Coach Brand CEO is contingent upon you passing a background check.

Todd, if the foregoing accurately reflects your understanding of the terms that will apply in connection with your appointment as Interim Coach Brand CEO, kindly acknowledge your agreement by signing below where indicated and returning a signed copy to me.

Sincerely,

/s/ Sarah J. Dunn

Sarah J. Dunn
Global Human Resources Officer
Tapestry, Inc.

Agreed and accepted by:

/s/ Todd Kahn July 20, 2020

Name: Todd Kahn Date

LIST OF SUBSIDIARIES OF TAPESTRY, INC.

Entity Name	Jurisdiction of Formation
504-514 West 34th Street Corp.	United States
B.B. SAS	France
Coach (US) Partnership, LLC	United States
Coach Brasil Participações Ltda	Brazil
Coach Consulting Dongguan Co. Ltd.	China
Coach Holdings Partnership (UK) LP	United Kingdom
Coach Hong Kong Limited	Hong Kong SAR, China
Coach International Holdings, Sàrl	Luxembourg
Coach International Limited	Hong Kong SAR, China
Coach International UK Holdings Limited	United Kingdom
Coach IP Holdings LLC	United States
Coach Italy S.r.l.	Italy
Coach Japan Investments, LLC	United States
Coach Korea Limited	Korea, Republic Of
Coach Leatherware (Thailand) Ltd.	Thailand
Coach Leatherware India Private Limited	India
Coach Legacy Yards Lender LLC	United States
Coach Legacy Yards LLC	United States
Coach Luxembourg Financing S.a.r.l	Luxembourg
Coach Malaysia SDN. BHD.	Malaysia
Coach Management (Shanghai) Co., Ltd.	China
Coach Manufacturing Limited	Hong Kong SAR, China
Coach Netherlands B.V.	Netherlands
Coach New Zealand	New Zealand
Coach Operations Singapore Pte. Ltd.	Singapore
Coach Services, Inc.	United States
Coach Shanghai Limited	China
Coach Singapore Pte. Ltd.	Singapore
Coach Spain, S.L.	Spain
Coach Stores Australia PTY LTD	Australia
Coach Stores Austria GmbH	Austria
Coach Stores Belgium	Belgium
Coach Stores Canada Corporation	Canada
Coach Stores France SARL	France
Coach Stores Germany GmbH	Germany
Coach Stores Ireland Limited	Ireland
Coach Stores Limited	United Kingdom
Coach Stores Puerto Rico, Inc.	United States
Coach Stores Switzerland GmbH	Switzerland
Coach Stores, Unipessoal LDA	Portugal
Coach Thailand Holdings, LLC	United States
Coach Vietnam Company Limited	Vietnam
Creaciones S.W., S.A.	Spain

Fifth & Pacific Companies Canada Inc	Canada
Fifth & Pacific Companies Cosmetics, Inc.	United States
Fifth & Pacific Companies Foreign Holdings, LLC	United States
FNP Holdings, LLC	United States
Hope Diamon, S.L.	Spain
IP Holdings 2017 LLC	United States
Juicy Couture, Inc.	United States
Karucci LLC	United States
Kate Spade & Company International Limited	Hong Kong SAR, China
Kate Spade Holdings, LLC	United States
17052011 Limited	Hong Kong SAR, China
Kate Spade LLC	United States
Kate Spade Macau Limited	Macao SAR, China
Kate Spade Puerto Rico, LLC	United States
Kate Spade Retail Hong Kong Limited	Hong Kong SAR, China
Kate Spade UK Ltd.	United Kingdom
KS China Co., Ltd.	Hong Kong SAR, China
KS HMT Co., Limited	Hong Kong SAR, China
Liz Foreign B.V.	Netherlands
Lizzy Mae LLC	United States
MFE Limited	Hong Kong SAR, China
Mocaroni, S.L.	Spain
Preparaciones y Moldeados, SL	Spain
Shanghai Kate Spade Trading Co., Ltd.	China
Shoe Heaven, S.L.	Spain
Shoes By Stuart, S.L.U.	Spain
Stuart Weitzman International UK Holdings Limited	United Kingdom
Stuart Weitzman IP, LLC	United States
Stuart Weitzman Monaco S.A.R.L.	Monaco
Stuart Weitzman UK Holdings Limited	United Kingdom
Sunburst, S.L.	Spain
SW Luxembourg Holdings	Luxembourg
SW-Italy, LLC	United States
Tapestry (Cambodia) Company Limited	Cambodia
Tapestry International US Holdings LLC	United States
Tapestry Japan, LLC	Japan
Tapestry Myanmar Limited	Myanmar
Tapestry Ventures International LLC	United States
WCFL Holdings LLC	United States
Westcoast Contempo Fashions Limited	Canada
Stuart Weitzman IP, LLC	United States
Stuart Weitzman Monaco S.A.R.L.	Monaco
Stuart Weitzman UK Holdings Limited	United Kingdom
Sunburst, S.L.	Spain
SW Luxembourg Holdings	Luxembourg
SW-Italy, LLC	United States

Tapestry (Cambodia) Company Limited	Cambodia
Tapestry International US Holdings LLC	United States
Tapestry Myanmar Limited	Myanmar
WCFL Holdings LLC	United States
Westcoast Contempo Fashions Limited	Canada

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-222914, 333-200642, 333-162502, and 333-162454 on Form S-3 and Registration Statement Nos. 333-228281, 333-222915, 333-209393, 333-214562, 333-219241, 333-205331, 333-172699, 333-51706, and 333-234576 on Form S-8 of our reports dated August 13, 2020, relating to the consolidated financial statements and consolidated financial statement schedule of Tapestry, Inc. and subsidiaries (“the Company”), and the effectiveness of the Company’s internal control over financial reporting appearing in this Annual Report on Form 10-K of Tapestry, Inc. for the year ended June 27, 2020.

/s/ DELOITTE & TOUCHE LLP

New York, New York

August 13, 2020

I, Joanne C. Crevoiserat, certify that:

1. I have reviewed this Annual Report on Form 10-K of Tapestry, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 13, 2020

By: /s/ Joanne C. Crevoiserat

Name: Joanne C. Crevoiserat

Title: Interim Chief Executive Officer

I, Andrea Shaw Resnick, certify that:

1. I have reviewed this Annual Report on Form 10-K of Tapestry, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 13, 2020

By: /s/ Andrea Shaw Resnick

Name: Andrea Shaw Resnick

Title: Interim Chief Financial Officer

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

(i) the accompanying Annual Report on Form 10-K of the Company for the fiscal year ended June 27, 2020 (the “Report”) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 13, 2020

By: /s/ Joanne C. Crevoiserat

Name: Joanne C. Crevoiserat

Title: Interim 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 Tapestry, Inc. (the “Company”) hereby certifies, to such officer’s knowledge, that:

(i) the accompanying Annual Report on Form 10-K of the Company for the fiscal year ended June 27, 2020 (the “Report”) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 13, 2020

By: /s/ Andrea Shaw Resnick

Name: Andrea Shaw Resnick

Title: Interim Chief Financial Officer