

FTC's Closing Argument

Federal Trade Commission
v.
Tapestry, Inc. and Capri Holdings Ltd.

September 30, 2024



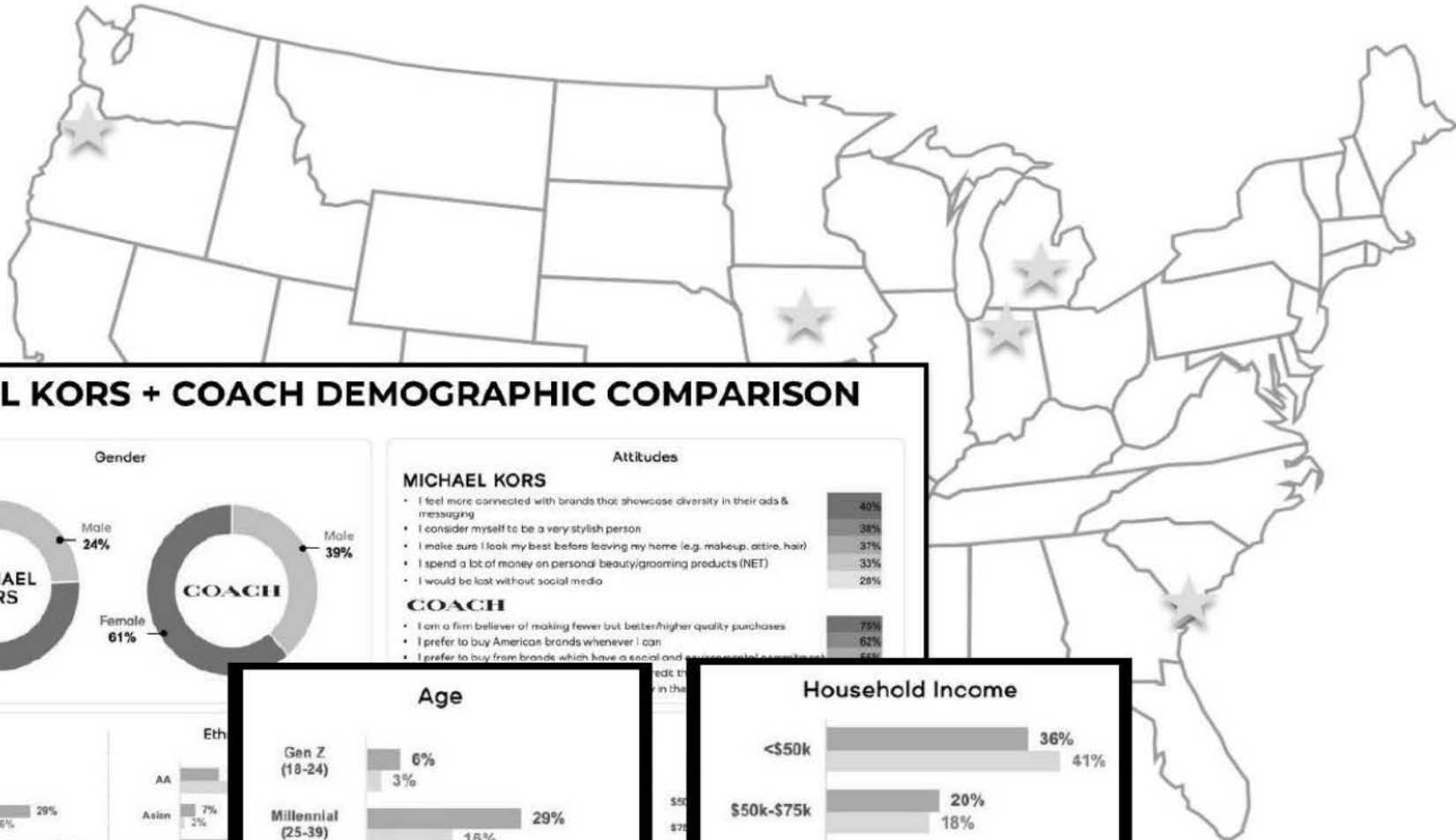
Who This Case Is About

FOIA 2025-00233

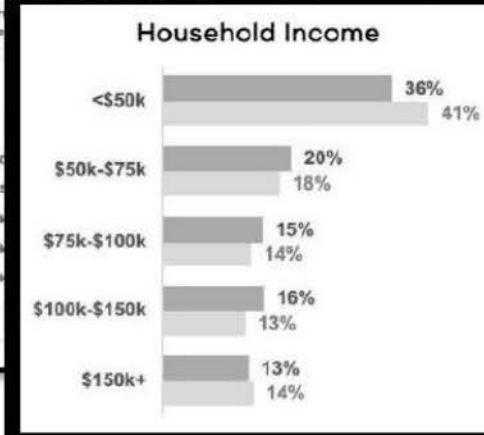
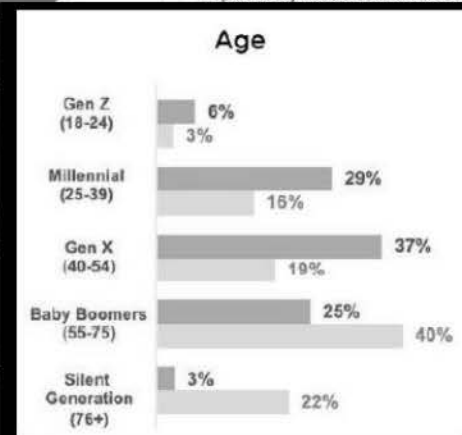
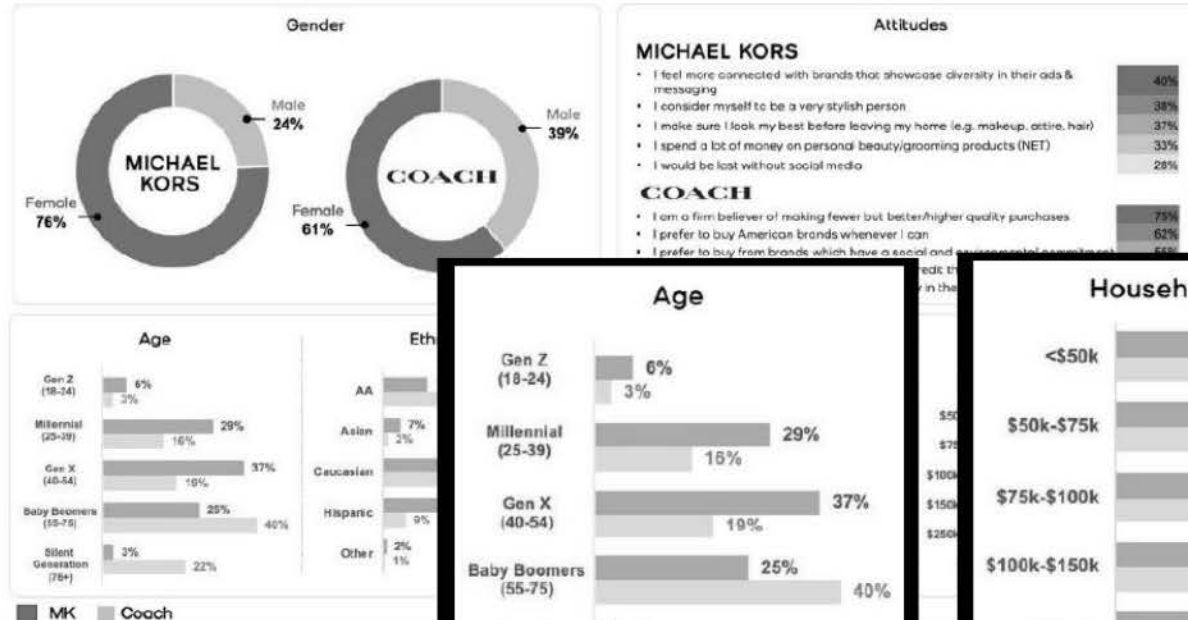
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"UNCLASSIFIED"

1/21/2025



MICHAEL KORS + COACH DEMOGRAPHIC COMPARISON



Who This Case Is About

FOIA-2025-00233 00000068611 "UNCLASSIFIED" 1/21/2025



Liz Fraser
Former CEO and Brand
President, Kate Spade

“Customers, you know, only know the brands; don’t know anything about our corporate ownership”

Hr’g Tr. 9/12 Fraser (Tapestry) at 872:17-19

56. Ultimately, because handbags are a discretionary purchase, consumers can also respond to undesired price increases by electing not to purchase or delay a purchase until prices are reduced or discounted. Hr’g Tr. 320:15-24 (Crevoiserat, Tapestry); *id.* at 1159:17-1160:5 (Gennette); *id.* at 480:25-481:15 (Kahn, Coach) (“[W]e’re competing for share of wallet. The consumer has lots of choices. They make choices every day. Do they buy a handbag, do they buy a piece of ready to wear? Do they buy a piece of ready to wear, do they go out to dinner?”); *see also* DX-0283-043, to -045 (FSM ¶¶ 99-103).

Defendants’ Proposed Findings of Fact & Conclusions of Law (ECF 334)

Ordinary-Course Documents v. Corporate Executive Testimony

FOIA-2025-00233 0000060611 UNCLASSIFIED 4/21/2025



DD01-053 (Defendants' Demonstrative)



Roadmap

FOIA-2025-00233

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"UNCLASSIFIED"

1/21/2025

Legal standard under § 13(b) of the FTC Act and § 7 of Clayton Act

The FTC raises serious questions about two independent theories of anticompetitive harm:

1 Elimination of head-to-head competition

2 Undue concentration in a relevant market

- “Accessible luxury” handbags = an appropriate product market
 - *Brown Shoe* practical indicia
 - Hypothetical Monopolist Test
- The market is highly concentrated, raising a presumption of illegality

Defendants cannot rebut the FTC’s prima facie case

Equities favor an injunction

The Legal Standard Under Section 13(b)

To obtain an injunction under Section 13(b), the FTC must show:

- (1) a likelihood of ultimate success on the merits in the administrative proceeding, and
- (2) whether the equities weigh in favor of an injunction.

FTC v. IQVIA Holdings, Inc., 710 F. Supp. 3d 329, 347 (S.D.N.Y. 2024)

The FTC satisfies the first element if it “raise[s] serious questions about the antitrust merits that warrant thorough investigation in the first instance by the FTC.”

IQVIA, 719 F. Supp. 3d at 350; accord *FTC v. Lancaster Colony Corp.*, 434 F. Supp. 1088, 1090 (S.D.N.Y. 1977)

The issue at the merits proceeding is whether the effect of the acquisition “may be substantially to lessen competition, or to tend to create a monopoly” in “any line of commerce” in violation of § 7 of the Clayton Act.

***McKinney* Does Not Overturn 50 Years of Precedent**

Unlike the National Labor Relations Act addressed in *Starbucks v. McKinney*, the FTC Act sets forth a legal standard in the text of the statute.

15 U.S.C. § 53(b) (“Upon a proper showing that, weighing the equities and considering the Commission’s likelihood of ultimate success . . .”).

The legislative history makes clear that the intent was to maintain the statutory or ‘public interest’ standard – not the traditional equity standard.

H.R. Rep. No. 93-624 (1973) (Conf. Rep.), as reprinted in 1973
U.S.C.C.A.N. 2523, 2533; *Lancaster Colony*, 434 F. Supp. at 1090

Even under the traditional equity standard, in the Second Circuit the question is one of “serious questions” if the equities are in a movant’s favor.

Citigroup Global Mkts., Inc. v. VCG Special Opportunities Master Fund Ltd., 598 F.3d 30, 35 (2d Cir. 2010)

Two Independent Theories Of Harm

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FTC raises serious questions about two *independent* theories of anticompetitive harm:

- 1 The proposed acquisition would eliminate substantial head-to-head competition
- 2 The proposed acquisition would significantly increase market concentration for “accessible luxury” handbags in the U.S. and lead to a presumption of illegality

Elimination Of Head-To-Head Competition



Fierce Head-To-Head Competition

“It is sufficient to show, as the FTC has, that Defendants vigorously compete head-to-head and that this competition would be eliminated by the proposed transaction.”

IQVIA, 710 F.Supp.3d at 385; *accord FuboTV Inc. v. The Walt Disney Co.*, 24-cv-1363 (MMG), 2024 WL 3842116, at *17, 29-30 (S.D.N.Y. Aug. 16, 2024) (granting preliminary injunction based on competitive effects, not market concentration); 2023 Merger Guidelines § 2.2

Direct evidence of substantial head-to-head competition is itself evidence “that a relevant market exists in which the merger may substantially lessen competition and can be sufficient to identify the line of commerce and section of the country affected by a merger, even if the metes and bounds of the market are only broadly characterized.”

2023 Merger Guidelines § 4.3

Fierce Head-To-Head Competition

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"Our key competitor, Coach..."

Jonathan,

I would certainly share any information that Dani would want to know but our situation is very simple. We do not really control resellers beyond the total amount of units per style one person can buy (about 12). That being said we do work directly with certain resellers that export to China for resale on T Mall and JD. Our key competitor Coach has an extensive network of resellers in the US and I believe they do approximately \$300m in sales through the reseller channel. Lastly most of our sales are through outlet, where we do not limit purchase quantities, to the Resellers. Hope that is helpful.

John



John Idol
CEO, Capri

PX2425-002 (Capri)

"...our biggest competitor..."

Hi Tom and Dan,

I am forwarding you an email from TW who is the EVP of Product Development and Sales at Simone in Korea (our biggest factory for Accessories). As you can read from the email, they are sharing their concern with regards to our logistical supply chain and the significant slow-down in the timely pick up of goods that they are witnessing daily with MK. In particular, they share that our biggest competitor is not facing these same dire issues, and we can confirm that we have heard from multiple sources that they are not facing the same issues we are in getting goods to their DCs. I have never received this sort of email from Simone in Korea in this role, so I am very concerned.



Pippa Newman
President, Accessories and
Footwear, Michael Kors

PX2043-002 (Capri)

"[Michael Kors and Coach] are each other's top competition when consumers are considering other brands for purchase"

PX1216-004 (Tapestry)

Table 1 shows the revenue and EBIT growth for the core Michael Kors Brand and compares it to the closest competitor, Coach. Please note that ROIC is for the entire company and not just the Michael Kors segment.

	2016	2017	2018	2019	2020	2021	2022
Michael Kors	-6.5%	-23.4%	8.3%	-1.1%	-11.8%	30.0%	68.0%
Coach	64.5%	1.5%	7.4%	2.8%	48.7%	122.6%	12.3%
CROIC							
Michael Kors	36.3%	24.5%	21.1%	8.1%	15.4%	10.0%	6.3%

Table 1: Capri's ROIC has steadily compressed over the last few years

PX2020-006 (Capri)

Findings

- Excellent progress, but uncertainty as to whether Michael Kors brand can be successfully moved to the higher priced luxury space
 - A key appeal of the investment case, as success could help unlock the low current valuation
 - Challenges posed by the historic image of the brand, will consumers accept the new higher-priced luxury positioning
 - Risk of growth strategy reverting to similar inventory, wholesaling, promotional pricing problems as in the past
 - Outlet exposure is lower than in the past and less than Tapestry, but still a concern
- Tapestry/Coach viewed as the primary competitor
 - More consistent heritage, classic design
 - Better at integrating brands
 - Superior performance in Google Trends, Brand Key

PX2423-006 (Capri)

Fierce Head-To-Head Competition

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- **Prices and Discounts**
- **Innovation and Design**
- **Marketing**
- **Brick and Mortar Stores**
- **Labor**
- **Sustainability**

Fierce Head-To-Head Competition

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MMK

PRICE INCREASES
ACCESSORIES & FOOTWEAR
GLOBAL

PX2727-002 (Capri)

ACCESSORIES – MK VS COACH

Average price per bucket

MMK
SP22

\$298

GOOD

\$398

BETTER

\$558

BEST

COACH

\$295

GOOD

\$395

BETTER

\$550

BEST

PX2727-003 (Capri)

Fierce Head-To-Head Competition

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From: Cedric Wilmotte [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=6f270bc923034bdaa633b6e759988653-8968125e-ad]
Sent: 4/19/2023 11:42:08 PM
To: Laura Parsons [laura.parsons@michaelkors.com]
Subject: FW: We're Offering An Extra 15% Off All These Bags ☺

We did not discuss this but I would like for you to have a page for now in the BOD presentation with 2 or 3 examples of coach and kate spade racing to the bottom with such promotions.

I want the board to see what we are up against

Am sure there will be plenty more in the next few weeks. Lets just collate a screen shot of the emails

This is to give them more color so they can see it with their own eyes

PX2097-001 (Capri)

COMPETITIVE BRAND SNAPSHOT

COACH

FULL PRICE
Under \$500

PERCENT PLUS
Extra 25% Off Everything

PRICE POINT
From \$35: wallets and wristlets are in.

SITEWIDE SAVINGS
50% OFF

OUTLET SITE
These deals are selling fast.

CONFIDENTIAL TREATMENT REQUESTED

CAPRI-001978120

PX2128-008 (Capri)

COMPETITIVE BRAND SNAPSHOT

kate spade
NEW YORK

FULL PRICE
HOT FOR SUMMER

PERCENT PLUS
Extra 25% Off Everything

PRICE POINT
DEAL ALERT! \$65 TODAY ONLY

SITEWIDE SAVINGS
75% off

OUTLET SITE
TO MOM, WITH LOVE

CONFIDENTIAL TREATMENT REQUESTED

CAPRI-001978122

PX2128-010 (Capri)

Fierce Head-To-Head Competition

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FY24 AOP

August Board Meeting

kate spade
NEW YORK

PX1387-039 (Tapestry)

(b)(4); (b)(3):6(f); (b)(3):21(f)

(b)(4); (b)(3):6(f); (b)(3):21(f)

PX1387-043 (Tapestry)

PX5079 (Bernson (Tapestry)) at 160:13-24, 161:3-5

Fierce Head-To-Head Competition

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3. PRICING - US

Luxury brands have increased prices at a higher rate than Accessible Luxury, widening the price gap between the two segments **tapestry** **5.a**

FY19 Pre-Pandemic to FY23-to-date: US Retail Bags Price Summary



Key Takeaways

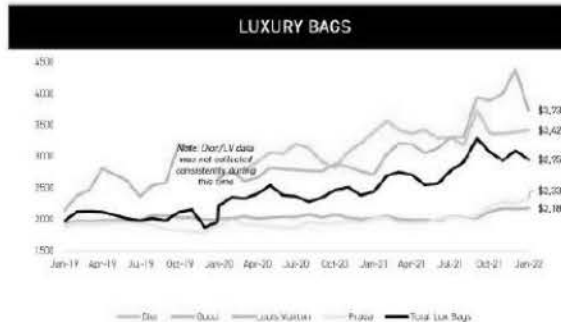
- The price gap has widened, creating white space for our brands.
- Based on go-forward peer commentary, brands intend to address

Source: EDITED April 3rd 2023. Note: Bags data reflects item-level pricing on NA Retail E-commerce. Excludes
1. Luxury reflects LV, Gucci and Prada. Accessible Luxury includes Tory, Coach, MK, Marc Jacobs and Kate

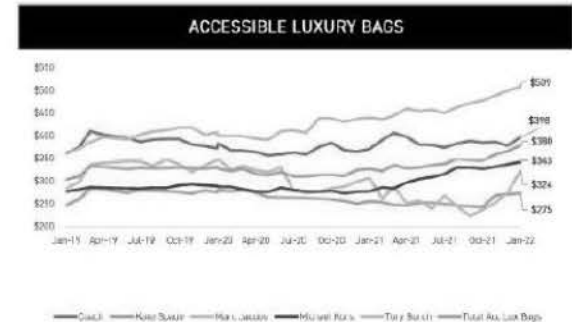
Pricing Analysis: US Bags MSRP Peer Review

tapestry

All brands have shown MSRP increases in the last year.



		'19 vs '18	'20 vs '19	'21 vs '20	'22 YTD vs '21	'21-'18 CAGR
MSRP GROWTH	LV	+8%	-3%	+19%	+1%	+5%
	Dior*			+13%	+10%	+13%
	Gucci	-1%	+1%	+1%	+6%	0%
	Prada	+3%	+2%	+6%	+14%	+6%
	Total	+4%	+6%	+17%	+7%	+7%
	Bench					



		'19 vs '18	'20 vs '19	'21 vs '20	'22 YTD vs '21	'21-'18 CAGR
MSRP GROWTH	Coach	+9%	-5%	+6%	+8%	+3%
	KS	+10%	-6%	-5%	+12%	0%
	TB	+1%	+1%	+7%	+6%	+3%
	MK	+13%	-2%	+11%	+10%	+7%
	Marc	+12%	-6%	-17%	-27%	-4%
	Total	+8%	-3%	+7%	+17%	+2%

PX1723-009 (Tapestry)

Fierce Head-To-Head Competition

"Coach's always on outlet marketing is clearly working!"

PX2260-001 (Capri)

"Look at these prices!"

PX2388-001 (Capri)

"[Coach is] going low!!!"

PX2433-001 (Capri)

"They are winning with the Outlet and promotional strategy in the US. It's not just brand heat!"

PX2114-001 (Capri)

"Love the hook up of Signature on ready to wear and Accessories. We need more 'items' like this."

PX2243-001 (Capri)

"Let's discuss this shape tomorrow if you have a few minutes. Thx!"

PX2419-001 (Capri)



John Idol
CEO, Capri

From: John Idol <John.Idol@CapriHoldings.com>
Sent: Saturday, May 20, 2023 3:10 AM
To: Denise Guerra <Denise.Guerra@michaelkors.com>; Francesca Leoni <Francesca.Leoni@michaelkors.com>
Cc: Cedric Wilmotte <Cedric.Wilmotte@MichaelKors.com>; Jaryn Bloom <Jaryn.Bloom@michaelkors.com>; Anne Walsh <Anne.Walsh@michaelkors.com>
Subject:

Please speak to me about these email backdrops on Monday. We never were able to talk about this last week. Coach's creativity on these emails (outlet in particular) is killing us. Now they even have taken our water and Francesca will show you all the Instagram plane they are using. While I find most of their emails offensive they get your attention.

Sorry our backgrounds look cheap and uninspiring. This needs to be corrected quickly. Also we need to make our outlet emails feel Jet Set. They are just bland product photos with no inspiration.
Help!!! Fast!!!

PX2412-001 (Capri)

"The full bag stripes on signature looks nice. We should do something like this for next spring in full line and outlet."

PX2242-001 (Capri)

Fierce Head-To-Head Competition

FOIA-2025-00233 0000006611 "UNCLASSIFIED" 1/21/2025

June 17, 2020

Target raises minimum wage to \$15/hour

Hr'g Tr. 9/9 Idol (Capri) at 121:9-11

October 2021

Capri raises minimum wage to \$15/hour for Michael Kors

Hr'g Tr. 9/9 Idol (Capri) at 120:23-25



Joanne Crevoiserat,
CEO, Tapestry

July 28, 2021

Tapestry announces \$15/hour minimum wage

Capri's CEO: "I would like to understand the financial impact on taking the US MK store fleet full price and outlet to \$15 per hour as of Nov. 1st"

PX7250 (Tapestry Press Release); PX2113;
Hr'g Tr. 9/9 Idol 121:14-122:4

Q. Tapestry's retail team is Tapestry's competitive advantage; right?

A. Our teams are -- I agree, they are the best and they provide a competitive advantage in the marketplace, absolutely.

Hr'g Tr. 9/10 Crevoiserat (Tapestry) at 273:13-16

Fierce Head-To-Head Competition

FOIA-2025-00233 0000006611 "UNCLASSIFIED" 1/21/2025

COACH™ (Re)Loved

KORS VES PRE-LOVED

KORSVIP members, sell your pre-owned Michael Kors pieces for store credit here.

[LIST AN ITEM](#)

“ankle biters”

Thread Participants: [REDACTED] Dianne Roe (Owner); [REDACTED] Scott Roe (Owner); [REDACTED] Liz Harris
First Message: 8/23/2022 2:20:14 PM -04:00
Last Message: 8/23/2022 6:34:30 PM -04:00

8/23/2022 2:20:14 PM
how was your lunch with Monisha?

8/23/2022 2:37:36 PM
Postponed. Given last minute changes in Investor day I pointed.

8/23/2022 4:28:15 PM
Makes sense. Can I share LRP with Morgan Stanley team?

8/23/2022 5:18:59 PM
They say Imitation is the sincerest form of flattery..



“They say imitation is
the sincerest form of
flattery...”

PX1448-001 (Tapestry)

Sent: Ashish Parmar <AParmar@tapestry.com>
Tue, 23 Aug 2022 21:31:43 -0400 (EDT)
To: Liz Harris <lharris@tapestry.com>
Subject: Re: ankle biters

Oh wow..
They do know how to, rinse-repeat and repackage to the next level..

From: Liz Harris <lharris@tapestry.com>
Sent: Tuesday, August 23, 2022 9:01:42 PM
To: Ashish Parmar <AParmar@tapestry.com>
Subject: ankle biters
Kors is coming for Coach Reloved!
https://www.michaelkors.com/trend/sustainable/_/R-cat4990017
LIZ HARRIS
SVP, STRATEGY & INSIGHTS
SHE/HER
tapestry
TEN HUDSON YARDS

“Kors is coming for
Coach Reloved!”

PX1278-001 (Tapestry)

Fierce Head-To-Head Competition

FOIA-2025-00233 0000006611 "UNCLASSIFIED" 1/21/2025



John Idol
CEO, Capri

Just reduced: top
bags for every style.

Big savings are here. (Howay!)

CLICK TO SHOP



The Rowan File Bag,
now \$99.

Save 60% on this functional favorite.

CLICK TO SHOP

PX2075-002 (Capri)

On Apr 16, 2022, at 2:25 PM, John Idol <John.Idol@capriholdings.com> wrote:

They are leading with very sharp price points which must be driving engagement and conversion. They don't lead with discount therefore preserving margin.

We need to develop a strategy to compete with this. I don't love it but we have no choice. Let's discuss next week.

Begin forwarded message:

From: Coach Outlet <coach@c.coachoutlet.com>

Date: April 16, 2022 at 12:33:27 PM EDT

To: John Idol <John.Idol@capriholdings.com>

Subject: We Dropped Prices On Our Best Bags

Reply-To: Coach NA Outlet <reply-fee71674706c007c-9980_HTML-91759356-100037478-27324@coachoutlet.com>

PX2075-001 (Capri)

Fierce Head-To-Head Competition

FOIA-2025-00233 0000006611 "UNCLASSIFIED" 1/21/2025

On Aug 16, 2021, at 16:18, Lisa Slavin <Lisa.Slavin@michaelkors.com> wrote:

>>>> On Feb 27, 2022, at 3:27 PM, John Idol <John.Idol@capriholdings.com> wrote:

>>>> Look at these prices!

>>>> I am not suggesting we go lower on pricing but it astonishing what they are doing. It feel like their prices are going lower.

>>>> Ann does this look more aggressive or is it my imagination?

>>>> <https://www.coachoutlet.com/shop/whats-new/bestsellers>

ump in with one suggestion. Bradshaw is a slow seller for the majority of continue into Spring 2023. As such, we think we can just work on the shape that has prominent branding (as we know this was J's callout need to be in the Bradshaw family.

sagree!

PX2388-001 (Capri)

Lisa Slavin
Senior Director of Global Merchandising, MMK Accessories
MICHAEL KORS
11 West 42nd Street, 23rd Floor
New York, NY 10036
T: 917.934.2466
M: 917.855.9593
E: lisa.slavin@michaelkors.com

From: Carmen Bonsignore <Carmen.Bonsignore@michaelkors.com>

Sent: Monday, August 16, 2021 1:23 PM

To: Philippa Newman <Philippa.Newman@michaelkors.com>; Hannah Clayton <Hannah.Clayton@michaelkors.com>

Cc: Devon Ho <Devon.Ho@michaelkors.com>; Lisa Slavin <Lisa.Slavin@michaelkors.com>

Subject: Re: Screenshot 2021-08-16 at 12:58:07

Hi Pippa

Yes It's a good idea move our Bradshaw to "a more functional" version

We will work on this

thanks

Carmen Bonsignore

Division Vice President, Accessories Design- MMK-MMKO

MICHAEL KORS

11 West 42nd

New York,

T: 212 201

M: 917 934

From: Philippa Newman

Date: Monday, August 16, 2021

To: Carmen Bonsignore

Cc: Devon Ho

Subject: Re: Screenshot 2021-08-16 at 12:58:07

Hi Carmen and Hannah.

Maybe we need to evolve our Bradshaw into a larger size?? Like C&ach is doing with their Tabby... what I like about this version is how soft it seems... not stiff...

<image001.jpg>



Pippa Newman
President,
Accessories
and Footwear,
Michael Kors

"Maybe we need to evolve our Bradshaw into a larger size?? Like C&ach is doing with their Tabby... what I like about this version is how soft it seems... not stiff..."

Instant Message: Native Messages

From Jung Yoon <[REDACTED]> 14:51:48

Jung Yoon <[REDACTED]>

true true

Tabby walked the show

Instant Message: Native Messages

From Philippa Newman 14:51:54

Philippa Newman

<philippa.newman@michaelkors.com>

So now we have two brands in the same group showing the same stuff vying for the same customer....

PX2308-008 (Capri)

PX2346-002 (Capri)

Fierce Head-To-Head Competition

FOIA-2025-00233 0000006611 "UNCLASSIFIED" 1/21/2025



PX1127-002 (Tapestry)



PX1127-003 (Tapestry)

From: Joanne Crevoiserat <jcrevoiserat@tapestry.com>

Sent: Monday, March 15, 2021 10:36 PM

To: Kelsey Mueller <KM Mueller@tapestry.com>; Christina Colone <ccolone@tapestry.com>

Cc: Andrea Resnick <aresnick@tapestry.com>

Subject: Re: Peer Trading TPR \$46.33 +\$1.72 +3.86% VOL 4.53 MM

Looking at the CPRI note - do we know where MK is closing stores? Feels like an opportunity to grab share if we can adjust marketing and if we have a presence in these areas.



Joanne Crevoiserat,
CEO, Tapestry

PX1703-002 (Tapestry)

Fierce Head-To-Head Competition

FOIA-2025-00233 0000006611 "UNCLASSIFIED" 1/21/2025

From: Philippa Newman <Philippa.Newman@michaelkors.com>
Sent: Sunday, June 6, 2021 4:41 PM
To: John Idol <John.Idol@CapriHoldings.com>
Subject: Re: Summer Trend: Mix And Match

We have this concept already with our mixed size logos in various sizes in Mainline and it is performing quite well. It's not something that US Retail tends to pick up to be honest but we can push this further with them...

Philippa Newman
President, Accessories & Footwear

MICHAEL KORS

11 West 42nd Street
New York, NY 10036
T: +1 212 201 8381
E: philippa.newman@michaelkors.com

On Jun 6, 2021, at 09:51, John Idol <John.Idol@capriholdings.com>

The full bag stripes on signature looks nice.
We should do something like this for next spring in full line and outlet.

Begin forwarded message:

From: Coach Outlet <coach@e.coachoutlet.com>
Date: June 6, 2021 at 9:20:28 AM EDT
To: John Idol <John.Idol@capriholdings.com>
Subject: Summer Trend: Mix And Match
Reply-To: Coach NA Outlet <reply-fec3157970600d7d-9979_HTML-91759356-100037478-22477@e.coachoutlet.com>

"The full bag stripes on signature looks nice. We should do something like this for next spring in full line and outlet."



John Idol
CEO, Capri



Now's the time to add a little
(or a lot of) color to your wardrobe.

[CLICK TO SHOP](#)

PX2242-002 (Capri)

PX2242-001 (Capri)

Fierce Head-To-Head Competition

FOIA-2025-00233 0000006611 "UNCLASSIFIED" 1/21/2025

From: Jung Yoon [/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=BFB48374D81B4C5093EB4D2F228682F4-JUNG YOON]
Sent: 3/16/2023 4:33:40 PM
To: Philippa Newman [philippa.newman@michaelkors.com]
Subject: FW: Hardware Review 3.14.23
Attachments: Hardware Review FP vs FS.pptx; Hardware Review 3.14.23.pdf; Hardware Review 3.14.23.xlsx

Hi, Pippa,
 I have provided the print out to Michael for your convenience.
 Alan estimated the competitor bag HW costs by style – and at my first glance, our HW costs are equal or more competitive for similar items. However, we just use a lot more of the hardware on one bag.
 But I'll look into this further over the weekend. Jung

PX2183-001 (Capri)

Hardware review Full Price vs Outlet products

March 14, 2023

Full Price

- New Logo Closures
- More complicated design



Outlet

- Old Logo Closures (Turnlock)
- Simple logo plaque (Horse & Carriage)



PX2183-006 (Capri); Hr'g Tr. 9/9 Newman (Capri) at 192:17-193:11 (discussing the subsequent Michael Kors analysis of Coach hardware)

Chat with "Jung Yoon"

<[REDACTED]> on February 11, 2023

Philippa Newman

<philippa.newman@michaelkors.com>

+ [REDACTED] <[REDACTED]>

Jung Yoon <[REDACTED]>

+ [REDACTED]

Earliest item: 2023-0 2-11 16:01:44

Latest item: 2023-0 2-11 22:52:56

Saturday 11 February 2023

Instant Message: Native Messages

From [REDACTED] 16:01:44

+ [REDACTED] <[REDACTED]>

Hey. Just spoke to John. I knew we should have bought those Coach bags for the hardware. He wants to see them... Ugh..

Instant Message: Native Messages

From [REDACTED] 16:01:51

+ [REDACTED] <[REDACTED]>

I will order online

PX2294-001 (Capri); Hr'g Tr. 9/9 Newman (Capri) at 190:17-191:18 (discussing the purchase of Coach bags to look at the hardware, interior functionality, and pockets)

Fierce Head-To-Head Competition

FOIA-2025-00233 00000066611 UNCLASSIFIED 1/21/2025

Coach

Fall FY23 LGs Price Increases

November 30th

PX1546-003 (Tapestry)

(b)(4); (b)(3):6(f); (b)(3):21(f)

COACH GLOBAL PRICING

40

PX1546-042 (Tapestry); Hr'g Tr. 9/12 Levine (Tapestry) at 784:3-785:15

Fierce Head-To-Head Competition

FOIA-2025-00233 0000006611 "UNCLASSIFIED" 1/21/2025

From: Leigh Manheim <lmanheim@coach.com>

Sent: Thursday, February 3, 2022 5:52 PM

To: Halyna Salabay-Abraham; Glenn King; Rick Ody

Subject: Outlet Price Tracking Proposal

Hi Team,

As we used to do a while back there is interest in tracking again pricing for certain styles with our competition (namely MK and TB). Kate Spade has been doing this already and they will share the responsibly with us – and we don't need to track the KS pricing anymore because we can get it directly from them! =)

They are covering Delaware, California and Canada and we are accountable to:

1. NY (Porter store)
2. Florida (Non-Porter store)
3. Chicago (Non-Porter store)

We would track the pricing 1x per month and they would like to start on 2/18. The link below takes you to the format they are asking us to complete which is on Teams and attached is directions on how to populate. I am just checking on whether or not the store would need to complete the exercise for Coach. I thought we had discussed having someone in corporate complete the info for ourselves – so stay tuned on that part.

First, let me know which stores you think can handle this in each area – and that you feel like 2/18 is feasible for a start date. Also take a look at the template and the directions and let me know if anything is confusing or we need to clarify.

Template Link: ☐ 1. Outlet Stores SKU Tracking

Thanks!

Leigh

PX1547-002 (Tapestry); Hr'g Tr. 9/12 Levine (Tapestry) at 785:16-786:5

Fierce Head-To-Head Competition

FOIA-2025-00233 0000006611 "UNCLASSIFIED" 1/21/2025

From: Philippa Newman <Philippa.Newman@michaelkors.com>
Sent: Tuesday, August 17, 2021 1:34 PM
To: Lisa Slavin <Lisa.Slavin@michaelkors.com>
Cc: Devon Ho <Devon.Ho@MichaelKors.com>; Michelle Barron <Michelle.Barron@michaelkors.com>; Jung Yoon <Jung.Yoon@michaelkors.com>
Subject: Re: F22 Price Increases - MMK Accessories

Hi Lisa.

I think it's an excellent idea to start on this now.

We know from inside intel that Coach is taking prices up, so I am not sure we can gauge our pricing by focusing on theirs as we don't know when they are executing this and if they may also need to increase again. But yes, John does want us to goal being more expensive than them. For now I would move everything up into the next bucket and then we can see how that compares to their Fall prices and continue to monitor into Spring. I do think we need to focus new premium development for Fall to be elevated so we can command higher prices here. This means using real leather on some groups. Otherwise it's hard to convince the customer why we keep pushing everything up and if prices do go up then we should use the opportunity to introduce some more real leather. I understand that is not as easy as it sounds for multiple reasons, but I do think we can consider this at least for one new group.

We will need to provide you with the target IMUs for US wholesale as a gauge. I know Colleen is working on this now as she begins planning FY23.

I am copying in Michelle as I am certain we will have to increase Footwear too, at least in some places, so we should probably get started on thinking through this as well.

I am also copying In Jung so she is in the loop and can give this some thought to this.

Thanks.

PX2047-001 (Capri)

Undue Concentration In A Relevant Market



“Accessible Luxury” Handbags Is A Product Market

FOIA-2025-00233

00000066611

“UNCLASSIFIED”

1/21/2025

“The outer boundaries of a product market are determined by the reasonable interchangeability of use or the cross-elasticity of demand between the product itself and substitutes for it.”

Brown Shoe Co. v. United States, 370 U.S. 294, 325 (1962)

“In evaluating reasonable interchangeability, ‘the mere fact that a firm may be termed a competitor in the overall marketplace does not necessarily require that it be included in the relevant product market for antitrust purposes.’”

IQVIA, 710 F. Supp. 3d at 368 (quoting *FTC v. Sysco Corp.*, 113 F. Supp. 3d 1, 26 (D.D.C. 2015))

“[T]he Court is cognizant of the fact that ‘[t]he FTC need not present market shares and HHI estimates with the precisions of a NASA scientist.’ The ‘closest available approximation’ often will do.”

IQVIA, 710 F. Supp. 3d at 382 (quoting *Sysco*, 113 F. Supp. 3d at 54)

“Accessible Luxury” Handbags Is A Product Market

FOIA-2025-00233 00000066611 "UNCLASSIFIED" 1/21/2025

Relevant *Brown Shoe* practical indicia

- **Industry or public recognition:** Industry participants recognize “accessible luxury” handbags as distinct market
- **Distinct prices:** Focused generally on opening price of \$100 but rarely exceed or approach \$1000
- **Peculiar characteristics:** High-quality materials, elevated craftsmanship
- **Unique production facilities:** Typically outsourced to offshore artisans in Asia
- **Distinct customers:** Majority of customers are working and middle-class Americans

Brown Shoe: Industry Recognition

FOIA 2025-00233 00000066611 "UNCLASSIFIED" 1/21/2025

SEC Filings

Tapestry 2023 10-K

"...aims to unite teams across the Company's business to work to meet...a shared objective: to create the accessible luxury company of the future..."

PX7105-015 (Public)

Tapestry 2022 10-K

"Tapestry, Inc. is a leading New York-based house of accessible luxury accessories and lifestyle brands."

Capri 2023 10-K

PX7104-004 (Public)

"MICHAEL Michael Kors has a strong focus on accessories...and addresses the significant demand opportunity in accessible luxury goods."

PX7098-009 and -010 (Public)

"and our accessible luxury MICHAEL Michael Kors line..."

PX7098-012 (Public)

Earnings Call Transcripts

Q4 2019 Capri

"...the department store channel in North America has been more challenged in the accessible luxury category..."

Q4 2020 Tapestry

PX7127-009 (Public)

"With that recognition, we are ready to reignite the accessible luxury segment by evolving our message from one rooted in high fashion imagery to one that is inclusive, culturally relevant and consumer-centric."

Q4 2023 Capri

PX7335-005 (Public)

"...you need to tier your pricing strategy...whether it's the most high-end luxury retailers or brands that are at the accessible luxury category do that."

Tapestry Investor Day 2022

PX2379-019 (Capri)

"...when we invented Accessible Luxury. What was Accessible Luxury? It was the idea that you didn't have to spend an exorbitant amount of money to buy a high quality bag."

PX1635-006 (Tapestry)

Brown Shoe: Industry Recognition

Kate Spade – FY24 August

(b)(4); (b)(3):6(f); (b)(3):21(f)

PX1387-043 (Tapestry)

Michael Kors – September 23, 2018

“Accessible luxury
growing and
Michael Kors
positioned well”

PX2435-005 (Capri)

Capri – August 1-2, 2023

“Mr. Wilmotte next discussed
with the Board the U.S. leather
goods market and the
accessible luxury market.”

PX2439-004 (Capri)

Tapestry – May 18, 2023

“Luxury brands have
increased prices at
a higher rate than
Accessible Luxury,
widening the price
gap between the
two segments.”

PX1723-009 (Tapestry)

Board of Directors Meetings and Presentations

Coach – July 21, 2022

“Acc. luxury MSRP
indices ~0.93x with
upcoming bulk of
Coach price-ups to
impact in FY23”

PX1536-015 (Tapestry)

Coach – March 2022

“Our Global Brand
Positioning: Redefine and
Own ‘Accessible Luxury’”

“Coach enables people to
explore their individual take
on ‘Accessible Luxury’”

PX1431-012 (Tapestry)

Brown Shoe: Industry Recognition

FOIA-2025-00233 00000066611 UNCLASSIFIED 4/21/2025

Rebecca Minkoff Website

“An industry leader in
accessible luxury
handbags...”

PX7182-001 (Public)

(b)(4); (b)(3):6(f); (b)(3):21(f)

(b)(4); (b)(3):6(f); (b)(3):21(f)

Other Industry Participants

(b)(4); (b)(3):6(f); (b)(3):21(f)

(b)(4); (b)(3):6(f); (b)(3):21(f)

Brown Shoe: Industry Recognition

Investors, Wall Street and Consumers

**Capri Investor Study
– October 2022**

“Strong among
accessible/affordable luxury peers”

PX2423-004 (Capri)

**Morgan Stanley re: Acquisition
of Capri – October 25, 2022**

“Reinforces the ‘affordable luxury’
nature of the portfolio”

PX1715-010 (Tapestry)

**Wells Fargo Equity
Research – August 10, 2023**

“The addition of Michael Kors cements
TPR as the number one player in the
accessible luxury handbag market in the
US by a wide margin.”

PX1374-001 (Tapestry)

**Coach “Young
Millennials Segment
Ethnographies”
– July 2022**

“Affordable Luxury”

PX1936-027 (Tapestry)

**Consumer Insights
Roundtable – Sept. 2023**

“Coach is still for someone
that wants to feel maybe a
little bit more affluent but
isn’t really splurging on
something such as LV or
Gucci.”

PX1325-042 (Tapestry)

Q. In Tapestry's communication with its consumers, it communicates strong value in inclusivity, that its product delivers beautiful well-made product that many consumers can access; correct?

A. I missed one of the words you used. Did you say exclusivity?

Q. Inclusivity.

A. Inclusivity. Yes, we deliver incredible products that represents a great product for consumers.

Q. And you communicate that to consumers; correct?

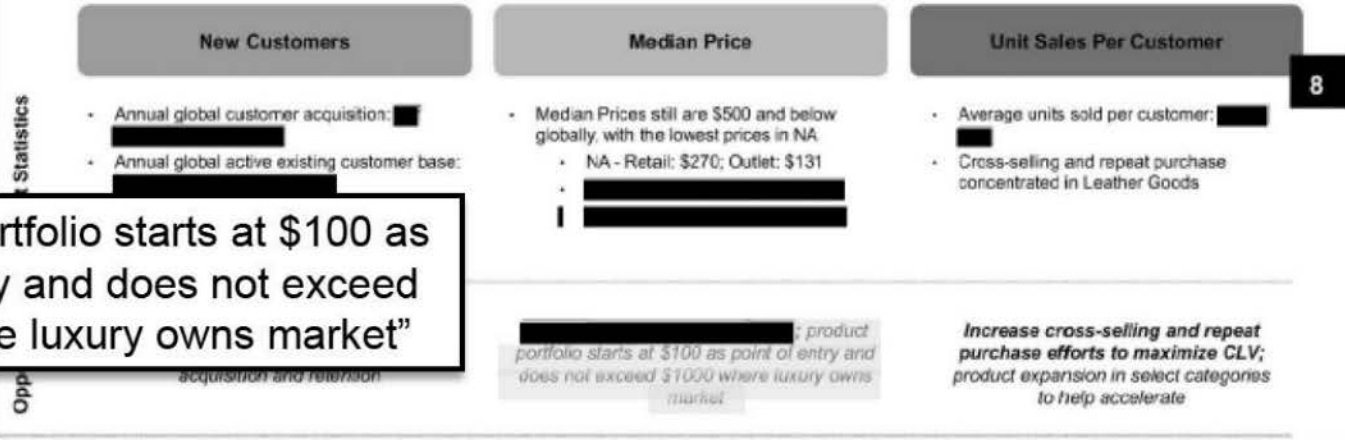
A. We communicate that concept to consumers, yes.

Hr'g Tr. 9/10 Crevoiserat (Tapestry) at 260:12-22

Brown Shoe: Distinct Prices

FOIA-2025-00233 0000006611 "UNCLASSIFIED" 1/21/2025

Coach Growth Strategy: Room to grow with our global brand positioning through acquiring new customers, elevating median price, and increasing unit sales/customer



"[P]roduct portfolio starts at \$100 as point of entry and does not exceed \$1000 where luxury owns market"

PX1431-018 (Tapestry)



Todd Kahn
CEO and Brand President, Coach

"what I used it as, if you think of a bull's-eye, that's [the \$300 to \$500 price point] in the bull's-eye"

Hr'g Tr. 9/10 Kahn (Tapestry) at 446:14-19



Liz Fraser
Former CEO and Brand President, Kate Spade

"The sweet spot is between \$300 and \$350..."

Hr'g Tr. 9/12 Fraser (Tapestry) at 836:12-24



John Idol
CEO, Capri

"95 percent or more of Michael Kors handbags fall within the range of \$300 to \$450"

Hr'g Tr. 9/9 Idol (Capri) at 81:23-25

Brown Shoe: Distinct Prices

FOIA-2025-00293 00000066611 UNCLASSIFIED 1/21/2025

(b)(4); (b)(3):6(f); (b)(3):21(f)

(b)(4); (b)(3):6(f); (b)(3):21(f)

(b)(4); (b)(3):6(f); (b)(3):21(f)

(b)(4); (b)(3):6(f); (b)(3):21(f)

Brown Shoe: Peculiar Characteristics

FOIA-2025-00233 0000006611 "UNCLASSIFIED" 1/21/2025

Qualities of “accessible luxury” handbags:

- **Craftsmanship by skilled artisans to create intricate designs**
- **Durability and solid construction**
- **Use of quality materials**
- **Craftsmanship at scale**



Joanne
Crevoiserat,
CEO, Tapestry

“we deliver really beautiful product that represents an incredible value”

Hr'g Tr. 9/10 Crevoiserat (Tapestry) at 336:11-12

Brown Shoe: Unique Production Facilities

FOIA-2025-00233 0000006601 "UNCLASSIFIED" 1/21/2025

From: "Joanne Crevoiserat" <jcrevoiserat@tapestry.com>
Sent: Sun, 29 Jan 2023 16:28:40 -0500 (EST)
To: "Peter Charles" <pcharles@tapestry.com>; "Scott Roe" <sroe@tapestry.com>; "Noam Parnansky" <nparansky@tapestry.com>
Cc: "Debra Meyer" <dmeyer@tapestry.com>; "Laura Booth" <LBooth@tapestry.com>; "Kerri Reynolds" <kreynolds@tapestry.com>; "Melissa Lawrence" <m.lawrence@coach.com>; "Kamisha ShimHus" <kshimhus@tapestry.com>; "Theresa Menno" <tmenno@tapestry.com>
Subject: Re: Feb Board Innovation Topic - Working Session 3

Debbie, Noam and Peter,

I edited the word document to illustrate the content and flow of the document. It should not be written as a letter, rather as a narrative that will be positioned in front of the slides. The narrative will tell the story (and back story) and the slides will be used to facilitate the discussion in the meeting on specific topics. Please review the comments and edits and make further adjustments that you think move us further in this direction.

Debbie/peter, specifically, I think we can add a bit to the beginning of our SC section reinforcing that our supply chain innovation over the accessible luxury market - balancing lower cost with quality well made product. We continue to innovate to support the creativity ensuring costs are managed to deliver the value the consumer recognizes. You can call out recent successes like Tabby as illustration supporting on environmentally preferred materials.

Hope these notes are helpful in moving us closer to a final product. Please reach out with any further questions. Happy to review a 'ne

Thanks,
Joanne

PX1704-001 (Tapestry)

"Our approach to delivering innovative, high-quality product while optimizing costs created the accessible luxury market."

"Our supply chain innovation is what enables us to deliver really beautiful well-crafted product to the market at an incredible value. Coach was really the founder of that and the innovator that created that many others have followed."



Joanne
Crevoiserat,
CEO, Tapestry

Supply Chain

Our Tapestry Supply Chain creates innovative, consumer-centric product while balancing speed to market, service levels and costs. To achieve this, we leverage our global network of Tapestry talent, raw material suppliers (RMS) and external service providers (SPs) to develop product using new materials, techniques, and processes.

Our approach to delivering innovative, high-quality product while optimizing costs created the accessible luxury market. The evolution of our supply chain - from being a US based

inception, to pioneering a shift to China in the 1990's, leading to a n within SE Asia in 2010 - exemplifies our commitment to innovation. opment centers around the world, comprised of our own talent in NY

PX1731-048 (Tapestry)

Brown Shoe: Unique Production Facilities

From: Peter Charles <pcharles@tapestry.com>
Sent: Fri, 29 Sep 2023 16:10:56 -0400 (EDT)
To: Joanne Crevoiserat <jcrevoiserat@tapestry.com>
Cc: Scott Roe <sroe@tapestry.com>
Subject: FW: Tapestry-Capri/ Europe based SC perspective
Attachments: 20230908_Tapestry Capri Luxury Supply Chain_vShare.pdf

Joanne

In our TB yesterday, I referenced the short deck that Kunal and the BCG European based luxury team presented. I thought it would be helpful to share in light of Johns comments/concerns to you about how we "shouldn't attempt to treat it as if we didn't understand the clear differences and we have no intention of changing anything around the main Product/Sourcing elements of these supply chains as we have kept the Spain SW SC insulated and running separately. At some point later in integration planning, its going to be important to understand how they work and to do some light diligence around them but that's down the road. For JC and Versace, we will work on ESG, D&L, Indirect Procurement and the Trade/Compliance areas in our first phase of integration planning. I did think the BCG content was useful context and a good reminder around luxury's SC organizing principles and main characteristics.

Enjoy the reading and have a good weekend. Copying Scott for visibility.

Peter



PX1327-001 (Tapestry)

Peter Charles,
Chief Supply Chain
Officer, Tapestry

"I did think the BCG content was useful context and a good reminder around luxury's SC organizing principles and main characteristics."

(b)(4); (b)(3):6(f); (b)(3):21(f)

tapestry

PX1327-004 (Tapestry)

Brown Shoe: Distinct Customers

FOIA-2025-00233 0000008611 "UNCLASSIFIED" 1/21/2025

GLOBAL OMNI (LSS + eComm) CUSTOMER VALUE SEGMENTS: FY22Q3

Customer Value Segment	Profile	Value of the Customer	% Net Sales	% Customers	Customer Discount %
Gotta Have It	Price insensitive, loyal repeat purchasers	\$495	13%	6%	8%
One & Done Gifter	Annual full-price gift purchaser	\$209	12%	12%	0%
Promotionally Persuaded	Converts during FP events	\$202	10%	12%	22%
Sale Savvy	MK Loyalist, only buys markdown	\$435	15%	8%	40%
Spending Saver	Buys lots, on eComm "clearance"	\$325	27%	19%	64%
Right Product, Right Price	Buys one item, when discounted enough	\$144	7%	11%	42%
Handbag Bargain Hunter	Waits to buy handbag at deep markdown	\$109	16%	33%	66%

SOURCE: Unified Customer Platform. Real Customers, excludes Resellers, Employees, & Affiliate's

43

PX2753-043 (Capri)

Brown Shoe: Distinct Customers

Q. Could you please tell me the brands whose prices and silhouettes Chanel tracks in the United States.
A. So that includes brands such as Hermes, Louis Vuitton, Prada, Celine, Bottega are the ones that I can think of.

* * * *

Q. Are these all luxury brands?

A. These are the brands that our client also carries, so we consider them as luxury brands to our clients' eyes.

* * * *

Q. Are Michael Kors, Kate Spade, or Coach part of the conversation when Chanel discusses luxury brands?

A. Not in current practice.

Hr'g Tr. 9/11 Yang (Chanel) at 660:14-17, 660:24-661:1, 663:17-19

"Gucci bags at \$2000
is just not our
customer in NA"



Todd Kahn
CEO and Brand President, Coach

Thread Participants: [REDACTED] Elizabeth Fraser (Owner); [REDACTED] Todd Kahn; [REDACTED] Elizabeth Fraser (Owner)
First Message: 8/3/2021 8:51:55 AM -04:00
Last Message: 8/3/2021 8:57:14 AM -04:00

8/3/2021 8:51:55 AM

We may think we're competing with LV and Gucci but I can assure you that they are not competing with us

[REDACTED] Todd Kahn

8/3/2021 8:55:04 AM

Exactly. In the past we bought market share

[REDACTED] Todd Kahn

8/3/2021 8:55:24 AM

Now we are trying to do it in a healthy way

8/3/2021 8:55:59 AM

This worries me that we'll make bad decisions in order to try to grab the wrong market share

[REDACTED] Todd Kahn

8/3/2021 8:56:08 AM

Gucci bags at \$2000 is just not our customer in NA

True Luxury Handbags Are Not Reasonable Substitutes

FOIA-2025-00233 00000066611 "UNCLASSIFIED" 1/21/2025



Liz Fraser
Former CEO and Brand President,
Kate Spade

Thread Participants: Elizabeth Fraser (Owner); Tim Ryan
First Message: 8/11/2022 10:15:08 AM -04:00
Last Message: 8/11/2022 5:57:03 PM -04:00

8/11/2022 10:33:23 AM

Bottom line, saying we're in the same market with true luxury is a joke

That's why "market" is growing

Tim Ryan

8/11/2022 10:33:34 AM

I don't believe the strategy teams #s

Ryan

8/11/2022 10:34:01 AM

"Bottom line, saying we're in the same market with true luxury is a joke"

PX1427-001 (Tapestry)

Proves how disconnected strategy team is with business

8/11/2022 10:34:02 AM

Nobody says "should I buy a LV bag or a Coach bag?"

"Nobody says 'should I buy a LV bag or a Coach bag?'"

are we in outlets

PX1427-002 (Tapestry)

"I didn't believe that the Kate Spade customer would pay \$1,000 for a Kate Spade bag"

Hr'g Tr. 9/12 Fraser (Tapestry) at 827:3-6

"we don't really play today in that top tier."

PX8169 (Lifford (Tapestry Board Member) Tr.) at 98:20-21

True Luxury Handbags Are Not Reasonable Substitutes

FOIA-2025-00233 0000000001 "UNCLASSIFIED" 1/21/2025



Cedric Wilmotte
CEO, Michael Kors

Q: Do you believe that Michael Michael Kors handbags competes with the Hermès Birkin bag?

A: I believe that Michael Kors compete with anyone who makes handbags at the end of the day, so I'm looking at how the consumer is shopping across the whole spectrum.

Hr'g Tr. 9/12 Wilmotte (Capri) at 772:4-8



Liz Fraser
Former CEO and Brand
President,
Kate Spade

Q: Is it your testimony that Kate Spade competes with Hermès?

A: Yes.

Q: So do you believe that a Kate Spade handbag competes with an Hermès Birkin bag?

A: I believe that the Kate Spade customers could have an Hermès bag.

Hr'g Tr. 9/12 Fraser (Tapestry) at 901:18-23

True Luxury Handbags Are Not Reasonable Substitutes

FOIA-2025-00233 00000000011 "UNCLASSIFIED" 1/21/2025



Joanne Crevoiserat,
CEO, Tapestry

Q. Let's talk about the European brands. There's been a suggestion in this case that Coach and Kate Spade don't really compete with handbags sold by the European luxury brands. What's your reaction to that?

A. We have data that shows that's not true.

Hr'g Tr. 9/10 Crevoiserat (Tapestry) at 324:24-325:3

"we have a lot of data on where and how our customers shop. We see that our consumers also shop at the top of the market, the high-end European luxury brands as well as our brands."

Hr'g Tr. 9/10 Crevoiserat (Tapestry) at 341:22-342:4

"the street is my research."

Hr'g Tr. 9/16 Kors (Capri) at 1102:2



Michael Kors
Chief Creative Officer,
Michael Kors

True Luxury Handbags Are Not Reasonable Substitutes

FOIA-2025-00233 0000006611 "UNCLASSIFIED" 1/21/2025



Liz Fraser
Former CEO and
Brand President,
Kate Spade

Q. And Louis Vuitton was continuing to raise their prices dramatically, correct?

A. Yes, they were.

Q. Therefore, Tapestry would look to be shrinking whether or not Tapestry's revenue was growing, correct?

A. Well, it's also not -- yes, but it's because if you double the price of your handbag, you're selling the same number of handbags, but you're getting more market share. So that's very difficult to compete with.

Hr'g Tr. 9/12 Fraser (Tapestry) at 831:9-17

Mass Market Handbags Are Not Reasonable Substitutes

FOIA-2025-00233 0000000011 "UNCLASSIFIED" 1/14/2025

Capri told China's State Administration for Market Regulation while obtaining regulatory clearance for this deal in China: "high-end mass market products also offer good quality and performance and are made with decent materials and manufacturing processes, [but] they are not on the same level as luxury products."

High-end mass-market goods are different from luxury goods

While there may be criteria to separate high-end mass-market goods from other mass-market goods, it remains clear that high-end mass-market goods differ from luxury goods. In addition to the previous analysis regarding the substitutability of luxury and mass-market goods, the following further elaborates the distinction between luxury goods and high-end mass-market goods, suggesting that luxury goods may constitute a distinct product market.

From the perspective of customers:

Exclusivity: Luxury products are often associated with exclusivity and rarity. They are produced in limited quantities and are not easily accessible to everyone. By contrast, high-end mass-market products are more widely available and accessible to a larger consumer base compared to luxury products. The former are produced in larger quantities and distributed through various retail channels.

Premium Quality: Luxury products are known for their superior craftsmanship, finest materials, and attention to detail. They are made with the highest quality standards, resulting in exceptional performance and durability. By contrast, although high-end mass-market products also offer good quality and performance and are made with decent materials and manufacturing processes, they are not at the same level as luxury products.

PX2061-004 (Capri)

Q: You do not consider fast fashion companies to be Michael Kors' peers, correct?
A: That is correct.



John Idol
CEO, Capri

Hr'g Tr. 9/9 Idol (Capri) at 98:6-8

FOIA-2025-00233 00000066611 "UNCLASSIFIED" 1/21/2025

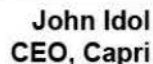
Date: June 17, 2022 at 4:59:06 AM GMT+2

Subject: MK new bag prices compared to Gucci from The Real Real and Euromonitor report

(1) I often get a question from investors about consumers buying a used Gucci bag instead of a new MK bag (and the question is usually phrased implying that a used Gucci bag costs the same as a new MK bag). So we looked at prices of different comparable Gucci bags in different conditions (The conditions on The Real Real are from lowest to highest: (1) Fair, (2) Good, (3) Very Good, (4) Excellent, (5) Pristine). Please see attached for a comparison. Bottom line – we found that the closest priced bags were a new MK for \$298 vs a “Good” Gucci for \$475, but most comparable Gucci bags were at least double the price of a new MK bag.

Please let me know if you have any questions.

DX837-001 (Capri)



A: Yes, I do.

A: That's correct.

Hr'g Tr. 9/9 Idol (Capri) at 180:12-20

Used Bags and Athleisure Are Not Reasonable Substitutes

FOIA-2025-00233 00000066611 "UNCLASSIFIED" 1/21/2025

(b)(4); (b)(3):6(f); (b)(3):21(f)

(b)(4); (b)(3):6(f); (b)(3):21(f)

HMT: “Accessible Luxury” Handbags Is A Market

Hypothetical Monopolist Test is another tool to analyze a market

“If a single firm controlled the entire . . . market, as defined by the FTC, could it profitably impose a price increase? Or would that price increase result in customers moving enough of their business to other alternatives to make the price increase unprofitable? If the price increase would be profitable, then the FTC has defined the relevant product market accurately. If it would not be profitable, then the market is broader than the FTC has contended.”

IQVIA, 710 F. Supp. 3d at 369

HMT: “Accessible Luxury” Handbags Is A Market

FOIA-2025-00233 00000000011 "UNCLASSIFIED" 1/21/2025

- Dr. Loren Smith conducted a quantitative application of the HMT called an aggregate diversion ratio analysis, which measures the diversion from one product to all other products in a candidate market
- This test calculates two things:
 - a critical aggregate diversion – 17%
 - the actual aggregate diversion
- If the aggregate diversion is more than the critical threshold, the candidate market passes the HMT.

HMT: “Accessible Luxury” Handbags Is A Market

From: Rae Tao <RTao@tapestry.com>
Date: Monday, April 26, 2021 at 1:00 PM
To: Joanne Crevoiserat <jcrevoiserat@tapestry.com>, Todd Kahn <tkahn@coach.com>, Liz Fraser <lfraser@katespade.com>, Giorgio Sarne <gsarne1@Stuartweitzman.com>, Andrea Resnick <aresnick@tapestry.com>, Christina Colone <ccolone@tapestry.com>, Kelsey Mueller <KMueLLer@tapestry.com>, Leigh Manheim <lmanheim@coach.com>, Joon Silverstein <jsilverstein@coach.com>, Susan Pellish-Thaler <spellishthaler@coach.com>, Marilyne Trebus <MTrebus@coach.com>, Jennifer Yue <JYue@coach.com>, Vincent Golebiowski <vgolebiowski@coach.com>, Holly Adams <HAdams@coach.com>, Adrienne Kirsner <AKirsner@katespade.com>, Michele Parsons <mparsons1@katespade.com>, Rachel Lande <RLande@katespade.com>, Trang To <tto1@katespade.com>, Amanda Bopp <ABopp@katespade.com>, Kristen Naiman <KNaiman@katespade.com>, Joe Milano <jmilano@katespade.com>
Cc: "George Nahra (IC)" <gnahra@tapestry.com>, Jennifer Yue <JYue@coach.com>, Sharon Kuo <skuo@tapestry.com>, Noheli Hernandez <nherandez@tapestry.com>, Annika Yan <ayan1@tapestry.com>
Subject: NPD Update - Bag & SLG for Q3 FY21

Good afternoon,
Please find attached insights from the Q3 FY21 NPD release for HB & SLG. On a handbag-only basis, the total market improved +11% in Q3, while the Premium Market (defined as Bridge, Contemporary, & Designer Brands) improved +10% – **this was the first quarter of positive growth since Q1 FY19**. Small leather goods underperformed vs. handbags (8% total market, +4% premium market). *As a reminder, please note that these figures provided by NPD track sales within the NA wholesale channel only.*
Additional highlights below:
Within Premium HB Market

- Designer brands grew +14% in Q3, in contrast with -10% decline in Q2
 - Yves Saint Laurent grew +67%, ranking 2nd in sales across all brands
 - and Niki Medium Leather Flap Shoulder Bag
 - While Chanel ranks #5, Gucci has notably fallen out of the top 20 brands, with -80% declines (NPD to confirm whether this is due to suppression or true performance)
- Bridge & Contemporary brands (Accessible Luxury) grew +8%, vs declines in Q2 of -22%
 - MMK led the growth at +26%, driven both by double-digit AUR and unit improvements
 - MCM and Tory Burch also grew at +70% and +25% respectively, driven by double-digit unit increases (a continuation of H1 trends)

“Bridge & Contemporary brands (Accessible Luxury)...”

PX1306-003 (Tapestry)

Baseline aggregate diversions = 3x critical aggregate
diversion ratio of 17%

Sensitivity aggregate diversions = 2x critical aggregate
diversion ratio of 17%

HMT: "Accessible Luxury" Handbags Is A Market

"...the survey screened for a robust sample of handbag or small leather good ("SLG") purchasers with specific characteristics to report findings on consumer purchasing behavior that Tapestry's brands can utilize to compete more effectively in the highly dynamic handbag industry."

LATHAM & WATKINS LLP

March 22, 2024

**CONFIDENTIAL
VIA EMAIL**

Nicole Lindquist
Federal Trade Commission
Mergers II Division
600 Pennsylvania Avenue, NW
Washington, DC 20580

Re: Proposed Acquisition of Capri Holdings Limited ("Capri") by Tapestry, Inc.
("Tapestry"), FTC File No. 2310133

Dear Nicole:

As requested during our March 18, 2024 meeting, Tapestry provides additional information regarding the "FY22 Q4 US Women's Handbag/SLG Brand Tracker," document with bates stamp Tapestry-FTC-001892288 ("Brand Tracker"). First, you asked whether Tapestry has produced a recording of the Brand Tracker presentation to Kate Spade employees referenced in Tapestry-FTC-001892286. Tapestry produced this recording with bates stamp Tapestry-FTC-006149993. In addition, Tapestry directs FTC Staff to a similar recording presented to Coach employees, bates stamped Tapestry-FTC-006149992, as further background. Second, you asked for the source and methodology of the Brand Tracker. Below, we detail how the survey screened for a robust sample of handbag or small leather good ("SLG") purchasers with specific characteristics to report findings on consumer purchasing behavior that Tapestry's brands can utilize to try to compete more effectively in the highly dynamic handbag industry.

Austin	Milan
Beijing	Munich
Boston	New York
Brussels	Orange County
Canary City	Paris
Chicago	Riyadh
Dubai	San Diego
Düsseldorf	San Francisco
Frankfurt	Seoul
Hamburg	Silicon Valley
Hong Kong	Singapore
Houston	Tel Aviv
London	Tokyo
Los Angeles	Washington, D.C.
Madrid	

2020

The 2010 HMGs Ten Years Later: Where Do We Go From Here?

Steven C. Salop
Georgetown University Law Center, salop@law.georgetown.edu

Fiona Scott Morton
Yale School of Management, fiona.scottmorton@yale.edu

PX7414-001

This analysis suggests that if the GUPPIs both exceed 10%, then the agencies should define the market as comprised solely of the two merging firms, in which case the HHI would equal 10,000. While this is a possible approach, we do not think that it is necessary and may not be advisable. First, the HMGs have a proviso that they will include in the market a firm C that is a closer substitute to the either of the 2 merging firms than they are to each other. Second, the 10% threshold is based on linear demand. If demand is not linear a different threshold would be called for. Third, the agency also may fear that the GUPPI evidence might be attacked. Finally, and most important, the agencies often choose to define a market that is not the narrowest possible market for good reason. They may correctly fear that the court will balk at a very narrow market that violates its intuition or will attack the market definition as a gerrymandered submarket. Given the risk, the agencies may decide that they can effectively argue for a unilateral effect even in the context of a broader market.

PX0050-001 (Tapestry)

PX7414-010; Hr'g Tr. 9/17 Scott Morton
(Defendants' Expert) at 1294:9-1295:7

“Accessible Luxury” Handbag Market Is Highly Concentrated

FOIA-2025-0033 0000066611 "UNCLASSIFIED" 1/21/2025

Undue Concentration

Combined market share >30%

Coach, Kate Spade, Michael Kors >50%

United States v. Philadelphia Nat'l Bank, 374 U.S. 321, 364-65 (1963)

Herfindahl–Hirschman Index (“HHI”)

>1800, with delta more than 100

>3500 Coach, Kate Spade, Michael Kors, delta more
than 1000

2023 Merger Guidelines § 2.1; *IQVIA*, 710 F. Supp. 3d at 379-80

“Accessible Luxury” Handbag Market Is Highly Concentrated

FOIA-2025-00233

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“UNCLASSIFIED”

1/21/2025

PX0059: FRE 1006 Summary of NPD Bridge and Contemporary Brands That Are Included in Dr. Smith's Market Share Analyses

1	3.1 Phillip Lim	56	Ecco	108	Lauren Ralph Lauren	161	Rag & Bone
2	A.L.C.	57	Elena Ghisellini	109	Liberty of London	162	Rebecca Minkoff
3	A.P.C.	58	Elie Tahari	110	Liebeskind	163	Red Valentino
4	A.W.A.K.E. Mode	59	Elizabeth and James	111	Linea Pelle	164	Ree Projects
5	Acne Studios	60	Elleme	112	Lisa Minardi	165	Reiss
6	Alexander Wang	61	Elliott Lucca	113	Little Liffner	166	Rejina Pyo
7	Alexis Bittar	62	Emporio Armani	114	Lodis	167	Rimowa North America
8	All Saints	63	Eric Javits	115	Loeffler Randall	168	Sacai
9	All Other Brands ²	64	Etienne Aigner	116	Longchamp	169	Sam Edelman
10	Altuzarra	65	Eugenia Kim	117	Louise Et Cie	170	Sandro
11	Anima Iris	66	Flynn	118	Luana	171	Sandy Lion
12	Aranaz	67	Foley + Corianna	119	M Z Wallace	172	See by Chloe
13	Ashya	68	Frame Denim	120	Madewell	173	Seurve
14	Aston	69	Frances Valentine	121	Maison Margiela	174	Serapian
15	Attico	70	Frye	122	Maje	175	Serpui
16	B. Makowsky	71	Furla Usa	123	Mandarina Duck	176	Shinola
17	Badgley Mischka	72	Ganni	124	Mansur Gavriel	177	Siamod
18	Bao Bao Issey Miyake	73	Gigi New York	125	Marni Atelier	178	Simone Rocha
19	BCBG Max Azria	74	Giorgio Costa	126	Marc Jacobs	179	Sofia Cardoai
20	Bed Stu	75	Giulia Massari	127	Marni	180	Stand Studio
21	Benedetta Bruziches	76	Globe-trotter	128	Mary Frances	181	Staud
22	Berluti	77	Golden Goose	129	Massimo Castelli	182	Stratiberry
23	Botkier	78	Gryson	130	MAX+amin	183	Stuart Weitzman
24	Boyy	79	Gu De	131	MCM	184	Studio Amelia
25	Brahmin	80	Halston Heritage	132	McQ Alexander McQueen	185	T Tahari
26	Brandon Blackwood	81	Hammett Collection	133	Medea	186	Ted Baker
27	Briggs & Riley	82	Hartmann Lurgare	134	Mehry Ma	187	Thacker NYC
28	Brighton	83	Helen Kaminski	135	MFK	188	Themoire
29	Brother Vellies	84	Hobo International	136	Mia Toro	189	Thom Browne
30	BruceGlen	85	Homage Year	137	Michael Michael Kors	190	Token
31	Bugatti Bags	86	Hugo Boss	138	Milly	191	Tory Burch
32	By Far	87	Hunter	139	Montblanc	192	Toteme
33	C. Wonder	88	Il Bisonte	140	Nanette Lepore	193	Trina Turk
34	Cabrelli	89	Isaac Mizrahi	141	Nannacay	194	TUMI
35	Calista	90	J. Crew	142	Nannshka	195	UGG
36	Carla Mancini	91	Jacquemus	143	Nino Bossi	196	Ulla Johnson
37	Carme Forbes	92	Jeff Wan	144	Nita Suri	197	Valentino by Mario Valentino
38	Chane Chase	93	Jeffrey Levinson	145	Off White	198	Vanessa Bruno
39	Clare V.	94	Johnny Was	146	Opening Ceremony	199	Vanina
40	Cleobella	95	Jonathan Simkhai	147	Orla Kiely	200	Via Spiga
41	Coach	96	KASSL Editions	148	Oryany	201	Victorinox
42	CoFi	97	Kate Spade	149	Paco Rabanne	202	Vince Camuto
43	Cole Haan	98	Kendall + Kylie	150	Palm Angels	203	Wandler
44	Comme Des Garcons	99	Kenzo	151	Pamela Manson	204	WANT Les Essentiels De La Vie
45	Coperu	100	Khaite	152	Peak Design	205	Whistles
46	Cult Gaia	101	Kooba	153	Perrin Pans	206	Yuzefi
47	Dagne Dover	102	Korelooo	154	Persaman New York	207	Z Spoke Zac Posen
48	Day & Mood	103	Kurt Geiger London	155	Piel	208	ZAC Zac Posen
49	DeMellier	104	L.A.M.B.	156	Pinko	209	Zadig & Voltaire
50	Diane Von Furstenberg	105	Lafayette 148	157	Poolside	210	Zimmermann
51	DKNY	106	Lancaster Paris	158	Private Label		
52	Dolce Vita	107	Lauren Merkin	159	Rachel Zoe		
53	Donas Karan			160	Radley		
54	Dooney & Bourke						
55	Dragon Diffusion						



"Accessible Luxury" Handbag Market Is Highly Concentrated

FOIA-2025-00233 00000066611 "UNCLASSIFIED" 1/21/2025



Liz Harris
SVP, Global Strategy and
Consumer Insights,
Tapestry

THE COURT: And it uses Euromonitor and NPD, perhaps other things.

Is that right?

THE WITNESS: Yes, that's correct.

THE COURT: How does it use the NPD data?

THE WITNESS: If we don't have public data for brands, which in many cases we don't, we might use an assumption from how they've grown in NPD at a point in time as a proxy for how they've grown in the market in total.

THE COURT: How do you use the Euromonitor data?

THE WITNESS: We similarly use that as a basis for the annual establishment of the size of the category as a starting point, and then we use analyst reports and census to adjust quarter to quarter.

Hr'g Tr. 9/10 (Harris) at 389:4-17

Defendants' Rebuttal Arguments



Entry And Expansion Will Not Be Timely, Likely, Or Sufficient

The test is whether entry and expansion will “be ‘timely, likely, and sufficient in its magnitude, character, and scope to deter or counteract the competitive effects of concern’” of the Proposed Acquisition.

IQVIA, 710 F. Supp. 3d at 393 (quoting 2010 Merger Guidelines § 9); 2023 Merger Guidelines § 3.2

Put differently, entry or expansion must “fill the competitive void” resulting from the merger.

United States v. H&R Block, 833 F. Supp. 2d 36, 73 (D.D.C. 2011)

Entry And Expansion Will Not Be Timely, Likely, Or Sufficient

FOIA-2025-01233 8006036611 UNCLASSIFIED 11/21/2025

(b)(4); (b)(3):6(f); (b)(3):21(f)

Entry And Expansion Will Not Be Timely, Likely, Or Sufficient

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(b)(4); (b)(3):6(f); (b)(3):21(f)

(b)(4); (b)(3):6(f); (b)(3):21(f)

(b)(4); (b)(3):6(f); (b)(3):21(f)

(b)(4); (b)(3):6(f); (b)(3):21(f)

(b)(4); (b)(3):6(f); (b)(3):21(f)

Michael Kors Can Revitalize Itself

“Courts ‘credit such a defense only in rare cases, when the [acquiring firm] makes a substantial showing that the acquired firm’s weakness, which cannot be resolved by any competitive means, would cause that firm’s market share to reduce to a level that would undermine the government’s prima facie case.’”

Promedica Health Sys., Inc. v. FTC, 749 F.3d 559, 572 (6th Cir. 2014)
(quoting *FTC v. Univ. Health, Inc.*, 938 F.2d 1206, 1221 (11th Cir. 1991))

“this argument is the Hail–Mary pass of presumptively doomed mergers”

Promedica Health Sys., 749 F.3d at 572

Michael Kors Can Revitalize Itself

FOIA-2025-00233

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"UNCLASSIFIED"

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Q. Isn't that unusual for a fashion brand to have ups and downs?

A. Well, when you've been a designer for 45 years, it is a very cyclical business. So you are definitely going to have highs and lows. So much of it is dependent on trend, the economy, consumer mood, and sometimes you will be the hottest thing on the block and other times you'll be lukewarm, other times you'll be cold, but you're always moving forward.



Michael Kors
Chief Creative Officer,
Michael Kors

Hr'g Tr. 9/16 Kors (Capri) at 1087:12-19



Laura Parsons
VP, Strategy and Transformation,
Michael Kors

Q: Ms. Parsons, as of July 17, your view is that Michael Kors does not need the merger with Tapestry to transform its brand, correct?

A: Yes.

Q: And that's because you think the Michael Kors brand is a successful brand with a longstanding legacy, correct?

A: Yes.

Q: And also because you think Michael Kors can transform the brand with or without the merger, correct?

A: Yes.

Q: And that is still your view today?

A: I maintain the solution-based mindset, yes.

Hr'g Tr. 9/17 Parsons (Capri) at 1327:16-1328:2

Michael Kors Can Revitalize Itself

FOIA-2025-00233

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1/21/2025

OCTOBER 2022

INVESTOR STUDY

CAPRI
HOLDINGS LIMITED

VERSACE

JIMMY CHOO

MICHAEL KORS

Findings

- Positive views on brand portfolio competitive position
 - Strong among accessible/affordable luxury peers
 - But not yet viewed as a major force in the global luxury industry

PX2129-004 (Capri)

PX2129-002 (Capri)

Q. Mr. Edwards, at the time of this study, Michael Kors had been increasing its AURs, correct?

A. It may have been right on the cusp of when they were declining, but it was close to that time frame.

Q. And the reason Michael Kors was able to increase its AURs was because it was delivering value to customers, correct?

A. As I stated earlier, it was due to the signature product resonating as well as some COVID tailwinds through that time frame.

Q. Michael Kors was delivering value to the consumer based on its brand image, its brand delivery, and the product in particular, correct?

A. Yes.

Hr'g Tr. 9/17 Edwards (Capri) at 1126:23-1127:10

Michael Kors Can Revitalize Itself

Q. As CEO and brand president of Kate Spade, you changed designers around 2021, correct?

A. Yes, I did.

Q. The Kate Spade designer that was there when you arrived had been hired by Tapestry after Tapestry acquired Kate Spade, correct?

A. Yes.

Q. That designer was charged with reinventing the Kate Spade brand, correct?

A. Yes, she was.

Q. And that was a really big failure, correct?

A. It didn't work very well, no.

Hr'g Tr. 9/12 Fraser (Tapestry) at 821:7-18



Liz Fraser
Former CEO and Brand President,
Kate Spade

"A. What we thought at the time, which didn't fully come to fruition, was our ability to run stores in terms of operations in terms of recruitment of people, in terms of connecting with the customers. We thought we could transplant that to our acquired brands. It turned out in both Stuart Weitzman and Kate Spade's case it was not easy to do.

Hr'g Tr. 9/18 Scott Morton (Defendants' Expert) at 1316:11-1317:15
(quoting Todd Kahn (Coach CEO and Brand President) IH Testimony)

The Brands Will Not Be Independent

FOIA-2025-00233

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1/21/2025

“But in reality a parent and a wholly owned subsidiary *a/ways* have a ‘unity of purpose or a common design.’ They share a common purpose whether or not the parent keeps a tight rein over the subsidiary; the parent may assert full control at any moment if the subsidiary fails to act in the parent's best interests.”

Copperweld Corp. v. Ind. Tube Corp., 467 U.S. 752, 771-772 (1984)



Liz Fraser
Former CEO and Brand
President, Kate Spade

Q. So is it your testimony you asked a competitor to stop making a bag that competed with the Kate Spade heart bag?

A. I guess so.

Hr'g Tr. 9/12 Fraser (Tapestry) at 903:1-3

Weighing The Equities



The Equities Favor An Injunction

Public equities:

- Effective enforcement of the antitrust laws
- Avoiding “unscrambling the eggs” after consummation

“Private equities are not to be afforded great weight”

IQVIA, 710 F. Supp. 3d at 400 (quoting *FTC v. Penn State Hershey*, 838 F.3d 327, 352 (3d. Cir. 2016))

“[N]o court has denied a Section 13(b) motion for a preliminary injunction based on the weight of the equities where the FTC has demonstrated a likelihood of success on the merits.”

FTC v. Peabody Energy Corp., 492 F. Supp. 3d 865, 918 (E.D. Mo. 2020)

Tapestry Will Fast Track Michael Kors Integration

FOIA 2025-00233 1000006661 UNCLASSIFIED 1/21/2025

tapestry

Sunrise BOD Update

February 15, 2024

PX1726-163 (Tapestry)

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Pre-Read

Updated Integration Hypothesis and Approach by Brand

Now that the earliest possible Close date has moved out by ~4 months, teams should plan for a greater level of integration on Day 1-90 (Assumes earliest possible Close date no sooner than April 5, 2024).

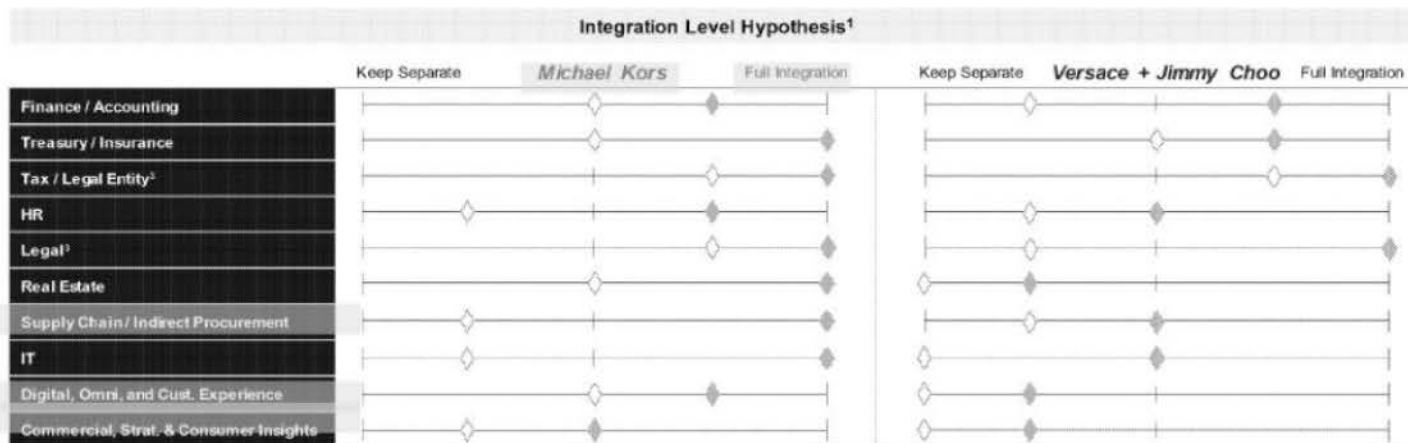
We are moving beyond the original goal of Day 1 must-haves for Dec 15. Given the incremental time to plan, we will now look to achieve the initial 6 month "near-term integration goals" by Day 90.

◆ Near-term (Day 1-90) goal²:

- Michael Kors moves towards greater level of integration
- Versace & Jimmy Choo focus on back-office priorities

◆ Longer-term (24 – 36 months) goal²:

- Michael Kors primarily integrated
- Versace and Jimmy Choo ~25-50% integrated³



¹ Workstream integration and its phasing will heavily depend on system integration

² To be further assessed and refined through work stream integration planning; note that level of integration is consistent with initial hypothesis; time to achieve is shorter given extended time to plan

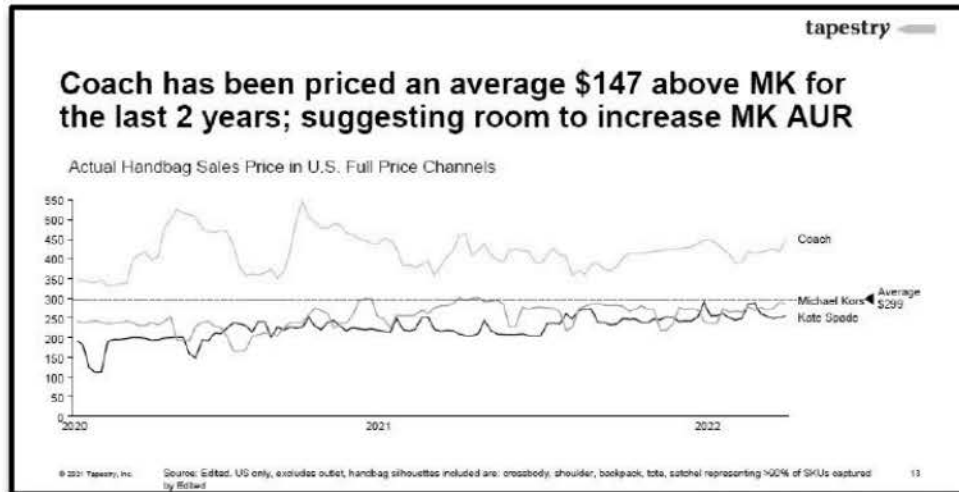
³ Greater degree of integration proposed to meet compliance and regulatory needs; will vary by workstream

19

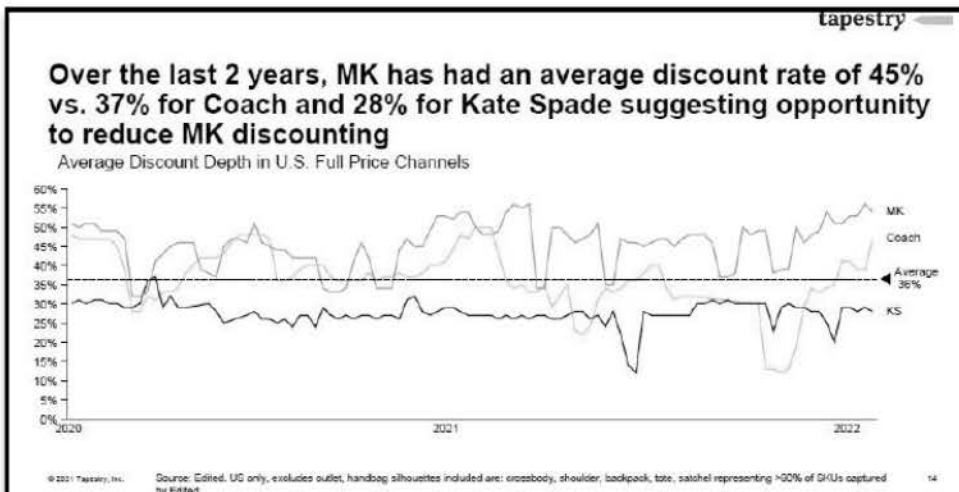
PX1726-181 (Tapestry)

Consumer Harm From This \$8.5B Deal

FOIA-2025-00233 0000006661 "UNCLASSIFIED" 2/2/2026



PX1216-017 (Tapestry)



PX1216-018 (Tapestry)



PX1200-005 (Tapestry)

Priority Focus Areas and Opportunities

- MK wholesale business (30-35% of US sales vs. future stated target of ~25%) accesses an older, more price sensitive department store shopper; as MK pulls back from wholesale, we would look to recapture a portion of sales in direct channels (e.g., outlet, e-comm)

PX1200-010 (Tapestry)

Consumer Harm From This \$8.5B Deal

FOIA#2125-00238 00000066641 UNCLASSIFIED 1/21/2025

Morgan Stanley

tapestry

(b)(4); (b)(3):6(f); (b)(3):21(f)

PX1074-006 (Tapestry)