

# Stock Selection Guide®

The most widely used aid to  
good investment judgment

Company COACH INC 3.09 Date 03/05/10

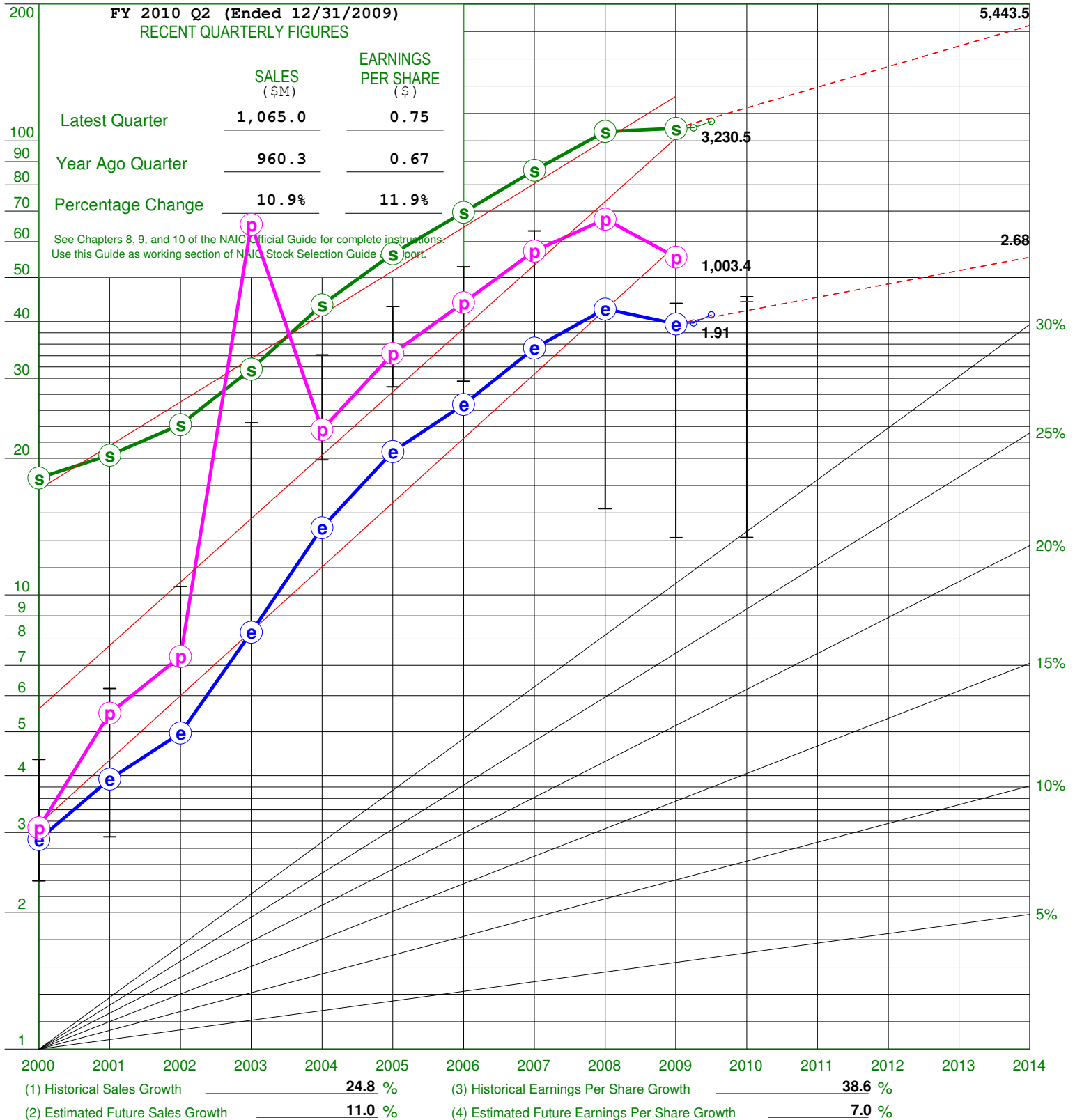
Prepared by Rose M. Data taken from Value Lin

Where traded NYSE Major product/service Apparel, Ac

CAPITALIZATION --- Outstanding Amounts Reference

Preferred (\$M)	0.0	% Insiders	% Institution		
Common (M Shares)	318.0	5.1	0.0		
Debt (\$M)	25.0	% to Tot.Cap.	1.5	% Potential Dil.	None

## 1 VISUAL ANALYSIS of Sales, Earnings and Price



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	LAST 5 YEAR AVG.	TREND	
												UP	DOWN
<b>A</b> % Pre-tax Profit on Sales (Net Before Taxes ÷ Sales)	10.1	16.1	18.4	124.3	31.7	36.0	37.8	39.6	38.2	31.1	36.5		DOWN
<b>B</b> % Earned on Equity (E/S ÷ Book Value)	18.4	45.2	33.0	34.3	33.0	36.6	39.5	33.0	45.8	35.8	38.1		DOWN

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PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is a building block for translating earnings into future stock prices.

		PRESENT PRICE		37.690		HIGH THIS YEAR		38.650		LOW THIS YEAR		11.410	
Year		PRICE		C Earnings Per Share	D Price	Earnings Ratio		F Dividend Per Share	G % Payout F ÷ C X 100	H % High Yield F ÷ B X 100			
		HIGH	LOW			HIGH A ÷ C	LOW B ÷ C						
1	2005	36.8	24.5	1.00	36.8	36.8	24.5	0.000	0.0	0.0			
2	2006	45.0	25.2	1.27	35.4	35.4	19.8	0.000	0.0	0.0			
3	2007	54.0	29.2	1.69	32.0	32.0	17.3	0.000	0.0	0.0			
4	2008	37.6	13.2	2.06	18.3	18.3	6.4	0.000	0.0	0.0			
5	2009	37.4	11.4	1.91	19.6	19.6	6.0	0.075	3.9	0.7			
6	TOTAL		103.5		142.1	142.1	74.0		3.9				
7	AVERAGE		20.7		28.4	28.4	14.8		3.9				
8	AVERAGE PRICE EARNINGS RATIO			21.6		9	CURRENT PRICE EARNINGS RATIO			18.8			

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Proj. P/E [17.61] Based on Next 4 qtr. EPS [2.14]      Current P/E Based on Last 4 qtr. EPS [2.00]

EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE -- NEXT 5 YEARS

Avg. High P/E ~~28.4~~ 20.0 X Estimate High Earnings/Share 2.68 = Forecast High Price \$ 53.6  
(3D7 as adj.) (4A1)

B LOW PRICE -- NEXT 5 YEARS

(a) Avg. Low P/E 14.8 X Estimated Low Earnings/Share 1.91 = \$ 28.3  
(3E7 as adj.)  
(b) Avg. Low Price of Last 5 Years = 20.7  
(3B7)  
(c) Recent Severe Market Low Price = 11.4  
(d) Price Dividend Will Support Present Divd. = 0.075 = 11.4  
High Yield (H) 0.007  
Selected Estimate Low Price = \$ 24.3  
(4B1)

C ZONING

53.6 High Forecast Price Minus 24.3 Low Forecast Price Equals 29.3 Range. 1/3 of Range = 9.8  
(4A1) (4B1) (C) (4CD)  
(4C2) Lower 1/3 = 24.3 to 34.1 (Buy)  
(4C3) Middle 1/3 = 34.1 to 43.8 (Maybe)  
(4C4) Upper 1/3 = 43.8 to 53.6 (4A1) (Sell)

Present Market Price of 37.690 is in the Hold Range  
(4C5)

D UP-SIDE DOWN-SIDE RATIO (Potential Gain vs. Risk of Loss)

High Price (4A1) 53.6 Minus Present Price 37.690  
Present Price 37.690 Minus Low Price (4B1) 24.3 = 15.9 = 1.2 To 1  
13.4 (4D)

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

High Price (4A1) 53.6  
Present Market Price 37.690 = ( 1.422 ) X 100 = ( 142.2 ) - 100 = 42.2 % Appreciation  
(4E)

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5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

Note: Results are expressed as a simple rate; use the table below to convert to a compound rate.

**A** Present Full Year's Dividend \$ 0.075  
Present Price of Stock \$ 37.690 = 0.002 X 100 = 0.2 Present Yield or % Returned on Purchase Price  
(5A)

**B AVERAGE YIELD OVER NEXT 5 YEARS**  
Avg. Earnings Per Share Next 5 Years 2.34 X Avg. % Payout ~~3.9~~ 3.9 = 9.2 = 0.2 %  
(3G7) (5B)  
Present Price \$ 37.690

C ESTIMATED AVERAGE ANNUAL RETURN OVER NEXT FIVE YEARS

5 Year Appreciation Potential (4E) 42.2			Tot. Ret.
5	8.4 %	Average Yield	0.2%
Average Yield (5B) -----	0.2 %	Annual Appreciation	7.3%
Average Total Annual Return Over the Next 5 Years (5C) -----	8.6 %	% Compd Ann Rate of Ret	7.5%