

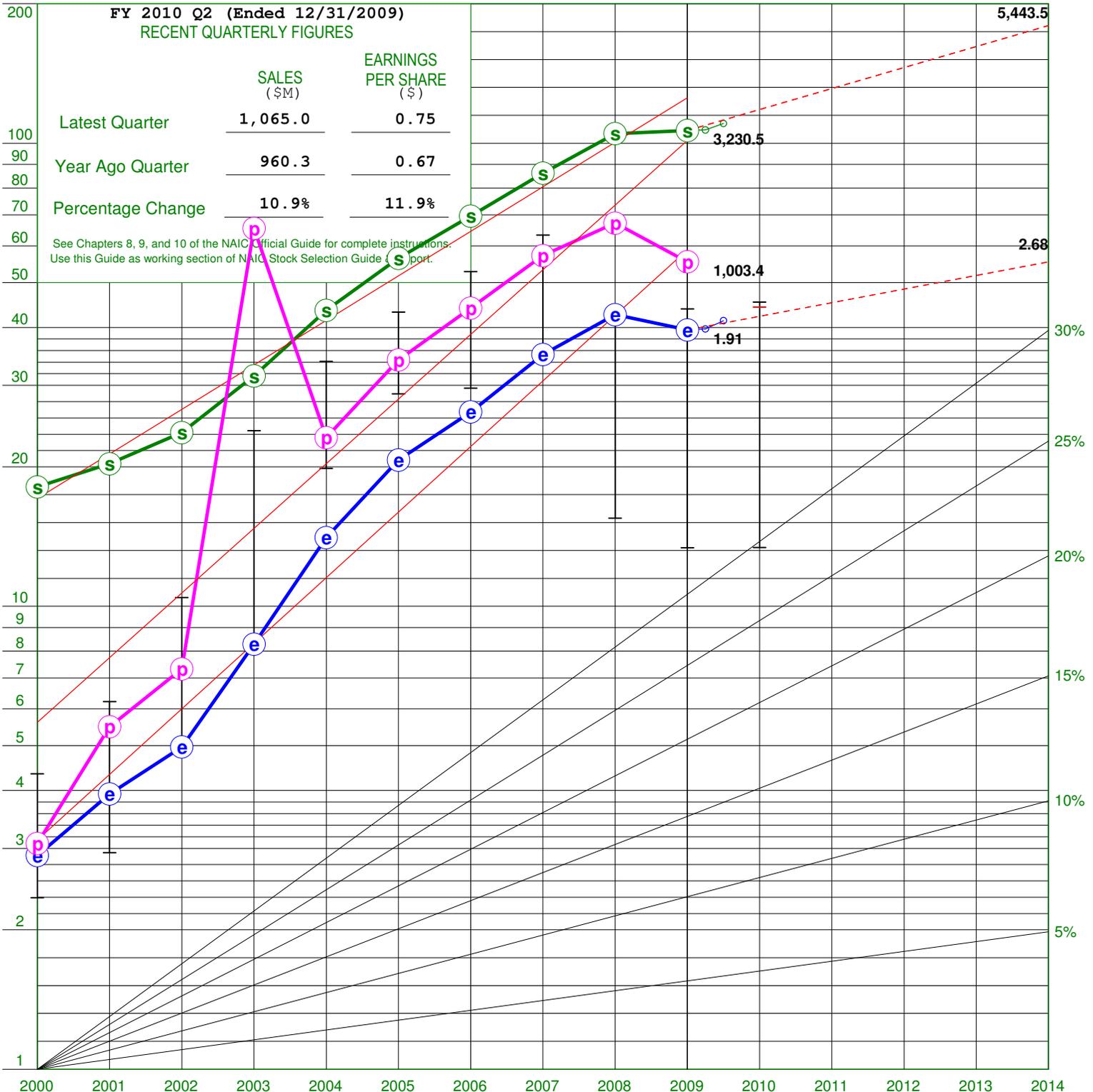


Stock Selection Guide [®]

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



(1) Historical Sales Growth 24.8 % (3) Historical Earnings Per Share Growth 38.6 %
 (2) Estimated Future Sales Growth 11.0 % (4) Estimated Future Earnings Per Share Growth 7.0 %

2 EVALUATING MANAGEMENT

Company

COACH INC 3.09

(COH)

03/05/10

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	LAST 5 YEAR AVG.	TREND	
												UP	DOWN
A % 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 % 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

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

4 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)

5 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.

Relative Value: 87.0% Proj. Relative Value: 81.5%

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 ~~36.7~~ 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) <u>42.2</u>				Tot. Ret.
<u>5</u>	<u>8.4</u> %	Average Yield		<u>0.2</u> %
Average Yield (5B) -----	<u>0.2</u> %	Annual Appreciation		<u>7.3</u> %
Average Total Annual Return Over the Next 5 Years (5C) -----	<u>8.6</u> %	% Compd Ann Rate of Ret		<u>7.5</u> %