COACH, INC. NYSE-COH

RECENT PRICE 28.05 | P/E RATIO 15.2 (Trailing: 14.6 Median: NMF) | RELATIVE P/E RATIO 0.93 | DIV'D YLD 1.1% | VALUE LINE

TIMELINESS 2 Raised 5/29/09

SAFETY 3 New 2/15/02

TECHNICAL 3 Raised 7/31/09

BETA 1.25 (1.00 = Market)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
High:	3.7	5.3	8.9	20.4	28.8	36.8	45.0	54.0	37.6	29.5
Low:	2.0	2.5	4.3	7.3	16.9	24.5	25.2	29.2	13.2	11.4

Target Price Range 2012 | 2013 | 2014

2012-14 PROJECTIONS

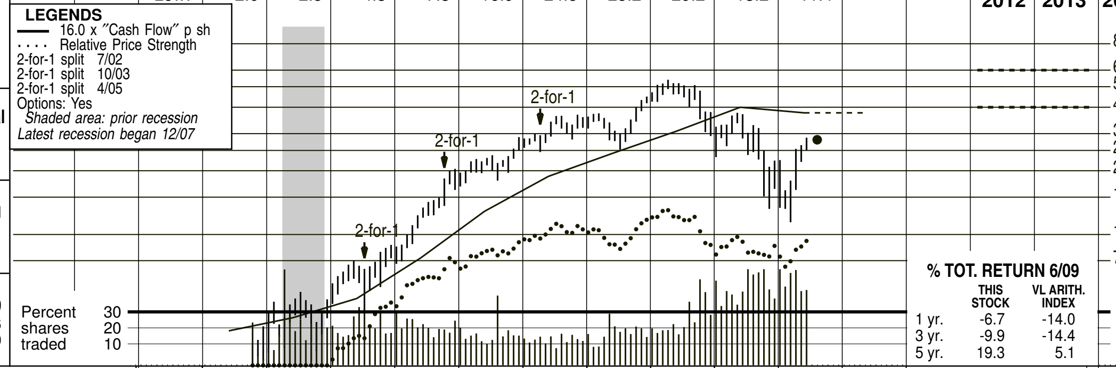
	Price	Gain	Ann'l Total Return
High	60	(+115%)	22%
Low	40	(+45%)	10%

Insider Decisions

	S	O	N	D	J	F	M	A	M
to Buy	0	3	2	0	0	1	2	0	0
Options	1	0	0	0	0	0	0	0	0
to Sell	1	0	0	0	0	0	0	0	0

Institutional Decisions

	3Q2008	4Q2008	1Q2009
to Buy	233	229	196
to Sell	292	308	300
Hld's(000)	284328	283427	269612



% TOT. RETURN 6/09

	THIS STOCK	VL ARITH. INDEX
1 yr.	-6.7	-14.0
3 yr.	-9.9	-14.4
5 yr.	19.3	5.1

Coach, Inc. was founded in 1941 as a maker of leather handbags. It was acquired by Sara Lee in 1985. 7,380,000 shares were issued to the public at $16.00 a share in October, 2000. The transaction was led by Goldman Sachs & Co., Morgan Stanley Dean Witter, and Prudential Securities. Sara Lee subsequently distributed the remaining stock to shareholders.

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	© VALUE LINE PUB., INC.	12-14
- -	1.96	1.76	2.01	2.60	3.48	4.52	5.71	7.01	9.45	*10.20*	*10.85*	Sales per sh A	*15.45*
- -	.22	.25	.31	.48	.80	1.18	1.51	1.93	2.50	*2.35*	*2.35*	"Cash Flow" per sh	*3.35*
- -	.14	.19	.24	.40	.68	1.00	1.27	1.69	2.06	1.91	*1.85*	Earnings per sh A B	*2.60*
- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	.08	*.30*	Div'ds Decl'd per sh	*.46*
- -	.76	.42	.73	1.17	2.06	2.73	3.21	5.13	4.50	*5.35*	*5.75*	Book Value per sh	*7.80*
- -	280.21	349.49	357.81	366.02	379.24	378.43	369.83	372.52	336.73	*316.00*	*300.00*	Common Shs Outst'g D	*270.00*
- -	- -	18.7	22.1	21.4	26.5	25.8	26.2	24.7	17.7	19.1		Avg Ann'l P/E Ratio	*19.5*
- -	- -	.96	1.21	1.22	1.40	1.37	1.41	1.31	1.11	1.34		Relative P/E Ratio	*1.30*
- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	.2%		Avg Ann'l Div'd Yield	*.9%*
507.8	548.9	616.1	719.4	953.2	1321.1	1710.4	2111.5	2612.5	3180.8	3230.5	*3250*	Sales ($mill) A	*4175*
59.8%	64.0%	68.4%	70.7%	74.2%	78.2%	80.0%	80.7%	80.5%	78.8%	*75.5%*	*75.0%*	Gross Margin	*76.0%*
9.6%	14.3%	21.2%	22.6%	28.7%	36.9%	39.7%	39.3%	41.1%	40.2%	*34.5%*	*33.0%*	Operating Margin	*33.5%*
163	170	189	212	232	250	275	304	352	399	441	*465*	Number of Stores C	*550*
22.9	38.6	64.0	85.8	146.6	261.7	388.7	494.3	636.5	742.0	622.1	*575*	Net Profit ($mill)	*730*
12.4%	30.6%	35.6%	35.5%	37.0%	37.5%	36.9%	38.0%	38.5%	39.0%	38.0%	*38.5%*	Income Tax Rate	*40.0%*
4.5%	7.0%	10.4%	11.9%	15.4%	19.8%	22.7%	23.4%	24.4%	23.3%	19.3%	*17.7%*	Net Profit Margin	*18.0%*
51.7	54.1	47.1	128.2	287.0	523.7	443.6	632.7	1332.2	934.8	936.8	*950*	Working Cap'l ($mill)	*1225*
3.8	3.7	3.7	3.6	3.5	3.4	3.3	3.1	2.9	2.6	25.1	*25.0*	Long-Term Debt ($mill)	*Nil*
203.2	212.8	148.3	260.4	426.9	782.3	1032.8	1188.7	1910.4	1515.8	1696.0	*1725*	Shr. Equity ($mill)	*2100*
11.1%	17.9%	42.8%	32.7%	34.1%	33.3%	37.5%	41.5%	33.3%	48.9%	36.2%	*33.0%*	Return on Total Cap'l	*35.0%*
11.3%	18.1%	43.2%	33.0%	34.3%	33.5%	37.6%	41.6%	33.3%	49.0%	36.7%	*33.5%*	Return on Shr. Equity	*35.0%*
11.3%	18.1%	43.2%	33.0%	34.3%	33.5%	37.6%	41.6%	33.3%	49.0%	36.7%	*28.0%*	Retained to Com Eq	*29.0%*
- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	*4%*	*16%*	All Div'ds to Net Prof	*17%*

CAPITAL STRUCTURE as of 6/27/09

Total Debt $25.6 mill. **Due in 5 Yrs** $25.6 mill.

LT Debt $25.1 mill. **LT Interest** $1.5 mill. (1% of Cap'l)

Leases, Uncapitalized: Annual rentals $89.0 mill.

Pension Assets-7/07 $5.0 mill. **Oblig.** $7.8 mill.

Pfd Stock None

Common Stock 317,583,813 shs. as of 5/1/09

MARKET CAP: $8.9 billion (Large Cap)

CURRENT POSITION ($MILL.)	2007	2008	6/27/09
Cash Assets	1185.8	698.9	800.4
Receivables	107.8	106.7	108.7
Inventory (Avg Cst)	291.2	345.5	326.1
Other	155.4	234.6	161.2
Current Assets	1740.2	1385.7	1396.4
Accts Payable	109.3	134.7	103.0
Debt Due	.2	.3	.5
Other	298.5	315.9	356.2
Current Liab.	408.0	450.9	459.7

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '06-'08 to '12-'14
Sales	- -	28.5%	*13.0%*
"Cash Flow"	- -	41.5%	*9.0%*
Earnings	- -	43.5%	*7.5%*
Dividends	- -	- -	*NMF*
Book Value	- -	41.0%	*10.5%*

Fiscal Year Ends	QUARTERLY SALES ($ mill.) A Sep.Per	Dec.Per	Mar.Per	Jun.Per	Full Fiscal Year
2006	449.0	650.3	497.9	514.3	2111.5
2007	529.5	805.6	625.3	652.1	2612.5
2008	676.7	978.1	744.5	781.5	3180.8
2009	752.5	960.3	740.0	777.7	3230.5
2010	*745*	*975*	*745*	*785*	*3250*

Fiscal Year Ends	EARNINGS PER SHARE A B Sep.Per	Dec.Per	Mar.Per	Jun.Per	Full Fiscal Year
2006	.24	.45	.28	.30	1.27
2007	.31	.57	.39	.42	1.69
2008	.41	.69	.46	.50	2.06
2009	.44	.67	.38	.43	1.91
2010	*.37*	*.67*	*.38*	*.43*	*1.85*

Cal-endar	QUARTERLY DIVIDENDS PAID E Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2005	- -	- -	- -	- -	- -
2006	- -	- -	- -	- -	- -
2007	- -	- -	- -	- -	- -
2008	- -	- -	- -	- -	- -
2009	- -	.075			

BUSINESS: Coach, Inc. is a designer, producer, and marketer of high-quality modern American classic accessories. Primary product offerings include handbags, women's and men's accessories, business cases, luggage, leather outerwear, gloves, scarves, and personal planning products. Also licenses watches, footwear, and home and office furniture. Operates 399 North American stores (including 102 factory outlets). Direct-to-consumer channel accounted for roughly 80% of total net sales in fiscal 2008; Indirect channel, (20%). Acquired remaining 50% interest in Coach Japan, 7/05. Off./dir. own 4.4% of common shares (9/08 Proxy). Chairman and CEO: Lew Frankfort. Inc.: MD. Add.: 516 W. 34th St., New York, NY, 10001. Tel.: 212-594-1850. Internet: www.coach.com.

Coach closed out fiscal 2009 (ended June 30th) in poor fashion. The handbag and accessories maker continued to struggle in the fourth quarter, reporting share earnings of $0.43, 14% off last year's tally. Sales fell 1% to $ 778 million, as deteriorating global economies forced many would-be shoppers to pare spending and focus on necessities rather than higher-end fashions and accessories. Same-store sales declined 6% in North America and 4% (10% excluding currency translation) in Japan. The weak sales environment has also taxed margins, with promotional activity needed to clear the shelves of unsold goods. One bright note, however, was China, where comp sales improved 10%.

The operating environment is not likely to get much better anytime soon. Economic conditions remain poor and will probably continue to thwart customer spending until there are clear signs of a sustainable economic rebound. Even the company's typically strong factory outlets are expected to have posted a comp sales decline in July.

Management is doing its best to soften the blow, but has an arduous task at hand. Attempting to build on its success in China, the company is ramping up its investment there, planning to open 15 stores in 2010. Meanwhile, stateside, it has closed unprofitable facilities and is introducing lower-priced merchandise. Even with aggressive share repurchases, however, Coach is likely come up short of matching last year's share-net total.

We remain upbeat about this issue. Despite the poor earnings showing, COH has continued to forge ahead. It is up 15% since our May review and is ranked 2 (Above Average) for Timeliness. Its long-term appeal remains intact too, with the company's solid financial position and foothold atop the industry likely to drive above-average 3- to 5-year appreciation potential. Indeed, strong cash flow generation ought to enable management to maintain its aggressive share-repurchase agenda, while continuing to invest in less saturated areas with better growth potential. We think that the foray into China is an especially good move and will help to pick up some of the slack until the domestic economy perks up.

Andre J. Costanza *August 7, 2009*

(A) Fiscal year ends Sat. closest to June 30th. (B) Diluted egs. Includes the expensing of stock options beginning in fiscal 2007. Reflects discontinuation of corporate accounts business beginning 2006. Excludes $0.12 of nonrecurring items in '08. Next egs. report due late Oct. May not add due to rounding. (C) Store count only reflects North American retail and factory stores. Excludes Coach locations in Japan and China. (D) In mill., adjd. for splits. (E) Initial dividend paid on 6/29/09 to stockholders on record as of 6/8/09.

Company's Financial Strength	A
Stock's Price Stability	50
Price Growth Persistence	95
Earnings Predictability	85