COACH, INC. NYSE-COH

RECENT PRICE	14.32	P/E RATIO	7.6 (Trailing: 6.9; Median: NMF)	RELATIVE P/E RATIO	0.65	DIV'D YLD	Nil	VALUE LINE

TIMELINESS **3** Lowered 1/23/09

SAFETY **3** New 2/15/02

TECHNICAL **2** Raised 2/6/09

BETA 1.25 (1.00 = Market)

2011-13 PROJECTIONS	Price	Gain	Ann'l Total Return
High	55	(+285%)	41%
Low	35	(+145%)	26%

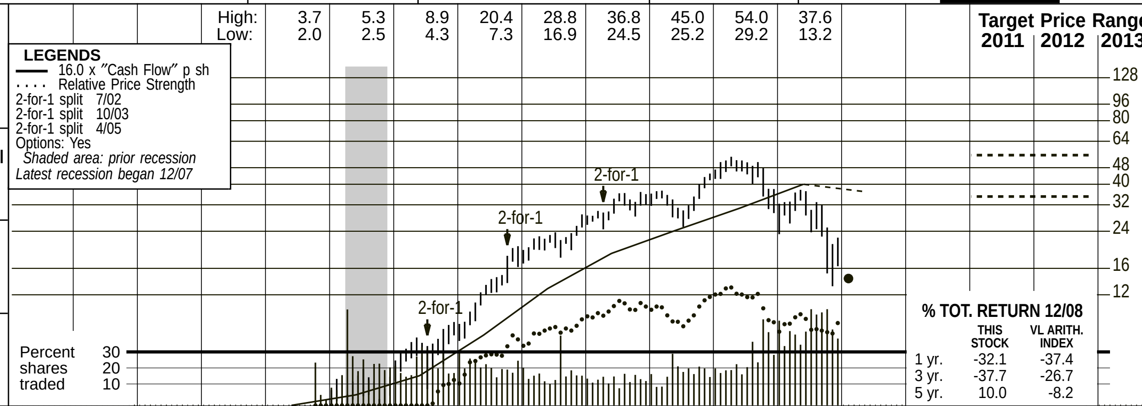
Insider Decisions

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

Institutional Decisions

	1Q2008	2Q2008	3Q2008
to Buy	276	268	233
to Sell	278	276	292
Hld's(000)	306836	315552	284328

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



Target Price Range	2011	2012	2013

% TOT. RETURN 12/08

	THIS STOCK	VL ARITH. INDEX
1 yr.	-32.1	-37.4
3 yr.	-37.7	-26.7
5 yr.	10.0	-8.2

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.

1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	© VALUE LINE PUB., INC.	11-13
--	--	1.96	1.76	2.01	2.60	3.48	4.52	5.71	7.01	9.45	*9.70*	Sales per sh A	*12.10*
--	--	.22	.25	.31	.48	.80	1.18	1.51	1.93	2.50	*2.30*	"Cash Flow" per sh	*2.80*
--	--	.14	.19	.24	.40	.68	1.00	1.27	1.69	2.06	*1.89*	Earnings per sh A B	*2.35*
--	--	--	--	--	--	--	--	--	--	--	*Nil*	Div'ds Decl'd per sh	*Nil*
--	--	.76	.42	.73	1.17	2.06	2.73	3.21	5.13	4.50	*5.40*	Book Value per sh	*10.75*
--	--	280.21	349.49	357.81	366.02	379.24	378.43	369.83	372.52	336.73	*323.00*	Common Shs Outst'g D	*310.00*
--	--	--	18.7	22.1	21.4	26.5	25.8	26.2	24.7	17.7		Avg Ann'l P/E Ratio	*19.5*
--	--	--	.96	1.21	1.22	1.40	1.37	1.41	1.31	1.03		Relative P/E Ratio	*1.30*
--	--	--	--	--	--	--	--	--	--	--		Avg Ann'l Div'd Yield	*Nil*
--	507.8	548.9	616.1	719.4	953.2	1321.1	1710.4	2111.5	2612.5	3180.8	*3140*	Sales ($mill) A	*3750*
--	59.8%	64.0%	68.4%	70.7%	74.2%	78.2%	80.0%	80.7%	80.5%	78.8%	*73.5%*	Gross Margin	*77.0%*
--	9.6%	14.3%	21.2%	22.6%	28.7%	36.9%	39.7%	39.3%	41.1%	40.2%	*35.5%*	Operating Margin	*37.5%*
--	163	170	189	212	232	250	275	304	352	399	*420*	Number of Stores C	*500*
--	22.9	38.6	64.0	85.8	146.6	261.7	388.7	494.3	636.5	742.0	*615*	Net Profit ($mill)	*750*
--	12.4%	30.6%	35.6%	35.5%	37.0%	37.5%	36.9%	38.0%	38.5%	39.0%	*38.0%*	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%	*19.5%*	Net Profit Margin	*20.0%*
--	51.7	54.1	47.1	128.2	287.0	523.7	443.6	632.7	1332.2	934.8	*1100*	Working Cap'l ($mill)	*2375*
--	3.8	3.7	3.7	3.6	3.5	3.4	3.3	3.1	2.9	2.6	*25.0*	Long-Term Debt ($mill)	*Nil*
--	203.2	212.8	148.3	260.4	426.9	782.3	1032.8	1188.7	1910.4	1515.8	*1750*	Shr. Equity ($mill)	*3325*
--	11.1%	17.9%	42.8%	32.7%	34.1%	33.3%	37.5%	41.5%	33.3%	48.9%	*34.5%*	Return on Total Cap'l	*22.5%*
--	11.3%	18.1%	43.2%	33.0%	34.3%	33.5%	37.6%	41.6%	33.3%	49.0%	*34.5%*	Return on Shr. Equity	*22.5%*
--	11.3%	18.1%	43.2%	33.0%	34.3%	33.5%	37.6%	41.6%	33.3%	49.0%	*34.5%*	Retained to Com Eq	*22.5%*
--	--	--	--	--	--	--	--	--	--	--	*Nil*	All Div'ds to Net Prof	*Nil*

CAPITAL STRUCTURE as of 12/27/08

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

LT Debt $25.1 mill. **LT Interest** $1.5 mill. (2% 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 *323,655,000* shs.

MARKET CAP: $4.6 billion (Large Cap)

CURRENT POSITION ($MILL.)	2007	2008	12/27/08
Cash Assets	1185.8	698.9	424.2
Receivables	107.8	106.7	192.0
Inventory (Avg Cst)	291.2	345.5	383.1
Other	155.4	234.6	221.5
Current Assets	1740.2	1385.7	1220.8
Accts Payable	109.3	134.7	125.7
Debt Due	.2	.3	.5
Other	298.5	315.9	393.1
Current Liab.	408.0	450.9	519.3

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '06-'08 to '11-'13
Sales	--	28.5%	*11.0%*
"Cash Flow"	--	41.5%	*8.0%*
Earnings	--	43.5%	*7.0%*
Dividends	--	--	*Nil*
Book Value	--	41.0%	*20.0%*

Fiscal Year Ends	QUARTERLY SALES ($ mill.) A Sep.Per	Dec.Per	Mar.Per	Jun.Per	Full Fiscal Year
2005	344.1	531.8	415.9	418.6	1710.4
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	961.3	*705*	*721.2*	*3140*

Fiscal Year Ends	EARNINGS PER SHARE A B Sep.Per	Dec.Per	Mar.Per	Jun.Per	Full Fiscal Year
2005	.18	.35	.23	.24	1.00
2006	.24	.45	.28	.30	1.27
2007	.31	.57	.39	.42	1.69
2008	.41	.69	.46	.50	2.06
2009	.44	.67	*.37*	*.41*	*1.89*

Cal-endar	QUARTERLY DIVIDENDS PAID Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2005	NO CASH DIVIDENDS BEING PAID				
2006					
2007					
2008					
2009					

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.

Sticking to its guns took a toll on Coach in the second quarter (fiscal 2009 year ends June 30th). Despite one of the weakest holiday seasons in decades, the handbag and accessories maker refused to give in to peer pressure and use price discounts to lure in customers. However, the strategy proved costly, as consumers looked to other retailers willing to play ball. Although the decision may have helped protect brand integrity, it played a role in the 13% same store sales decline and the 14% dip in net profit. Share repurchases masked most of the trouble.

But the company has reconsidered. Realizing the magnitude of the current economic downturn and the lack of consumer confidence, management is making concessions in hopes of enticing patrons to loosen their grips on their wallets and begin spending again. For starters, it announced that it will lower prices 10% to 15%, while increasing the number of handbags under the $300 price tag. The changes are set to be put in place by the end of fiscal 2010. Meanwhile, Coach plans to scale back its expansion plans, cutting the number of new stores launched in North America in half to 20 this year, and halting openings altogether in 2010.

There are still some concerns. We suspect that getting customers to spend will be a difficult task even with the aforementioned initiatives in place. Plus, the new pricing strategy will cut into margins. That said, we look for a high single digit earnings decline in fiscal 2009 and 2010.

The stock no longer stands out for Timeliness. It is now ranked 3 (Average) and is not expected to better the broad market over the coming six to 12 months.

Its recovery potential remains attractive, however. The stock has lost roughly a quarter of its value since our November report and is currently trading at 7.6 times our fiscal 2009 earnings estimate, a steep discount to our tempered 2011-2013 projection. Coach is a worldwide leader in the handbag game whose solid financial position ought to help it ride out the near term volatility and position it to take advantage of a global economic recovery. Its recent endeavors in Asia are particularly encouraging. We think the stock is oversold and long-term investment is prudent.

Andre J. Costanza *February 6, 2009*

(A) Fiscal year ends Saturday closest to June 30th. (B) Diluted earnings. Includes the expensing of stock options beginning in fiscal 2007. Reflects discontinuation of corporate accounts business beginning 2006. Excludes $0.12 of non-recurring items in '08. Next earnings report due late April. (C) Store count only reflects North American retail and factory stores. Excludes Coach locations in Japan (158 as of 9/08). (D) In millions, adjusted for splits.

Company's Financial Strength	A
Stock's Price Stability	50
Price Growth Persistence	85
Earnings Predictability	90