

Quarter Report

Company Name: Coach

Quarter Ending: 06/30/08 Stock Watcher: Kim Windingland

1. Quarter Results:

What was the % change in sales and EPS over the same quarter last year? What was the % change in the metrics specific to this company. Is the company meeting our expectations on the SSG? If not why not? (The press release or 10Q will provide the % change and some of the metrics. The conference call should provide the rest.)

Q4 Sales up 20%, totaling \$782M compared to \$652M a year ago. They projected \$780 last in their previous earnings call.

EPS rose 20% to \$0.50 compared with \$0.42 in the prior year. This was their projection in their previous earnings call.

North American same store sales rose 7%.

Sales in Japan rose 12% in constant currency.

FY 2008 up 22% in both revenue and EPS.

2. Hot List Items:

Hot List Items are positive or negative situations you are watching on this company. Other than Sales & EPS, did this quarter produce anything that would add, update or cause you to delete anything from your current hot list? Are there any positive or negative situations brewing that could affect our return?

In full price stores, weak traffic patterns from the previous two quarters continued while conversion rose (i.e., sales / traffic ratio) and average transaction size fell slightly.

Coach expansion plan is moving forward – opened 12 North American retail stores and closed two others. At quarter end, there were 297 full price and 102 factory stores in operation in North America. In Japan, 7 new store locations were opened. At quarter end, there were 154 total locations in Japan.

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3. Management/Analyst Guidance:

Did management give any future guidance for sales or EPS on the conference call? Is there any change in the guidance from Value Line, Yahoo or Morningstar from last quarter? (See Value Line Annual Rates box for sales & Earnings; see Yahoo's 1- and 5-year EPS growth estimates; and read the latest Morningstar analysis for changes.)

For 2009, they expect a net sales growth of 13% to over \$3.6B; and EPS of at least 2.25 or up about 10% .

For Q1, they expect net sales of \$765M for a 13% increase from the previous year and EPS of 0.44 for an 8% increase. It should be noted the Q1FY2008 was the strongest quarter of the year.

They expect CapEx to increase \$200M for the expansion effort in China and Japan.

4. Changes to the SSG:

Are there any changes to the company or industry that would cause us to change our judgments? (News alerts and the conference call should shed some light.) List any changes to the SSG that you would recommend to the club, and why.

Management has a lower expectation for FY2009 – net sales growth 13% & EPS growth 10%. Management has a history of being on target with their guidance. Also, there will be a near-term increase of CapEx that should result with substantial contribution in the future.

I recommend reviewing, discussing, and probably updating the SSG during the next meeting.

5. Relevant News:

Did anything meaningful come from the conference call, earnings report, or analyst reports or news articles? (Use the back of this form for overflow.)

Coach repurchased and retired over 4.8 million shares of common stock at a cost of \$170M.

Overflow Notes: (Please number them based on sections on page one:

Hot List Items continued:

Last May they announce the acquisition of their Greater China retail businesses in Hong Kong, Macau and the mainland from ImagineX in a phased buyout. In the next five years, they expect to open 50 locations in China with a goal to be one of the top three imported handbag and accessory brands.

FY 2009 will be the year of investments. There will be a near-term dilutive impact to the financial results to lay the foundation for a substantial contribution in the future.