STANDARD & POOR'S

Coach Inc.

S&P Recommendation STRONG BUY ★★★★★

Price $48.22 (as of Mar 1, 2013)

12-Mo. Target Price $68.00

Investment Style Large-Cap Growth

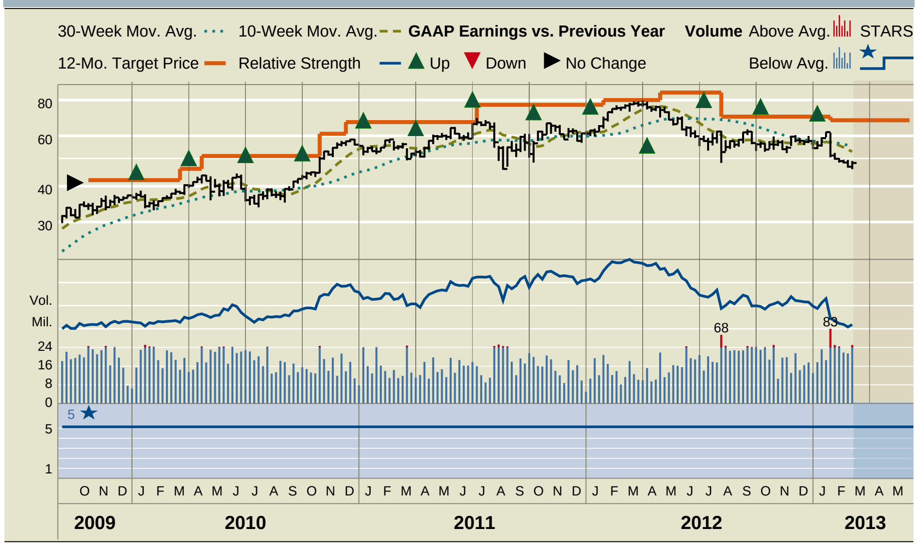
GICS Sector Consumer Discretionary
Sub-Industry Apparel, Accessories & Luxury Goods

Summary COH designs, makes and markets fine accessories for women and men, including handbags, weekend and travel accessories, outerwear, footwear, and business cases.

Key Stock Statistics (Source S&P, Vickers, company reports)

52-Wk Range	**$79.70– 45.87**	S&P Oper. EPS 2013**E**	**3.72**	Market Capitalization(B)	**$13.680**	Beta	**1.60**
Trailing 12-Month EPS	**$3.63**	S&P Oper. EPS 2014**E**	**4.25**	Yield (%)	**2.49**	S&P 3-Yr. Proj. EPS CAGR(%)	**12**
Trailing 12-Month P/E	**13.3**	P/E on S&P Oper. EPS 2013**E**	**13.0**	Dividend Rate/Share	**$1.20**	S&P Credit Rating	**NA**
$10K Invested 5 Yrs Ago	**$16,744**	Common Shares Outstg. (M)	**283.7**	Institutional Ownership (%)	**88**		

Price Performance



Options: ASE, CBOE, P, Ph

Analysis prepared by Equity Analyst **Jason N. Asaeda** on Feb 07, 2013, when the stock traded at **$49.10**.

Qualitative Risk Assessment

LOW	**MEDIUM**	HIGH

Our risk assessment reflects our view of COH's strong brand equity and rising cash flow, offset by a highly competitive market amid retail consolidation.

Quantitative Evaluations

S&P Quality Ranking **B+**

D	C	B-	B	**B+**	A-	A	A+

Relative Strength Rank **WEAK**

12

LOWEST = 1 HIGHEST = 99

Revenue/Earnings Data

Revenue (Million $)

	1Q	2Q	3Q	4Q	Year
2013	1,161	1,504	--	--	--
2012	1,050	1,449	1,109	1,155	4,763
2011	911.7	1,264	950.7	1,032	4,159
2010	761.4	1,065	830.7	950.5	3,608
2009	752.5	960.3	739.9	777.7	3,230
2008	676.7	978.0	744.5	781.5	3,181

Earnings Per Share ($)

2013	0.77	1.23	**E**0.79	**E**0.93	**E**3.72
2012	0.73	1.18	0.77	0.86	3.53
2011	0.63	1.00	0.62	0.68	2.92
2010	0.44	0.75	0.50	0.64	2.33
2009	0.44	0.67	0.36	0.46	1.91
2008	0.41	0.69	0.46	0.62	2.17

Fiscal year ended Jun. 30. Next earnings report expected: NA. EPS Estimates based on S&P Operating Earnings; historical GAAP earnings are as reported.

Dividend Data (Dates: mm/dd Payment Date: mm/dd/yy)

Amount ($)	Date Decl.	Ex-Div. Date	Stk. of Record	Payment Date
0.300	05/15	05/31	06/04	07/02/12
0.300	08/21	09/06	09/10	10/01/12
0.300	11/15	12/05	12/07	12/27/12
0.300	02/13	03/06	03/08	04/01/13

Dividends have been paid since 2009. Source: Company reports.

Highlights

- In FY 12 (Jun.), COH estimated the North American addressable market for women's accessories and handbags grew at least 10%; the company reported a similar pace of growth in its direct channels. Sales of men's bags and accessories doubled to over $400 million, and sales in China grew 64% to $300 million. In FY 13, COH sees sales reaching at least $600 million in men's bags and accessories and $400 million in China.

- We forecast sales of $5.06 billion in FY 13. The company intends to expand its global retail square footage by 10% to 11%, concentrating on the U.S. and China and on the growing men's business. We expect operating margins to narrow to 31.3% in FY 13, from 32.6% in FY 12, as investments in digital and in-store brand marketing and direct control of retail operations in Asia offset product cost savings being achieved through diversification of the company's manufacturing base. COH acquired its domestic retail businesses in Singapore, Taiwan, Malaysia and Korea in July 2011, January 2012, July 2012 and August 2012, respectively.

- Assuming share repurchases, we see EPS of $3.72 in FY 13.

Investment Rationale/Risk

- COH estimates that its addressable North American women's market grew 10% in the December quarter, driven by retail promotions. By comparison, the company's total North American sales rose 1% in the quarter. COH chose not to trade off margins for holiday sales, which cost it market share. However, with penetration of $400+ handbags increasing in the second quarter to 20%, from 16% a year ago, we believe the Coach brand continues to resonate with luxury shoppers. We also see the company benefiting from a macro trend toward leather handbags and away from logo styles, and its leading position in the men's market. These positive factors, coupled with what we consider to be its attractive international expansion opportunities and compelling valuation, support our strong buy recommendation.

- Risks to our recommendation and target price include a sharp decline in global consumer spending; sourcing, fashion and inventory risks; and international expansion difficulties.

- We arrive at our 12-month target price of $68 by applying a forward P/E multiple of 17X, a discount to COH's 10-year historical average of 21X, to our calendar 2013 EPS estimate of $4.00.

Please read the Required Disclosures and Analyst Certification on the last page of this report.

The McGraw·Hill Companies

Coach Inc.

STANDARD &POOR'S

Business Summary February 07, 2013

CORPORATE OVERVIEW. Coach is a leading U.S. designer and marketer of high-quality accessories. Founded in 1941, COH has over the past several years transformed the Coach brand, building on its popular core categories by introducing new products in a broader array of materials, styles and categories. The company has also implemented a flexible sourcing and manufacturing model, which it believes enables it to bring a broader range of products to market more rapidly and efficiently.

MARKET PROFILE. In FY 12 (Jun.), COH estimated the North American addressable market for women's accessories and handbags ($100+ handbags) grew at least 10%; the company reported a similar pace of growth in its direct channels. Despite increasing competition from other U.S. brands such as Michael Kors and Kate Spade, we see COH maintaining market leadership in FY 13 through retail store openings in both new and under-penetrated existing markets. One of these new locations will be a concession shop-in-shop -- the first of its kind for the company in the U.S. -- at Macy's Herald Square that is expected to open this fall.

COH is expanding its addressable market through a renewed focus on its men's business. The company reported that sales of its men's bags and accessories doubled in North America during FY 12, driving the overall men's premium category, which grew 25%, to $800 million. Globally, Coach men's sales doubled in FY 12, to over $400 million, supported by new dual-gender and stand-alone men's stores, and an expanded men's assortment in about half of COH's directly operated retail locations. The company had 30 men's stand-alone factory stores, five stand-alone men's retail stores, and over 85 men's retail shop-in-shops in North America at the end of FY 12.

For FY 13, COH plans to increase its overall North American square footage by 10%, driven by the opening of 10 men's factory stores and the expansion of five retail and 15 factory stores to create dedicated men's shops. The company additionally plans to open 30 new stores in China (all dual-gender, reflecting brand positioning in the market) and 13 stores in Japan (mostly dedicated men's), which will increase square footage in these markets by 35% and 10%, respectively. In Asia, where COH believes men tend to be more fashion conscious, the company sees a $12 billion market for men's premium handbags and accessories. Of that, China represents about a $3.2 billion opportunity.

PRIMARY BUSINESS DYNAMICS. Men's and women's handbags accounted for 65% of FY 12 sales, accessories 28%, and the remaining 7% consisted of all other, including watches, footwear, jewelry, wearables, sunwear, business cases, travel bags and fragrances.

COH sells its products through direct-to-consumer and indirect channels, with the former accounting for 89% of total sales in FY 12, up from 88% in FY 11 via store expansion and comp-store sales gains. As of June 30, 2012, direct-to-consumer channels included the Internet, direct mail catalogs, 354 North American retail stores, 169 North American factory stores, 180 department store shop-in-shops, retail stores and factory stores in Japan, 96 department store shop-in-shops, retail stores and factory stores in China, 27 department store shop-in-shops, retail stores and factory stores in Singapore, and seven department store shop-in-shops, retail stores and factory stores in Taiwan. Indirect channels included 990 U.S. department store locations and 205 international department store, retail store and duty-free shop locations in 20 countries. In early FY 13, COH took direct control of its retail operations in Malaysia (10 stores with annual retail sales of $30 million) and Korea (48 stores with annual retail sales of $60 million).

In FY 12, the operating margin of the direct-to-consumer business segment was 41.0%, or $1.73 billion, and compared to a 39.5% operating margin, or $1.44 billion, in FY 11, and was posted in tandem with a North American comparable-store sales gain of 6.6% in FY 12, versus a 10.6% increase in FY 11. Indirect, which includes the very profitable royalties earned on licensed products, achieved a segment operating profit margin of 56.2%, or $299 million, in FY 12, compared to 54.7%, or $280 million, in FY 11. Licensing revenues were $28.5 million in FY 12 and $24.7 million in FY 11.

COH is pursuing four key strategies to strengthen its leadership position and improve productivity: (1) build share of North American women's accessories market via continuous product innovation and improvement and retail expansion, ultimately bringing the total to over 500 locations including 30 in Canada; (2) grow the men's business in North America and Asia; (3) raise brand awareness and build market share of emerging markets, notably China; and (4) raise brand awareness and maximize online sales through its global e-commerce sites and programs, third-party flash sites, marketing sites and social networking.

FINANCIAL TRENDS. In the five years through FY 12, COH posted a revenue compound annual growth rate (CAGR) of 13%, a gross profit CAGR of 11%, an EBIT CAGR of 9%, and an income from continuing operations CAGR of 10%. Capital expenditures were $184 million in FY 12, up from $148 million in FY 11, and for FY 13 the company estimates a $250 million capital budget, supporting global store expansion and investments in technology. For FY 11, return on assets was 33%, return on capital was 52%, and return on equity was 58%, all at the top of the peer group. We expect COH to maintain industry leading financial and operational metrics, and we regard the company's management team as excellent brand stewards that uphold strong operating disciplines, and we forecast incremental improvements in gross margin along with SG&A leverage on increasing scale over the long term.

Corporate Information

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Chrmn & CEO
L. Frankfort

COO & Co-Pres
J. Stritzke

EVP, CFO & Chief Acctg Officer
J. Nielsen

EVP, Secy & General Counsel
T. Kahn

EVP & CIO
C. Putur

Board Members
L. Frankfort
G. W. Loveman
I. M. Menezes
M. E. Murphy
J. J. Zeitlin
S. J. Kropf
V. Luis
I. R. Miller
S. Tilenius

Domicile
Maryland

Founded
1941

Employees
18,000

Stockholders
3,400

Coach Inc.

STANDARD &POOR'S

Quantitative Evaluations

S&P Fair Value Rank 5+

1	2	3	4	5

LOWEST — HIGHEST

Based on S&P's proprietary quantitative model, stocks are ranked from most overvalued (1) to most undervalued (5).

Fair Value Calculation **$54.80** Analysis of the stock's current worth, based on S&P's proprietary quantitative model suggests that COH is slightly undervalued by $6.58 or 13.6%.

Investability Quotient Percentile 97

LOWEST = 1 — HIGHEST = 100

COH scored higher than 97% of all companies for which an S&P Report is available.

Volatility LOW | **AVERAGE** | HIGH

Technical Evaluation **BEARISH** Since January, 2013, the technical indicators for COH have been BEARISH.

Insider Activity **UNFAVORABLE** | NEUTRAL | FAVORABLE

Expanded Ratio Analysis

	2012	2011	2010	2009
Price/Sales	3.43	4.43	4.84	3.68
Price/EBITDA	9.93	12.87	13.70	10.86
Price/Pretax Income	10.84	14.15	15.17	12.17
P/E Ratio	15.72	20.90	23.77	19.08
Avg. Diluted Shares Outstg (M)	294.1	301.6	315.8	325.6

Figures based on calendar year-end price

Key Growth Rates and Averages

Past Growth Rate (%)	1 Year	3 Years	5 Years	9 Years
Sales	14.54	13.96	11.84	18.29
Net Income	17.95	18.69	8.85	20.09
Ratio Analysis (Annual Avg.)				
Net Margin (%)	21.81	21.12	21.46	21.95
% LT Debt to Capitalization	0.05	1.02	0.94	0.64
Return on Equity (%)	57.63	53.35	48.91	46.20

Company Financials Fiscal Year Ended Jun. 30

Per Share Data ($)	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Tangible Book Value	5.64	4.41	4.01	4.41	3.73	4.52	2.57	2.07	2.00	1.11
Cash Flow	3.98	3.34	2.73	2.29	2.45	1.90	1.44	1.14	0.79	0.48
Earnings	3.53	2.92	2.33	1.91	2.17	1.69	1.27	1.00	0.68	0.40
S&P Core Earnings	3.53	2.92	2.33	1.91	2.17	1.69	1.26	0.91	0.61	0.35
Dividends	0.98	0.68	0.38	0.08	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	28%	23%	16%	4%	Nil	Nil	Nil	Nil	Nil	Nil
Prices:High	79.70	69.20	58.55	37.36	37.64	54.00	44.99	36.84	28.85	20.42
Prices:Low	48.24	45.70	32.96	11.41	13.19	29.22	25.18	24.51	16.88	7.26
P/E Ratio:High	23	24	25	20	17	32	35	37	42	52
P/E Ratio:Low	14	16	14	6	6	17	20	25	25	18
Income Statement Analysis (Million $)										
Revenue	4,763	4,159	3,608	3,230	3,181	2,612	2,112	1,710	1,321	953
Operating Income	1,645	1,430	1,276	1,095	1,280	1,074	830	679	487	274
Depreciation	133	125	127	123	101	80.9	65.1	57.0	42.9	30.2
Interest Expense	NA	NA	NA	NA	NA	Nil	Nil	1.22	0.81	0.70
Pretax Income	1,506	1,301	1,152	977	1,195	1,035	797	638	448	245
Effective Tax Rate	31.0%	32.3%	36.2%	36.2%	34.5%	38.5%	38.0%	36.9%	37.5%	37.0%
Net Income	1,039	881	735	623	783	637	494	389	262	147
S&P Core Earnings	1,039	881	735	625	783	637	492	356	236	129
Balance Sheet & Other Financial Data (Million $)										
Cash	917	702	696	800	699	557	143	155	263	229
Current Assets	1,805	1,452	1,303	1,396	1,386	1,740	974	709	706	449
Total Assets	3,104	2,635	2,467	2,564	2,274	2,450	1,627	1,347	1,029	618
Current Liabilities	718	593	529	460	451	408	342	266	182	161
Long Term Debt	0.99	23.4	24.2	25.1	2.58	2.87	3.10	3.27	3.42	3.54
Common Equity	1,993	1,613	1,505	1,696	1,516	1,910	1,189	1,033	782	427
Total Capital	2,016	1,637	1,530	1,721	1,545	1,950	1,223	1,041	842	453
Capital Expenditures	184	148	81.1	240	175	141	134	94.6	67.7	57.1
Cash Flow	1,172	1,006	862	746	884	717	559	446	305	177
Current Ratio	2.5	2.5	2.5	3.0	3.1	4.3	2.9	2.7	3.9	2.8
% Long Term Debt of Capitalization	0.1	1.4	1.6	1.5	0.2	0.1	0.3	0.3	0.4	0.8
% Net Income of Revenue	21.8	21.2	20.4	19.3	24.6	24.4	23.4	22.7	19.8	15.4
% Return on Assets	36.2	34.5	29.2	25.8	33.2	31.2	33.0	32.5	31.8	27.7
% Return on Equity	57.6	56.5	45.9	38.8	45.7	41.1	44.0	42.8	43.3	42.7

Data as orig reptd.; bef. results of disc opers/spec. items. Per share data adj. for stk. divs.; EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

Coach Inc.

Sub-Industry Outlook

Our fundamental outlook for the apparel, accessories & luxury goods sub-industry is neutral. We believe the reduction in take home pay caused by the expiration of the payroll tax holiday benefit on January 1, 2013, will result in some consumers cutting back on their apparel purchases this year. While apparel is a relatively low cost category, we expect shoppers on limited budgets to invest more in accessories, which offer more "bang for the buck."

As for personal luxury goods, our outlook is positive despite global macroeconomic headwinds. According to international management consulting firm Bain & Co., worldwide sales of personal luxury goods grew an estimated 10% in 2012, to 212 billion euros, led by an estimated 16% increase in the leather goods category. By region, sales rose an estimated 18% in Asia-Pacific, 13% in the Americas, 8% in Japan, and 5% in Europe. Bain projects worldwide luxury goods sales to reach between 240 billion and 250 billion euros by 2015, supported by 4% to 6% annual growth. We look for growth to be supported by underlying demand for luxury goods in the U.S., Europe and Japan, and growing luxury demographics in Asia-Pacific, particularly China, and emerging markets.

Apparel brands are increasing their investments in company-owned retail, outlet, and online stores, which provide higher-margin growth opportunities than the highly competitive and promotional department store channel. This strategy enables apparel brands to showcase their entire merchandise assortment, enhance consumer brand awareness, and test new products. Apparel companies are also pursuing growth through development of new product lines specifically for discounters and mass merchandisers, as well as international expansion.

Finally, we expect lower cotton prices and supply chain improvements to support gross margin expansion for apparel and accessories brands in 2013. We also look for companies to maintain discipline in inventory and expense management in support of earnings growth. We believe companies with strong brands, differentiated products, and attractive price-value propositions are likely to outperform their peers.

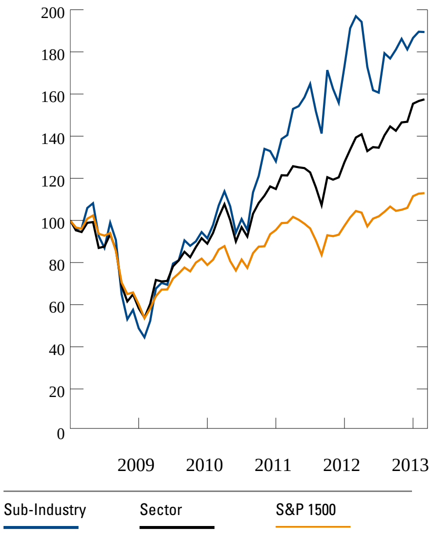
Year to date through February 15, the S&P Apparel, Accessories & Luxury Goods Index advanced 4.8%, versus a 6.9% gain by the S&P 1500 Composite Index. In 2012, the sub-industry index rose 16.2%, versus a 13.7% increase for the S&P 1500.

--Jason Asaeda

Stock Performance

GICS Sector: Consumer Discretionary
Sub-Industry: Apparel, Accessories & Luxury Goods

Based on S&P 1500 Indexes
Month-end Price Performance as of 02/28/13



NOTE: All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS)

Sub-Industry : Apparel, Accessories & Luxury Goods Peer Group*: Designer Mens/Womens Apparel

Peer Group	Stock Symbol	Stk.Mkt. Cap. (Mil. $)	Recent Stock Price($)	52 Week High/Low($)	Beta	Yield (%)	P/E Ratio	Fair Value Calc.($)	Quality Ranking	S&P IQ %ile	Return on Revenue (%)	LTD to Cap (%)
Coach Inc	**COH**	**13,680**	**48.22**	**79.70/45.87**	**1.60**	**2.5**	**13**	**54.80**	**B+**	**97**	**21.8**	**0.1**
Fifth & Pacific Cos	FNP	2,139	17.85	18.17/9.02	2.46	Nil	NM	NA	C	86	NM	139.5
Jones Group	JNY	903	11.28	13.98/8.85	2.99	1.8	NM	11.20	B-	20	NM	48.1
PVH Corp	PVH	9,838	122.06	124.53/72.47	1.92	0.1	21	117.10	B+	43	5.4	39.7
Ralph Lauren Corp'A'	RL	10,713	174.17	182.48/134.29	1.52	0.9	23	156.60	A	99	9.9	7.0
VF Corp	VFC	17,701	160.69	169.82/129.53	0.89	2.2	17	168.00	A	100	9.4	28.8

NA-Not Available NM-Not Meaningful NR-Not Rated. *For Peer Groups with more than 15 companies or stocks, selection of issues is based on market capitalization.

Source: S&P.

S&P Analyst Research Notes and other Company News

February 28, 2013
Coach, Inc. announced that Zach Augustine will join Coach as EVP, Global Environments, effective March 11, 2013, reporting to Reed Krakoff. Mr. Augustine will lead initiatives across Visual Merchandising, Architecture and Creative Development partnering with the other leaders to create a consistent and cohesive brand story. Mr. Augustine joins Coach from Nike, where he held the role of Global Creative Director -- Direct-to-Consumer Experience. Prior to Nike, he was co-founder of Winston, a consulting firm that worked with clients on projects ranging from brand identity design to retail and showroom design, development and production. He started his career in visual merchandising at Giorgio Armani and worked in creative leadership positions of increasing responsibility at Diesel, Polo Jeans, Nautica and Levi Strauss before launching Winston. Additionally, Erin Thompson will join Coach this spring as VP, Artistic Director, Global Environments. In this role, Ms. Thompson will oversee all creative development for windows, in-store, showrooms and events, reporting to Mr. Augustine. Ms. Thompson comes to Coach from Selfridges & Co., in London, where she most recently held the position of Head of Visual, having initially joined the company in 2002. Prior to Selfridges, Ms. Thompson spent twelve years at Mulberry in progressively senior visual merchandising roles. The company appointed Sandra Hill, EVP Women's Design who joined Coach in January 2013 with responsibility over all women's product. Ms. Hill was credited with building out the Women's business at Paul Smith Ltd.

February 27, 2013
UP 1.66 to 48.16... COH appoints Zach Augustine to EVP, Global Environments (formerly Global Creative Director at NIKE), Erin Thomson VP, Artistic Director, Global Environments (formerly Head of Visual at Selfridges & Co.) to further strengthen its creative organization.

February 15, 2013
Coach, Inc. announced that Victor Luis has been appointed President and Chief Commercial Officer. Concurrently, he has joined the Board of Directors. He will become Chief Executive Officer in January 2014. Lew Frankfort will continue as Chairman and Chief Executive Officer during this interim period and will then become Executive Chairman. Victor Luis has most recently served as President, International Group, with oversight for all of Coach's businesses outside North America. He has been a member of the company's senior leadership team for the past seven years and has led Coach's successful expansion strategy in Asian markets. As Chief Commercial Officer, Mr. Luis will now be responsible for all business units, merchandising, licensing, corporate strategy and consumer insights. Victor Luis was appointed to his current position as President, Coach International Group in February 2012 with oversight for all of Coach's retail operations outside of North America. Previously, he served in successively senior roles; starting in 2006 he was President and CEO of Coach Japan, he added responsibility for Coach China in 2008 and became President for Coach Retail International in March 2010.

January 23, 2013
COH posts $1.23 vs. $1.18 Q2 EPS on 3.8% sales rise. Capital IQ consensus forecast was $1.28.

January 23, 2013
12:04 pm ET ... COACH, INC. (COH 51.59) DOWN 9.09, COACH (COH) Q2 EPS LIGHT. JEFFERIES CUTS EST., TARGET; KEEPS HOLD... Analyst Randal Konik says COH reported Q2 EPS of $1.23 vs. Street's $1.28 forecast. Notes miss came primarily from top line as revenues of $1.50B fell short of Street's $1.60B expectation. Importantly, says comps were down 2% (vs. Street's +3%) driven by traffic declines in both full price and outlets (due to weak macro) and intensified competition (along with higher promotional activity). Says clearly competition is eating at COH's dominant share, thinks MICHAEL KORS is key beneficiary of this trend. Cuts $3.85 FY 13 (Jun) EPS est. to $3.70; $55 price target to $50. M.Morrow

January 23, 2013
11:18 am ET ... S&P REITERATES STRONG BUY OPINION ON SHARES OF COACH, INC. (COH 51.96*****): We cut our FY 13 (Jun) EPS forecast $0.16 to $3.72, and FY 14's by $0.20 to $4.25 on revised sales expectations, and trim our historical P/E-based target price by $2 to $68. Dec-Q EPS of $1.23, vs. $1.18, misses our estimate by $0.08. North American comps fell 2%, vs. our 6% growth estimate, as macro headwinds and increased competition led to a loss of market share in women's handbags. We look for COH to leverage strength in leather goods and a growing men's business to drive comp gains in the second half of FY 13. We see a renewed focus on shoes supporting comp gains in FY 14. /J. Asaeda

January 11, 2013
Coach, Inc. announced the appointment of Christine Putur as Executive Vice President and Chief Information Officer, effective January 22, 2013. Ms. Putur joins Coach from Staples, Inc., where she was Senior Vice President and Chief Information Officer. In her role, Ms. Putur was responsible for IT strategy and implementation globally for the company. Over a 12-year period, Ms. Putur held successively senior IT roles within the Staples organization covering ecommerce, strategy, retail, supply chain and global corporate functions. Before Staples, she was with Compaq Computer Corporation. Ms. Putur succeeds Tom Britt, who announced his departure from Coach last year.

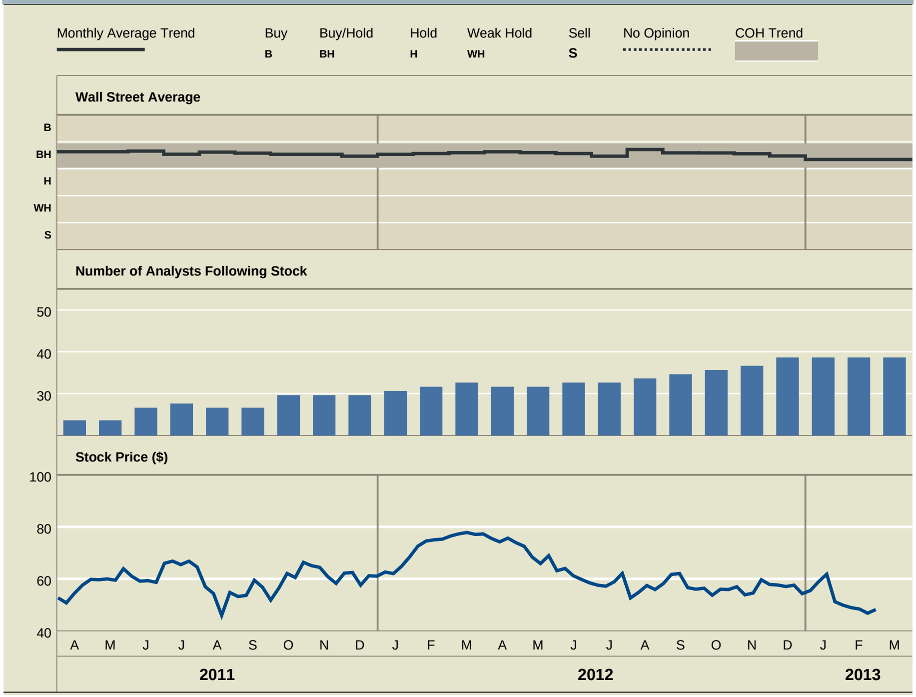
December 26, 2012
DOWN 2.99 to 54.53... COH, many other retail stocks seen lower as data from MasterCard Advisors SpendingPulse and other sources point to slower-than-expected holiday retail sales.

December 6, 2012
05:26 am ET ... S&P REITERATES STRONG BUY OPINION ON SHARES OF COACH, INC. (COH 57.35*****): We reiterate our target price of $70 and our FY 13 (Jun.) and FY 14 EPS estimates of $3.88 and $4.45, respectively. With COH regaining sales momentum in North America during the first quarter, we think its growth story remains intact and we are projecting a strong second quarter, which includes the November-December holiday season. We see the company successfully engaging factory store shoppers with in-store couponing and sharper merchandising. We also view the new dual-gender Legacy collection that launched globally in August supporting sales in COH's full-price retail stores. /J. Asaeda

October 23, 2012
COH posts $0.77 vs. $0.73 Q1 EPS on 11% sales rise. Capital IQ consensus forecast was $0.76. Sets $1.5 billion stock buyback.

October 23, 2012
01:33 pm ET ... COACH, INC. (COH 59.34) UP 5.17, COACH (COH) POSTS HIGHER Q1 PROFIT. CANACCORD RAISES ESTIMATES, KEEPS BUY... Analyst Laura Champine tells salesforce COH reported Q1 EPS of $0.77, $0.02 ahead of her estimate, $0.01 above consensus, while U.S. same-stores sales (SSS) increased 5.5%, above her +2% forecast, which was in line with consensus. Believes Legacy collection has resonated with customers, expects it to quickly become COH's top-selling line at around 30% of total sales. Notes COH has sustained momentum in China, generating net sales growth of nearly 40% on double digit SSS increase. Raises $1.28 Q2 EPS est. to $1.31, $3.91 FY 13 (Jan) to $3.96. Has $71 target. M.Morrow

Analysts' Recommendations



Of the total 46 companies following COH, 39 analysts currently publish recommendations.

	No. of Ratings	% of Total	1 Mo. Prior	3 Mos. Prior
Buy	13	33	13	16
Buy/Hold	9	23	9	8
Hold	14	36	14	12
Weak Hold	1	3	1	1
Sell	1	3	1	1
No Opinion	1	3	1	1
Total	**39**	**100**	**39**	**39**

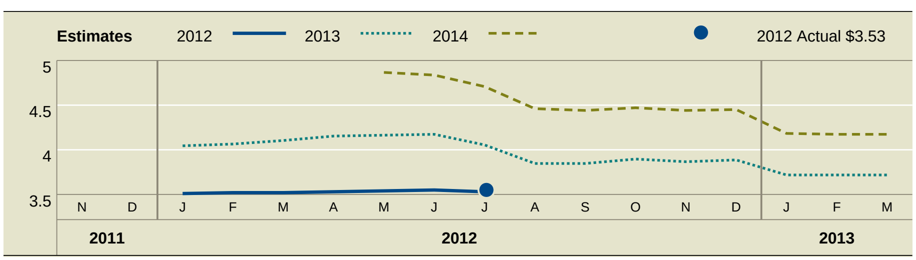
Wall Steet Consensus Opinion

BUY/HOLD

Companies Offering Coverage

Over 30 firms follow this stock; not all firms are displayed.
Argus Research Company
Atlantic Equities LLP
Avondale Partners, LLC
BofA Merrill Lynch
Brean Capital LLC
Buckingham Research Group Inc.
Canaccord Genuity
Citigroup Inc
Collins Stewart LLC
Cowen and Company, LLC
Credit Agricole Securities (USA) Inc.
Credit Suisse
DBS Vickers Research
Daiwa Capital Markets America Inc.
Daiwa Securities Capital Markets Co. Ltd.
Deutsche Bank
Goldman Sachs
HSBC
ISI Group Inc.
JP Morgan
Jefferies & Company, Inc.
KeyBanc Capital Markets Inc.
Lazard Capital Markets
Macquarie Research
Miller Tabak & Co., LLC
Morgan Stanley
Morningstar Inc.
Needham & Company
Nomura Securities Co. Ltd.
Oppenheimer & Co. Inc.

Wall Street Consensus Estimates



Fiscal Years	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2014	4.18	4.64	3.90	34	11.5
2013	3.72	3.85	3.60	35	13.0
2014 vs. 2013	▲ 12%	▲ 21%	▲ 8%	▼ -3%	▼ -12%
Q3'14	0.92	1.02	0.83	18	52.4
Q3'13	0.81	0.87	0.74	30	59.5
Q3'14 vs. Q3'13	▲ 14%	▲ 17%	▲ 12%	▼ -40%	▼ -12%

A company's earnings outlook plays a major part in any investment decision. Standard & Poor's organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years. This graph shows the trend in analyst estimates over the past 15 months.

Wall Street Consensus vs. Performance

For fiscal year 2013, analysts estimate that COH will earn $3.72. For the 2nd quarter of fiscal year 2013, COH announced earnings per share of $1.23, representing 33% of the total annual estimate. For fiscal year 2014, analysts estimate that COH's earnings per share will grow by 12% to $4.18.

Glossary

S&P STARS
Since January 1, 1987, Standard and Poor's Equity Research Services has ranked a universe of common stocks based on a given stock's potential for future performance. Under proprietary STARS (STock Appreciation Ranking System), S&P equity analysts rank stocks according to their individual forecast of a stock's future total return potential versus the expected total return of a relevant benchmark (e.g., a regional index (S&P Asia 50 Index, S&P Europe 350 Index or S&P 500 Index)), based on a 12-month time horizon. STARS was designed to meet the needs of investors looking to put their investment decisions in perspective. Data used to assist in determining the STARS ranking may be the result of the analyst's own models as well as internal proprietary models resulting from dynamic data inputs.

S&P 12-Month Target Price
The S&P equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics, including S&P Fair Value.

Investment Style Classification
Characterizes the stock as Growth or Value, and indicates its capitalization level. Growth is evaluated along three dimensions (earnings, sales and internal growth), while Value is evaluated along four dimensions (book-to-price, cash flow-to-price, dividend yield and sale-to-price). Growth stocks score higher than the market average on growth dimensions and lower on value dimensions. The reverse is true for Value stocks. Certain stocks are classified as Blend, indicating a mixture of growth and value characteristics and cannot be classified as purely growth or value.

S&P EPS Estimates
Standard & Poor's earnings per share (EPS) estimates reflect analyst projections of future EPS from continuing operations, and generally exclude various items that are viewed as special, non-recurring, or extraordinary. Also, S&P EPS estimates reflect either forecasts of S&P equity analysts; or, the consensus (average) EPS estimate, which are independently compiled by Capital IQ, a data provider to Standard & Poor's Equity Research. Among the items typically excluded from EPS estimates are asset sale gains; impairment, restructuring or merger-related charges; legal and insurance settlements; in process research and development expenses; gains or losses on the extinguishment of debt; the cumulative effect of accounting changes; and earnings related to operations that have been classified by the company as discontinued. The inclusion of some items, such as stock option expense and recurring types of other charges, may vary, and depend on such factors as industry practice, analyst judgment, and the extent to which some types of data is disclosed by companies.

S&P Core Earnings
Standard & Poor's Core Earnings is a uniform methodology for adjusting operating earnings by focusing on a company's after-tax earnings generated from its principal businesses. Included in the Standard & Poor's definition are employee stock option grant expenses, pension costs, restructuring charges from ongoing operations, write-downs of depreciable or amortizable operating assets, purchased research and development, M&A related expenses and unrealized gains/losses from hedging activities. Excluded from the definition are pension gains, impairment of goodwill charges, gains or losses from asset sales, reversal of prior-year charges and provision from litigation or insurance settlements.

Qualitative Risk Assessment
The S&P equity analyst's view of a given company's operational risk, or the risk of a firm's ability to continue as an ongoing concern. The Qualitative Risk Assessment is a relative ranking to the S&P U.S. STARS universe, and should be reflective of risk factors related to a company's operations, as opposed to risk and volatility measures associated with share prices.

Quantitative Evaluations
In contrast to our qualitative STARS recommendations, which are assigned by S&P analysts, the quantitative evaluations described below are derived from proprietary arithmetic models. These computer-driven evaluations may at times contradict an analyst's qualitative assessment of a stock. One primary reason for this is that different measures are used to determine each. For instance, when designating STARS, S&P analysts assess many factors that cannot be reflected in a model, such as risks and opportunities, management changes, recent competitive shifts, patent expiration, litigation risk, etc.

S&P Quality Ranking
Growth and stability of earnings and dividends are deemed key elements in establishing S&P's Quality Rankings for common stocks, which are designed to capsulize the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+	Highest	B	Below Average
A	High	B-	Lower
A-	Above Average	C	Lowest
B+	Average	D	In Reorganization
NR	Not Ranked		

S&P Fair Value Rank
Using S&P's exclusive proprietary quantitative model, stocks are ranked in one of five groups, ranging from Group 5, listing the most undervalued stocks, to Group 1, the most overvalued issues. Group 5 stocks are expected to generally outperform all others. A positive (+) or negative (-) Timing Index is placed next to the Fair Value ranking to further aid the selection process. A stock with a (+) added to the Fair Value Rank simply means that this stock has a somewhat better chance to outperform other stocks with the same Fair Value Rank. A stock with a (-) has a somewhat lesser chance to outperform other stocks with the same Fair Value Rank. The Fair Value rankings imply the following: 5-Stock is significantly undervalued; 4-Stock is moderately undervalued; 3-Stock is fairly valued; 2-Stock is modestly overvalued; 1-Stock is significantly overvalued.

S&P Fair Value Calculation
The price at which a stock should trade at, according to S&P's proprietary quantitative model that incorporates both actual and estimated variables (as opposed to only actual variables in the case of S&P Quality Ranking). Relying heavily on a company's actual return on equity, the S&P Fair Value model places a value on a security based on placing a formula-derived price-to-book multiple on a company's consensus earnings per share estimate.

Insider Activity
Gives an insight as to insider sentiment by showing whether directors, officers and key employees who have proprietary information not available to the general public, are buying or selling the company's stock during the most recent six months.

Funds From Operations FFO
FFO is Funds from Operations and equal to a REIT's net income, excluding gains or losses from sales of property, plus real estate depreciation.

Investability Quotient (IQ)
The IQ is a measure of investment desirability. It serves as an indicator of potential medium-to-long term return and as a caution against downside risk. The measure takes into account variables such as technical indicators, earnings estimates, liquidity, financial ratios and selected S&P proprietary measures.

S&P's IQ Rationale:
Coach Inc

	Raw Score	Max Value
Proprietary S&P Measures	20	115
Technical Indicators	21	40
Liquidity/Volatility Measures	19	20
Quantitative Measures	73	75
IQ Total	**133**	**250**

Volatility
Rates the volatility of the stock's price over the past year.

Technical Evaluation
In researching the past market history of prices and trading volume for each company, S&P's computer models apply special technical methods and formulas to identify and project price trends for the stock.

Relative Strength Rank
Shows, on a scale of 1 to 99, how the stock has performed versus all other companies in S&P's universe on a rolling 13-week basis.

Global Industry Classification Standard (GICS)
An industry classification standard, developed by Standard & Poor's in collaboration with Morgan Stanley Capital International (MSCI). GICS is currently comprised of 10 Sectors, 24 Industry Groups, 68 Industries, and 154 Sub-Industries.

S&P Issuer Credit Rating
A Standard & Poor's Issuer Credit Rating is a current opinion of an obligor's overall financial capacity (its creditworthiness) to pay its financial obligations. This opinion focuses on the obligor's capacity and willingness to meet its financial commitments as they come due. It does not apply to any specific financial obligation, as it does not take into account the nature of and provisions of the obligation, its standing in bankruptcy or liquidation, statutory preferences, or the legality and enforceability of the obligation. In addition, it does not take into account the creditworthiness of the guarantors, insurers, or other forms of credit enhancement on the obligation. The Issuer Credit Rating is not a recommendation to purchase, sell, or hold a financial obligation issued by an obligor, as it does not comment on market price or suitability for a particular investor. Issuer Credit Ratings are based on current information furnished by obligors or obtained by Standard & Poor's from other sources it considers reliable. Standard & Poor's does not perform an audit in connection with any Issuer Credit Rating and may, on occasion, rely on unaudited financial information. Issuer Credit Ratings may be changed, suspended, or withdrawn as a result of changes in, or unavailability of, such information, or based on other circumstances.

Exchange Type
ASE - American Stock Exchange; AU - Australia Stock Exchange; BB - Bulletin Board; NGM - Nasdaq Global Market; NNM - Nasdaq Global Select Market; NSC - Nasdaq Capital Market; NYS - New York Stock Exchange; OTN - Other OTC (Over the Counter); OTC - Over the Counter; QB - OTCQB; QX - OTCQX; TS - Toronto Stock Exchange; TXV - TSX Venture Exchange; NEX - NEX Exchange.

S&P Equity Research Services
Standard & Poor's Equity Research Services U.S. includes Standard & Poor's Investment Advisory Services LLC; Standard & Poor's Equity Research Services Europe includes McGraw-Hill Financial Research Europe Limited trading as Standard & Poor's; Standard & Poor's Equity Research Services Asia includes McGraw-Hill Financial Singapore Pte. Limited's

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Abbreviations Used in S&P Equity Research Reports
CAGR- Compound Annual Growth Rate; **CAPEX**- Capital Expenditures; **CY**- Calendar Year; **DCF**- Discounted Cash Flow; **EBIT**- Earnings Before Interest and Taxes; **EBITDA**- Earnings Before Interest, Taxes, Depreciation and Amortization; **EPS**- Earnings Per Share; **EV**- Enterprise Value; **FCF**- Free Cash Flow; **FFO**- Funds From Operations; **FY**- Fiscal Year; **P/E**- Price/Earnings ; **PEG Ratio**- P/E-to-Growth Ratio; **PV**- Present Value; **R&D**- Research & Development; **ROE**- Return on Equity; **ROI**- Return on Investment; **ROIC**- Return on Invested Capital; **ROA**- Return on Assets; **SG&A**- Selling, General & Administrative Expenses; **WACC**- Weighted Average Cost of Capital

Dividends on American Depository Receipts (ADRs) and American Depository Shares (ADSs) are net of taxes (paid in the country of origin).

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In contrast to the qualitative STARS recommendations covered in this report, which are determined and assigned by S&P equity analysts, S&P's quantitative evaluations are derived from S&P's proprietary Fair Value quantitative model. In particular, the Fair Value Ranking methodology is a relative ranking methodology, whereas the STARS methodology is not. Because the Fair Value model and the STARS methodology reflect different criteria, assumptions and analytical methods, quantitative evaluations may at times differ from (or even contradict) an equity analyst's STARS recommendations. As a quantitative model, Fair Value relies on history and consensus estimates and does not introduce an element of subjectivity as can be the case with equity analysts in assigning STARS recommendations.

S&P Global STARS Distribution

In North America: As of December 31, 2012, research analysts at Standard & Poor's Equity Research Services North America recommended 35.2% of issuers with buy recommendations, 58.5% with hold recommendations and 6.3% with sell recommendations.

In Europe: As of December 31, 2012, research analysts at Standard & Poor's Equity Research Services Europe recommended 28.2% of issuers with buy recommendations, 51.8% with hold recommendations and 20.0% with sell recommendations.

In Asia: As of December 31, 2012, research analysts at Standard & Poor's Equity Research Services Asia recommended 34.7% of issuers with buy recommendations, 51.6% with hold recommendations and 13.7% with sell recommendations.

Globally: As of December 31, 2012, research analysts at Standard & Poor's Equity Research Services globally recommended 34.0% of issuers with buy recommendations, 56.8% with hold recommendations and 9.2% with sell recommendations.

★★★★★ **5-STARS (Strong Buy)**: Total return is expected to outperform the total return of a relevant benchmark, by a wide margin over the coming 12 months, with shares rising in price on an absolute basis.

★★★★☆ **4-STARS (Buy)**: Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months, with shares rising in price on an absolute basis.

★★★☆☆ **3-STARS (Hold)**: Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months, with shares generally rising in price on an absolute basis.

★★☆☆☆ **2-STARS (Sell)**: Total return is expected to underperform the total return of a relevant benchmark over the coming 12 months, and the share price not anticipated to show a gain.

★☆☆☆☆ **1-STARS (Strong Sell)**: Total return is expected to underperform the total return of a relevant benchmark by a wide margin over the coming 12 months, with shares falling in price on an absolute basis.

Relevant benchmarks: In North America the relevant benchmark is the S&P 500 Index, in Europe and in Asia, the relevant benchmarks are generally the S&P Europe 350 Index and the S&P Asia 50 Index.

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In North America: As of December 31, 2012, Standard & Poor's Quantitative Services North America recommended 40.0% of issuers with buy recommendations, 20.0% with hold recommendations and 40.0% with sell recommendations.

In Europe: As of December 31, 2012, Standard & Poor's Quantitative Services Europe recommended 42.3% of issuers with buy recommendations, 21.5% with hold recommendations and 36.2% with sell recommendations.

In Asia: As of December 31, 2012, Standard & Poor's Quantitative Services Asia recommended 49.7% of issuers with buy recommendations, 20.1% with hold recommendations and 30.2% with sell recommendations.

Globally: As of December 31, 2012, Standard & Poor's Quantitative Services globally recommended 44.8% of issuers with buy recommendations, 20.5% with hold recommendations and 34.7% with sell recommendations.

Additional information is available upon request.

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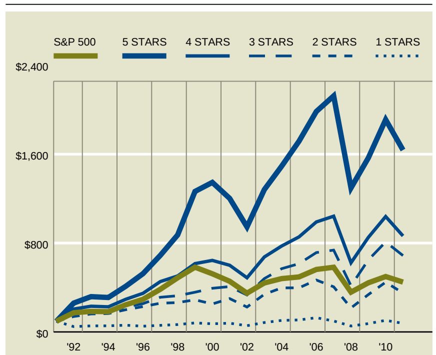
U.S. STARS Cumulative Model Performance
Hypothetical Growth Due to Price Appreciation of $100
For the Period 12/31/1986 through 02/28/2013



The performance above represents only the results of Standard & Poor's model portfolios. Model performance has inherent limitations. Standard & Poor's maintains the models and calculates the model performance shown, but does not manage actual assets. The U.S. STARS model performance chart is only an illustration of Standard & Poor's (S&P) research; it shows how U.S. common stocks, ADRs (American Depositary Receipts) and ADSs (American Depositary Shares), collectively "equities", that received particular STARS rankings performed. STARS categories are models only; they are not collective investment funds. The STARS performance does not show how any actual portfolio has performed. STARS model performance does not represent the results of actual trading of investor assets. Thus, the model performance shown does not reflect the impact that material economic and market factors might have had on decision-making if actual investor money had been managed. Performance is calculated using a time-weighted rate of return. While model performance for some or all STARS categories performed better than the S&P 500 for the period shown, the performance during any shorter period may not have, and there is no assurance that they will perform better than the S&P 500 in the future. STARS does not take into account any particular investment objective, financial situation or need and is not intended as an investment recommendation or strategy. Investments based on the STARS methodology may lose money. High returns are not necessarily the norm and there is no assurance that they can be sustained. Past model performance of STARS is no guarantee of future performance.

For model performance calculation purposes, the equities within each STARS category at December 31, 1986 were equally weighted. Thereafter, additions to the composition of the equities in each STARS category are made at the average value of the STARS category at the preceding month end with no rebalancing. Deletions are made at the closing price of the day that the deletion is made. Performance was calculated from inception through March 31, 2003 on a monthly basis. Thereafter, performance is calculated daily. Equities in each STARS category will change over time, and some or all of the equities that received STARS rankings during the time period shown may not have maintained their STARS ranking during the entire period.

The model performance does not consider taxes and brokerage commissions, nor does it reflect the deduction of any advisory or other fees charged by advisors or other parties that investors will incur when their accounts are managed in accordance with the models. The imposition of these fees and charges would cause actual performance to be lower than the performance shown. For example, if a model returned 10 percent on a $100,000 investment for a 12-month period (or $10,000) and an annual asset-based fee of 1.5 percent were imposed at the end of the period (or $1,650), the net return would be 8.35 percent (or $8,350) for the year. Over 3 years, an annual 1.5% fee taken at year end with an assumed 10% return per year would result in a cumulative gross return of 33.1%, a total fee of $5,375 and a cumulative net return of 27.2% (or $27,200). Fees deducted on a frequency other than annual would result in a different cumulative net return in the preceding example.

The Standard & Poor's 500 index is the benchmark for U.S. STARS. The S&P 500 index is calculated in U.S. dollars and does not take into account the reinvestment of dividends. Indexes are unmanaged, statistical composites and their returns do not include payment of any sales charges or fees an investor would pay to purchase the securities they represent. Such costs would lower performance. It is not possible to invest directly in an index. The S&P 500 index includes a different number of constituents and has different risk characteristics than the STARS equities. Some of the STARS equities may have been included in the S&P 500 index for some (but not necessarily all) of the period covered in the chart, and some such equities may not have been included at all. The S&P 500 excludes ADRs and ADSs. The methodology for calculating the return of the S&P 500 index differs from the methodology of calculating the return for STARS. Past performance of the S&P 500 index is no guarantee of future performance.

An investment based upon the models should only be made after consulting with a financial advisor and with an understanding of the risks associated with any investment in securities, including, but not limited to, market risk, currency risk, political and credit risks, the risk of economic recession and the risk that issuers of securities or general stock market conditions may worsen, over time. Foreign investing involves certain risks, including currency fluctuations and controls, restrictions on foreign investments, less governmental supervision and regulation, less liquidity and the potential for market volatility and political instability. As with any investment, investment returns and principal value will fluctuate, so that when redeemed, an investor's shares may be worth more or less than their original cost.

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