

Quarter Report

Company Name: Coach

Quarter Ending: 12/31/07 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.)

Q1 Sales up 21% (totalled \$978M compared to \$806M a year ago) which is better than management guidance last quarter.

EPS rose 21% to \$0.69 compared with \$0.57 in the prior year

North American revenue for the quarter rose 20%.

Sales in Japan rose 17% in constant currency.

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?

Coach is challenged by the slower consumer environment.

Operating margin down to 41.2% compared to 42.3% a year ago, impacted by promotional environment and currency fluctuations.

Coach continues to expand in North America and internationally. I Anticipate international sales to increase in overall percentage as their expansion in Korea and China takes hold. They are also expanding in Russia, expecting to open at least 15 Coach stores in the next five years, concentrating initially in Moscow and St. Petersburg.

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 second half or FY08, they are targeting net sales of at least 1.5B, representing a year-on-year increase of at least 17%.

Full FY2008 net sales target of at least 20% to at least \$3.15B, which is lower than their previous guidance of over 21% to over \$3.17B.

They anticipate generating EPS growth target of 22% which will produce earnings per share of \$2.06 which is consistent with their prior guidance.

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.

No changes at this time. However, we should entertain lowering estimate growth rate to 18% to be more conservative.

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.)

During Q2, Coach purchased & retired 20.5 million shares (roughly 5.7%) of common stock, spending \$707M.