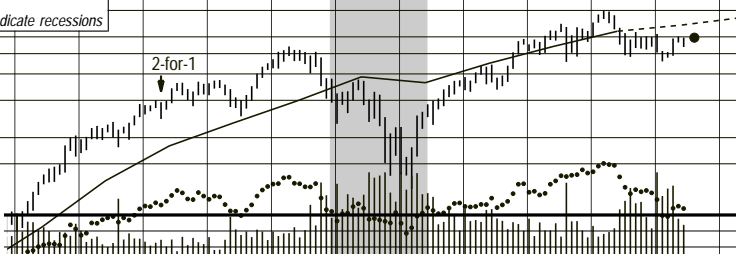


COACH, INC. NYSE-COH

RECENT PRICE **59.45** P/E RATIO **15.1** (Trailing: 16.1 Median: 21.0) RELATIVE P/E RATIO **0.83** DIV'D YLD **2.3%** VALUE LINE

TIMELINESS 3 Raised 6/7/13	High: 8.9 20.4 28.8 36.8 45.0 54.0 37.6 37.4 58.6 69.2 79.7 61.9	Target Price Range 2016 2017 2018
SAFETY 3 New 2/15/02	Low: 4.3 7.3 16.9 24.5 25.2 29.2 13.2 11.4 33.0 45.7 48.2 45.9	
TECHNICAL 3 Raised 8/2/13	LEGENDS 15.5 x "Cash Flow" p sh Relative Price Strength 2-for-1 split 7/02 2-for-1 split 10/03 2-for-1 split 4/05 Options: Yes Shaded areas indicate recessions	
BETA 1.20 (1.00 = Market)		
2016-18 PROJECTIONS		
Price	Ann'l Total	
High 110	Gain (+85%)	19%
Low 75	Return (+25%)	9%
Insider Decisions		
S O N D J F M A M		
to Buy 0 0 0 0 0 0 0 0 0 0		
Options 0 2 2 0 0 1 0 0 0		
to Sell 0 1 2 0 0 0 0 0 0		
Institutional Decisions		
3Q2012 4Q2012 1Q2013	Percent shares traded	
to Buy 366 361 427	30	
to Sell 350 336 348	20	
Hld's(000) 248572 248751 228852	10	



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.	2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014	© VALUE LINE PUB. LLC 16-18
	2.60 3.48 4.52 5.71 7.01 9.45 10.16 12.15 14.41 16.71 18.35 20.35	Sales per sh ^A 28.45
	.48 .80 1.18 1.51 1.93 2.50 2.34 2.90 3.49 4.11 4.40 4.80	"Cash Flow" per sh 6.45
	.40 .68 1.00 1.27 1.69 2.06 1.91 2.33 2.92 3.53 3.75 4.10	Earnings per sh ^{AB} 5.50
	-- -- -- -- -- -- -- -- -- -- -- --	Div'ds Decl'd per sh ^E 2.20
	1.17 2.06 2.73 3.21 5.13 4.50 5.33 5.07 5.59 6.99 8.05 9.25	Book Value per sh 14.10
	366.02 379.24 378.43 369.83 372.52 336.73 318.01 296.87 288.51 285.12 277.00 270.00	Common Shs Outst'g ^D 255.00
	21.4 26.5 25.8 26.2 24.7 17.7 11.3 15.2 17.3 18.4	Avg Ann'l P/E Ratio 17.0
	1.22 1.40 1.37 1.41 1.31 1.07 .75 .97 1.09 1.17	Relative P/E Ratio 1.15
	-- -- -- -- -- -- -- -- -- -- -- --	Avg Ann'l Div'd Yield 2.4%

CAPITAL STRUCTURE as of 3/30/13		
Total Debt \$22.6 mill. Due in 5 Yrs \$22.6 mill.		
LT Debt \$5.5 mill. LT Interest NMF		
(Less than 1% of capital)		
Leases, Uncapitalized: Ann'l rentals \$179.3 mill.		
No Defined Benefit Pension Plan		
Pfd Stock None		
Common Stock 280,991,712 shares as of 4/26/13		

MARKET CAP: \$16.7 billion (Large Cap)			
CURRENT POSITION	2011	2012	3/30/13
Cash Assets	702.0	917.2	928.5
Receivables	143.0	174.5	177.1
Inventory (Avg Cst)	421.8	504.5	515.9
Other	185.6	208.3	272.7
Current Assets	1452.4	1804.5	1894.2
Accts Payable	118.6	155.4	137.1
Debt Due	.8	22.4	22.1
Other	473.6	540.4	455.2
Current Liab.	593.0	718.2	614.5

ANNUAL RATES		
Past 10 Yrs.	Past 5 Yrs.	Est'd '10-'12 of change (per sh)
Sales 22.5%	20.0%	12.0%
"Cash Flow" 29.5%	18.0%	11.0%
Earnings 31.5%	17.5%	11.0%
Dividends --	--	22.0%
Book Value 25.0%	10.0%	16.0%

Fiscal Year Ends	QUARTERLY SALES (\$ mill.)^A				Full Fiscal Year
	Sep.Per	Dec.Per	Mar.Per	Jun.Per	
2010	761.4	1065.0	830.7	950.5	3607.6
2011	911.7	1264.4	950.7	1031.7	4158.5
2012	1050.4	1448.6	1109.0	1155.2	4763.2
2013	1161.4	1503.8	1187.6	1227.2	5080
2014	1250	1620	1280	1350	5500

Fiscal Year Ends	EARNINGS PER SHARE^{A B}				Full Fiscal Year
	Sep.Per	Dec.Per	Mar.Per	Jun.Per	
2010	.44	.75	.50	.64	2.33
2011	.63	1.00	.62	.67	2.92
2012	.73	1.18	.77	.86	3.53
2013	.77	1.23	.84	.91	3.75
2014	.85	1.33	.92	1.00	4.10

Cal-endar	QUARTERLY DIVIDENDS PAID^E				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2009	--	.075	.075	.075	.225
2010	.075	--	.15	.15	.380
2011	.15	.15	.225	.225	.750
2012	.225	.225	.30	.60 ^F	1.35
2013	--	.30	.3375		

Coach is still having some image issues. Although the company managed to post a 9% share-net advance in the third quarter (fiscal year ends June 30th), share repurchases accounted for a healthy portion of that growth. In fact, earnings improved just 6% in the period, a far cry from the mid-double-digit gains that the leather goods and accessories maker has become known for in years past. The still uncertain global economic environment definitely played a role, but the main crux has been greater competitive pressures. Indeed, the increased popularity of other designers, specifically Michael Kors, has undoubtedly been a problem, with customers seeming to rather loosen the purse strings for their goods.

We do not envision much improvement on this front anytime soon. Although fourth-quarter 2013 results were released shortly after this Issue went to press, we suspect that the aforementioned competition continued to weigh on earnings. Making matters worse, it appears that the earlier decision to introduce lower price points in an effort to connect with consumers may have had the opposite effect and tarnished the brand's image a bit. Meanwhile, we suspect that all this un-moved inventory probably continued to require markdowns and promotional activity, further eating away at profit margins.

Fiscal 2014 growth rates ought to be improved, nonetheless. Domestic business is likely to benefit from a better demand environment, while the international side of things appears to be benefiting from strength in China and an emphasis on Europe and the United Kingdom. Meanwhile, the company should begin to see some benefits from its attempted transformation into a lifestyle brand. A new women's clothing line is set to hit stores by the holiday season and menswear continues to be ramped up.

We believe this stock has been over-sold. Although risk-averse investors may be put off by the added risk associated with Coach's ongoing transformation, 3- to 5-year appreciation potential is healthy. Plus, Coach is likely to continue rewarding shareholders via share repurchases and annual dividend hikes, such as the 13% increase instituted earlier this month.

Andre J. Costanza August 2, 2013

(A) Fiscal year ends Sat. closest to June 30th.	FY'06. Excl. nonrecurring: '08, (\$0.12). Next	adjd. for splits. (E) Div. initiated in 6/09. Div.	Company's Financial Strength	A+
(B) Dil. eqs. Qtrly. EPS may not sum due to rndg. Incl. stock options as of FY'07. Reflects disc. of corporate accounts business beginning	egs. report late Oct. (C) Store count only reflects N.A. retail and factory stores through FY '12 (Includes all thereafter). (D) In mill.,	paid in early Jan., April, July, and Oct. Jan. (F) Incl: an extra \$0.30 payment on 12/27/12.	Stock's Price Stability	50
			Price Growth Persistence	85
			Earnings Predictability	90