COOPER COMPANIES INC
Form 10-K
December 19, 2008
Table of Contents

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF

THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED OCTOBER 31, 2008

COMMISSION FILE NO. 1-8597

THE COOPER COMPANIES, INC.

(Exact name of registrant as specified in its charter)

Delaware	**94-2657368**
(State or other jurisdiction of incorporation)	**(I.R.S. Employer Identification No.)**
6140 Stoneridge Mall Road, Suite 590	
Pleasanton, California	**94588**
(Address of principal executive offices)	**(Zip Code)**

925-460-3600

(Registrant s telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**
Common Stock, $.10 par value, and	**New York Stock Exchange**
associated rights	

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x No ¨

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act (check one).

Large accelerated filer x Accelerated filer ¨ Non-accelerated filer ¨ Smaller reporting company ¨
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

On November 30, 2008, there were 44,738,132 shares of the registrant s common stock held by non-affiliates with aggregate market value of $1.6 billion on April 30, 2008, the last day of the registrant s most recently completed fiscal second quarter.

Number of shares outstanding of the registrant s common stock, as of November 30, 2008: 45,128,632

Documents Incorporated by Reference:

Document	Part of Form 10-K
Portions of the Proxy Statement for the Annual Meeting of Stockholders scheduled to be held March 18, 2009	Part III

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Annual Report on Form 10-K

for the Fiscal Year Ended October 31, 2008

Table of Contents

Table of Contents

PART I

Forward-Looking Statements

This Annual Report on Form 10-K contains forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995. These include statements relating to plans, prospects, goals, strategies, future actions, events or performance and other statements which are other than statements of historical fact. In addition, all statements regarding anticipated growth in our revenue, anticipated market conditions, planned product launches and expected results of operations and integration of any acquisition are forward-looking. To identify these statements look for words like believes, expects, may, will, should, could, seeks, intends, plans, estimates or anticipates and similar w Forward-looking statements necessarily depend on assumptions, data or methods that may be incorrect or imprecise and are subject to risks and uncertainties. Among the factors that could cause our actual results and future actions to differ materially from those described in forward-looking statements are:

Adverse changes in global or regional general business, political and economic conditions due to the current global economic downturn, including the impact of continuing uncertainty and instability of U.S. and international credit markets that may adversely affect the Company s or its customers ability to meet future liquidity needs.

The requirement to provide for a significant liability or to write off a significant asset, including impaired goodwill as a result of recent declines in the price of the Company s common stock or other events.

Failures to launch, or significant delays in introducing, new products, or limitations on sales following introduction due to poor market acceptance or manufacturing constraints (including failures to develop and implement improvements to manufacturing processes for new products).

Failures to receive or delays in receiving U.S. or foreign regulatory approvals for products.

Compliance costs and potential liability in connection with U.S. and foreign healthcare regulations, including product recalls, and potential losses resulting from sales of counterfeit and other infringing products.

The success of research and development activities and other start-up projects.

New competitors, product innovations or technologies.

A major disruption in the operations of our manufacturing, research and development or distribution facilities, due to technological problems, natural disasters or other causes.

Disruptions in supplies of raw materials, particularly components used to manufacture our silicone hydrogel lenses.

Legal costs, insurance expenses, settlement costs and the risk of an adverse decision or settlement related to claims involving product liability or patent protection (including risks with respect to the ultimate validity and enforceability of the Company s patent applications and patents and the possible infringement of the intellectual property of others).

The impact of acquisitions or divestitures on revenues, earnings and margins.

Interest rate and foreign currency exchange rate fluctuations.

Changes in U.S. and foreign government regulation of the retail optical industry and of the healthcare industry generally.

Table of Contents

Dilution to earnings per share from acquisitions or issuing stock.

Changes in tax laws or their interpretation and changes in effective tax rates, including changes that result from shifts in the Company s geographic profit mix.

Changes in the Company s expected utilization of recognized net operating loss carryforwards.

Changes in accounting principles or estimates.

Delays related to implementation or disruptions of information technology systems covering the Company s businesses, or other events which could result in management having to report a material weakness in the effectiveness of the Company s internal control over financial reporting in its Quarterly Report on Form 10-Q and Annual Report on Form 10-K filings.

Environmental risks, including significant environmental cleanup costs above those already accrued.

Other events described in our Securities and Exchange Commission filings, including the Business and Risk Factors sections in this Annual Report on Form 10-K for the fiscal year ended October 31, 2008, as such Risk Factors may be updated in quarterly filings.

We caution investors that forward-looking statements reflect our analysis only on their stated date. We disclaim any intent to update them except as required by law.

Table of Contents

Item 1. *Business*.

The Cooper Companies, Inc. (Cooper or the Company), a Delaware corporation organized in 1980, develops, manufactures and markets healthcare products, primarily medical devices through its two business units, CooperVision, Inc. (CVI) and CooperSurgical, Inc. (CSI).

CVI develops, manufactures and markets a broad range of contact lenses for the worldwide vision correction market. Its leading products are disposable spherical and specialty contact lenses.

CVI is a leading manufacturer of toric lenses, which correct astigmatism, multifocal lenses for presbyopia (blurring near vision due to advancing age) and spherical lenses, including silicone hydrogel lenses, that correct the most common visual defects. CVI s products are primarily manufactured at its facilities located in the United Kingdom, Puerto Rico, Norfolk, Virginia, and Scottsville, New York. CVI distributes products out of Rochester, New York, the United Kingdom, Liege, Belgium, and various smaller international distribution facilities.

CSI develops, manufactures and markets medical devices, diagnostic products and surgical instruments and accessories used primarily by gynecologists and obstetricians. CSI s products are primarily manufactured and distributed at its facilities in Trumbull, Connecticut, and Stafford, Texas.

CVI and CSI each operate in highly competitive environments. Competition in the medical device industry involves the search for technological and therapeutic innovations in the prevention, diagnosis and treatment of disease. Both of Cooper s businesses compete primarily on the basis of product quality and differentiation, technological benefit, service and reliability.

COOPERVISION

We compete in the worldwide soft contact lens market and service the three primary regions of the Americas, EMEA (Europe, Middle East and Africa) and Asia Pacific including Japan. The contact lens market has two major product segments:

Spherical lenses include lenses that correct near- and farsightedness uncomplicated by more complex visual defects.

Specialty lenses include lenses that address more complex visual defect in addition to correcting near- and farsightedness, such as toric and multifocal lenses, and cosmetic lenses.

In order to achieve comfortable and healthy contact lens wear, products are sold with recommended replacement schedules, otherwise defined as modalities, with the primary modalities being single-use, two-week and monthly.

CVI offers both spherical and specialty lens products in most of the primary modalities. We estimate the worldwide market for contact lenses by modality is 34 percent single-use, 39 percent two-week and 27 percent monthly. To compete successfully in the numerous niches of the contact lens market, companies must offer differentiated products that are priced competitively and manufactured efficiently. CVI believes that it is the only contact lens manufacturer to use three different manufacturing processes to produce its lenses: lathing, cast molding and FIPS, a cost-effective combination of lathing and molding. This manufacturing flexibility provides CVI with competitive advantage by:

Producing high, medium and low volumes of lenses made with a variety of materials for a broader range of market niches than competitors serve: single-use, two-week, monthly and quarterly disposable sphere as well as toric lenses and custom toric lenses for patients with a high degree of astigmatism.

Table of Contents

Offering a wider range of lens parameters, leading to a higher successful fitting rate for practitioners and better visual acuity for patients.

In addition, CVI believes that its lenses provide superior comfort through its use of the lens edge technology provided under the patents covered by its Edge Patent License described under Patents, Trademarks and Licensing Agreements below.

Cooper s Proclear® line of spherical, toric and multifocal lenses, are manufactured with omafilcon A, a material that incorporates a proprietary Phosphorylcholine (PC) Technology that helps enhance tissue-device compatibility. Proclear lenses are the only lenses with FDA clearance for the claim may provide improved comfort for contact lens wearers who experience mild discomfort or symptoms relating to dryness during lens wear. Mild discomfort relating to dryness during lens wear is a condition that often causes patients to discontinue contact lens wear.

The market for contact lenses utilizing silicone hydrogel materials, which, as measured by their dk/t score, supply a higher level of oxygen to the cornea than traditional hydrogel lenses, has grown significantly, and this material is a major product material in the industry. CVI has launched Biofinity and Avaira, silicone hydrogel spherical contact lens products, in the United States, Europe and Asia Pacific, excluding Japan. We plan to launch a monthly silicone hydrogel toric lens, under the Biofinity label, in the first half of calendar 2009 and a two-week silicone hydrogel toric, under the Avaira label, at the end of calendar 2009.

In addition to growing silicone hydrogel manufacturing capacity, capabilities and sales, CVI continues to compete against silicone hydrogel products with its PC Technology and single-use products, and with traditional hydrogel products utilizing advanced design technologies.

Contact Lens Products

Spheres: CVI s reported spherical lens revenue grew 16 percent in fiscal 2008 with disposable sphere growth of 18 percent and single-use sphere growth of 45 percent representing 18 percent of CVI s soft lens revenue. CVI s silicone hydrogel spherical lens revenue for fiscal 2008 was $58.3 million or 6 percent of CVI s soft lens revenue. Revenue for spherical lenses excluding single-use grew 6 percent and represents 41 percent of CVI s soft lens revenue.

Specialty: CVI s reported specialty lenses which are toric, cosmetic and multifocal lenses grew 10 percent in fiscal 2008. Sales of CVI s toric lenses grew 8 percent in fiscal 2008 and account for 33 percent of its soft lens revenue. Disposable toric lenses grew 11 percent. Multifocal lens sales grew 23 percent.

Proclear: CVI s PC Technology products its line of spherical, toric and multifocal products, including Biomedics XC and Proclear 1 Day continued market share gains as sales increased 30 percent in fiscal 2008. Proclear toric sales grew 39 percent, Proclear spheres grew 22 percent and Proclear multifocal lenses grew 40 percent.

CVI Fiscal 2008 Revenue Growth by Geographic Market

In many geographic markets, it is our belief that favorable demographic trends, an increase in the reported incidence of myopia due in part to the recently described computer vision syndrome, lower contact lens wearer drop out rates as technology improves and a continuing shift in practitioner preferences from low-featured commodity lenses to higher-value specialty and single-use lenses support a favorable world market outlook. This includes a trend to fitting silicone hydrogel lenses.

Table of Contents

CVI s worldwide revenue grew 12 percent in fiscal 2008 over fiscal 2007 with the Americas region up 8 percent and now representing 43 percent of CVI s fiscal 2008 worldwide revenue; EMEA up 13 percent, representing 39 percent of worldwide revenue; and the Asia Pacific region up 24 percent, representing 18 percent of worldwide revenue.

Americas

We estimate the Americas market by modality is 10 percent single-use, 65 percent two-week and 25 percent monthly. CVI Americas revenue growth was driven by sales of silicone hydrogel lenses, Biofinity and Avaira, totaling $34.5 million, PC Technology lens sales increasing 20 percent and all single-use spherical lens sales increasing 121 percent.

EMEA

We estimate the EMEA market by modality is 38 percent single-use, 12 percent two-week and 50 percent monthly. EMEA revenue growth was driven by sales of Biofinity lenses totaling $21.9 million, PC Technology lens sales up 39 percent and all single-use spherical lens sales up 51 percent. CVI estimates that it is the second largest contact lens supplier in Europe, with direct business units in France, Germany, Holland, Hungary, Italy, Netherlands, Norway, Portugal, Spain, Sweden and the United Kingdom.

Asia Pacific

We estimate the Asia Pacific market by modality is 57 percent single-use, 28 percent two-week and 15 percent monthly. Asia Pacific revenue growth was driven by sales of single-use spherical and toric lens up 38 percent, monthly spherical lens sales, including Biofinity, up 109 percent and monthly toric sales up 63 percent.

CVI Competition

The contact lens market is highly competitive. CVI s three largest competitors in the worldwide market and its primary competitors in the spherical lens market are Johnson & Johnson Vision Care, Inc., CIBA Vision (owned by Novartis AG) and Bausch & Lomb Incorporated.

Recent trends in the spherical lens market include a shift towards silicone hydrogel lenses, primarily in the United States and Europe, and toward single-use lenses. CVI s primary competitors currently control the majority of the silicone hydrogel market. CVI is taking market share with its monthly and two-week spherical lens offerings, but its market share is still lagging due to the late entry of these products into the market. CVI also does not have the rights to market or sell our current silicone hydrogel products in Japan.

In the specialty lens market, CVI s primary toric competitors are Bausch & Lomb and Johnson & Johnson Vision Care, Inc. Toric lens manufacturers compete to provide the highest possible level of visual acuity and patient satisfaction by offering a wide range of lens parameters,

superior wearing comfort and a high level of customer service, both for patients and contact lens practitioners. CVI believes that its three manufacturing processes yield a wider range of toric lens parameters than its competitors, providing greater choices for patient and practitioner and better visual acuity, and that it offers superior customer services, including high standards of on-time product delivery. However,

Table of Contents

there is a developing trend in the U.S. toric lens market toward silicone hydrogel products. CVI initiated manufacturing of a silicone hydrogel monthly toric product during fiscal year 2008 with the product launch scheduled for the first calendar quarter of 2009. A second silicone hydrogel toric product is scheduled to launch at the end of calendar 2009.

CVI s major competitors have greater financial resources and larger research and development budgets and sales forces. Nevertheless, CVI offers a high level of customer service through its direct sales organizations around the world and through telephone sales and technical service representatives who consult with eye care professionals about the use of the Company s lens products. CVI believes that its sales force is particularly well equipped through extensive training to meet the needs of contact lens practitioners and their customers.

CVI also competes with manufacturers of eyeglasses and with refractive surgical procedures that correct visual defects. CVI believes that it will continue to compete favorably against eyeglasses, particularly in markets where the penetration of contact lenses in the vision correction market is low, offering lens manufacturers an opportunity to gain market share. CVI also believes that laser vision correction is not a material threat to its sales of contact lenses because each modality serves a different age group. CVI believes that almost all new contact lens wearers are in their teens or twenties, while refractive surgery patients are typically in their late thirties or early forties when their vision has stabilized.

COOPERSURGICAL

Since its beginning in 1990, CSI has successfully established a leading position among companies providing medical device products to the obstetrics and gynecology medical specialty. Historically, many small medical device companies have supplied the women s healthcare market with a wide range of products through a fragmented distribution system. CSI s strategy has been and continues to be to identify and acquire selected smaller companies and product lines that will improve its existing market position or serve new clinical areas. CSI has grown to $168 million in revenue through a series of more than 25 acquisitions. During the past five years, CSI s revenue grew at a compounded rate of 15 percent with double-digit operating margins and minimal capital expenditure requirements.

Market for Women s Healthcare

Based on United States Census estimates, CSI expects patient visits to United States obstetricians and gynecologists (Ob/Gyns) to increase over the next decade. Driving this growth is a large group of women of childbearing age and a rapidly growing middle-aged population with emerging gynecologic concerns. Consistent with an aging population, menopausal problems abnormal bleeding, incontinence and osteoporosis are expected to increase, while pregnancy, contraceptive management and general examinations are expected to remain relatively stable. The trend toward delaying the age of childbearing to the mid-thirties and beyond will likely drive increasing treatment for infertility.

While general medical practitioners play an important role in women s primary care, the Ob/Gyn specialist is the primary market for associated medical devices.

Some significant features of this market are:

Patient visits are for annual checkups, cancer screening, menstrual disorders, vaginitis (inflammation of vaginal tissue), treatment of abnormal Pap smears, osteoporosis (reduction in bone mass), the management of menopause, pregnancy and reproductive management.

Table of Contents

Osteoporosis and incontinence have become frequent diagnoses as the female population ages. Early identification and treatment of these conditions will both improve women s health and help reduce overall costs of treatment.

Sterilization is a frequently performed surgical procedure.

Ob/Gyns traditionally provide the initial evaluation for women and their partners who seek infertility assistance. Ovulatory drugs and intrauterine insemination (IUI) are common treatments of these cases along with embryo transfer procedures.

CSI s 2008 Revenue Growth

During 2008, CSI revenue grew 9 percent to $168.3 million from $154.8 million in 2007, representing 16 percent of Cooper s revenue in both periods. Fiscal 2008 organic growth was 6%, and sales of products marketed directly to hospitals grew 19% and represent 30% of CSI s total revenue.

CSI Competition

CSI focuses on selected segments of the women s healthcare market, supplying high quality diagnostic products and surgical instruments and accessories. In some instances, CSI offers all of the items needed for a complete procedure. The market segments in which CSI competes remains fragmented, typified by smaller technology-driven firms that generally offer only one or two product lines. Most are privately owned or divisions of public companies including some owned by companies with greater financial resources than Cooper.

Competitive factors in these segments include technological and scientific advances, product quality, price, customer service and effective communication of product information to physicians and hospitals. CSI believes that it competes successfully against these companies with its superior sales and marketing, the technological advantages of its products and by developing and acquiring new products, including those used in new medical procedures. As CSI expands its product line, it also offers training for medical professionals in the appropriate use of its products.

CSI is expanding its presence in the significantly larger hospital and outpatient surgical procedure market. This market is dominated by larger competitors such as Johnson & Johnson s Ethicon Endo-Surgery and Ethicon Women s Health and Urology companies, Boston Scientific, Gyrus and ACMI. These competitors have well established positions within the operating room environment. CSI believes its relationship with gynecologic surgeons and focus on devices specific to gynecology surgery will facilitate its expansion within the surgical market.

RESEARCH AND DEVELOPMENT

Cooper employs 151 people in its research and development and manufacturing engineering departments, primarily in CVI. External specialists in lens design, formulation science, polymer chemistry, microbiology and biochemistry support product development and clinical research for CVI products. CVI s research and development activities include programs to develop silicone hydrogel products, product lines utilizing PC Technology and expansion of single-use product lines. CSI conducts research and development in-house and also employs external surgical specialists, including members of its surgical advisory board. CSI s fiscal 2008 research and development activities were for laparoscopic

surgical devices and upgrading and redesign of many CSI osteoporoses, in-vitro fertilization, incontinence and assisted reproductive technology products and other obstetrical and gynecological product development activities.

Table of Contents

Cooper-sponsored research and development expenditures during the fiscal years ended October 31, 2008, 2007 and 2006 were $35.5 million, $32.7 million and $27.0 million, net of 2007 and 2006 acquired in-process research and development of $7.2 million and $7.5 million, respectively. Net research and development expenditures represented 3% of net sales in each fiscal year. During fiscal 2008, CVI represented 87% and CSI represented 13% of the total expenditures. We did not participate in any customer-sponsored research and development programs.

GOVERNMENT REGULATION

Medical Device Regulation

Our products are medical devices subject to extensive regulation by the United States Food and Drug Administration (FDA) in the United States and other regulatory bodies abroad. FDA regulations govern, among other things, medical device design and development, testing, manufacturing, labeling, storage, recordkeeping, premarket clearance or approval, advertising and promotion, and sales and distribution. Unless an exemption applies, each medical device we wish to commercially distribute in the United States will require either prior 510(k) clearance or prior premarket approval (PMA) from the FDA. A majority of the medical devices we currently market have received FDA clearance through the 510(k) process or approval through the PMA process. Because we cannot be assured that any new products we develop, or any product enhancements, will be subject to the shorter 510(k) clearance process, significant delays in the introduction of any new products or product enhancements may occur. For example, to qualify our new silicone hydrogel contact lens products for extended wear use, we believe that more extensive premarket testing and approval would be required.

Device Classification

The FDA classifies medical devices into one of three classes Class I, II, or III depending on the degree of risk associated with each medical device and the extent of control needed to ensure its safety and effectiveness. Both CVI and CSI develop and market medical devices under different levels of FDA regulation depending on the classification of the device. Class III devices, such as flexible and extended wear contact lenses, require extensive premarket testing and approval, while Class I and II devices require substantially lower levels of regulation.

Class I devices are those for which safety and effectiveness can be assured by adherence to the FDA s general regulatory controls for medical devices, which include compliance with the applicable portions of the FDA s Quality System Regulation, facility registration and product listing, reporting of adverse medical events, and appropriate, truthful and non-misleading labeling, advertising, and promotional materials (General Controls). Some Class I devices also require premarket clearance by the FDA through the 510(k) premarket notification process described below.

Class II devices are subject to the FDA s General Controls, and any other special controls as deemed necessary by the FDA to ensure the safety and effectiveness of the device. Premarket review and clearance by the FDA for Class II devices is accomplished through the 510(k) premarket notification procedure. Pursuant to the Medical Device User Fee and Modernization Act of 2002 (MDUFMA), as of October 2002 unless a specific exemption applies, 510(k) premarket notification submissions are subject to user fees. Certain Class II devices are exempt from this premarket review process.

Class III devices are those devices which have a new intended use, or use advanced technology that is not substantially equivalent to that of a legally marketed device. The safety and effectiveness of Class III devices cannot be assured solely by the General Controls and the other

requirements described

Table of Contents

above. These devices almost always require formal clinical studies to demonstrate safety and effectiveness and must be approved through the premarket approval process described below. Premarket approval applications (and supplemental premarket approval applications) are subject to significantly higher user fees under MDUFMA than are 510(k) premarket notifications.

510(k) Clearance Pathway

When we are required to obtain a 510(k) clearance for a device that we wish to market, we must submit a premarket notification to the FDA demonstrating that the device is substantially equivalent to a previously cleared 510(k) device or a device that was in commercial distribution before May 28, 1976, for which the FDA has not yet called for the submission of premarket approval applications. By regulation, the FDA is required to respond to a 510(k) premarket notification within 90 days of submission of the notification. As a practical matter, clearance can take significantly longer. If the FDA determines that the device, or its intended use, is not substantially equivalent to a previously-cleared device or use, the FDA will place the device, or the particular use of the device, into Class III.

After a device receives 510(k) clearance, any modification that could significantly affect its safety or effectiveness, or that changes its intended use, will require a new 510(k) clearance or could require premarket approval. The FDA requires each manufacturer to make this determination initially, but the FDA can review any such decision and can disagree with a manufacturer s determination. If the FDA disagrees with a manufacturer s determination that a new clearance or approval is not required for a particular modification, the FDA can require the manufacturer to cease marketing and/or recall the modified device until 510(k) clearance or premarket approval is obtained. Also, in these circumstances, a manufacturer may be subject to significant regulatory fines or penalties. We have made and plan to continue to make additional product enhancements and modifications to our devices that we believe do not require new 510(k) clearances.

Premarket Approval Pathway

A PMA application must be submitted if the device cannot be cleared through the 510(k) premarket notification procedures. The PMA process is much more demanding than the 510(k) premarket notification process. A PMA application must be supported by extensive data including, but not limited to, technical, preclinical, clinical trials, manufacturing and labeling to demonstrate to the FDA s satisfaction the safety and effectiveness of the device.

After a PMA application is complete, the FDA begins an in-depth review of the submitted information. The FDA, by statute and regulation, has 180 days to review an accepted PMA application, although the review generally occurs over a significantly longer period of time, and can take up to several years. During this review period, the FDA may request additional information or clarification of information already provided. Also during the review period, an advisory panel of experts from outside the FDA may be convened to review and evaluate the application and provide recommendations to the FDA as to the approvability of the device. In addition, the FDA will conduct a preapproval inspection of the manufacturing facility to ensure compliance with the Quality System Regulation (QSR). New PMA applications or PMA application supplements are required for significant modifications to the manufacturing process, labeling and design of a device that is approved through the premarket approval process. Premarket approval supplements often require submission of the same type of information as a premarket approval application, except that the supplement is limited to information needed to support any changes from the device covered by the original premarket approval application, and may not require as extensive clinical data or the convening of an advisory panel.

Table of Contents

Clinical Trials

A clinical trial is almost always required to support a PMA application and is sometimes required for a 510(k) premarket notification. These trials generally require submission of an application for an investigational device exemption (IDE) to the FDA. The IDE application must be supported by appropriate data, such as animal and laboratory testing results, showing that it is safe to test the device in humans and that the testing protocol is scientifically sound. The IDE application must be approved in advance by the FDA for a specified number of patients, unless the product is deemed a non-significant risk device and eligible for more abbreviated investigational device exemption requirements. Clinical trials for a significant risk device may begin once the IDE application is approved by both the FDA and the appropriate institutional review boards at the clinical trial sites. All of Cooper s currently marketed products have been cleared by all appropriate regulatory agencies, and Cooper has no product currently being marketed under an IDE.

Continuing FDA Regulation

After a device is placed on the market, numerous regulatory requirements apply. These include: the QSR, which requires manufacturers to follow design, testing, control, documentation and other quality assurance procedures during the manufacturing process; labeling regulations, which prohibit the promotion of products for unapproved or off-label uses and impose other restrictions on labeling; and medical device reporting, regulations, which require that manufacturers report to the FDA if their device may have caused or contributed to a death or serious injury or malfunctioned in a way that would likely cause or contribute to a death or serious injury if it were to recur. The FDA has broad post-market and regulatory enforcement powers. We are subject to unannounced inspections by the FDA to determine our compliance with the QSR and other regulations.

Failure to comply with applicable regulatory requirements can result in enforcement action by the FDA, which may include any of the following sanctions: fines, injunctions and civil penalties; recall, seizure or import holds of our products; operating restrictions, suspension of production; refusing our request for 510(k) clearance or premarket approval of new products; withdrawing 510(k) clearance or premarket approvals that are already granted and criminal prosecution.

Even if regulatory approval or clearance of a medical device is granted, the FDA may impose limitations or restrictions on the uses and indications for which the device may be labeled and promoted. Medical devices may be marketed only for the uses and indications for which they are cleared or approved. FDA regulations prohibit a manufacturer from promoting a device for an unapproved or off-label use. Failure to comply with this prohibition on off-label promotion could result in enforcement action by the FDA, including, among other things, warning letters, fines, injunctions, consent decrees and civil or criminal penalties.

Foreign Regulation

Health authorities in foreign countries regulate Cooper s clinical trials and medical device sales. The regulations vary widely from country to country. Even if the FDA has approved a product, the regulatory agencies in each country must approve new products before they may be marketed there.

These regulatory procedures require a considerable investment in time and resources and usually result in a substantial delay between new product development and marketing. If the Company does not maintain compliance with regulatory standards or if problems occur after

marketing, product approval may be withdrawn.

Table of Contents

In addition to FDA regulatory requirements, the Company also maintains ISO 9000 certification and CE mark approvals for its products. A CE mark is an international symbol of adherence to certain standards and compliance with applicable European medical device requirements. These quality programs and approvals are required by the European Medical Device Directive and must be maintained for all products intended to be sold in the European market. In order to maintain these quality benchmarks, the Company is subjected to rigorous biannual reassessment audits of its quality systems and procedures.

Other Health Care Regulation

We may be subject to various federal, state and foreign laws pertaining to healthcare fraud and abuse, including anti-kickback laws and physician self-referral laws. Violations of these laws are punishable by criminal and civil sanctions, including, in some instances, exclusion from participation in federal and state healthcare programs, including Medicare, Medicaid, Veterans Administration health programs and TRICARE. Similarly if the physicians or other providers or entities with whom we do business are found to be noncompliant with applicable laws, they may be subject to sanctions, which could indirectly have a negative impact on our business, financial conditions and result in operations. While we believe that our operations are in material compliance with such laws, because of the complex and far-reaching nature of these laws, there can be no assurance that we would not be required to alter one or more of our practices to be in compliance with these laws.

Anti-Kickback and Fraud Law

Our operations may be subject to anti-kickback laws. The federal anti-kickback statutes, which are commonly known collectively as the Medicare Fraud and Abuse Statute, prohibit persons from knowingly and willfully soliciting, receiving, offering or providing remuneration directly or indirectly to induce either the referral of an individual, or the furnishing, recommending or arranging for a good or service for which payment may be made under a federal healthcare program such as Medicare and Medicaid. The definition of remuneration under this statute has been broadly interpreted to include anything of value, including such items as gifts, discounts, waiver of payments and providing anything at less than its fair market value. While we believe most sales of our products are not subject to the federal anti-kickback statutes, many states have adopted prohibitions similar to the federal anti-kickback statutes, some of which apply to the referral of patients for healthcare services reimbursed by any source, not only by the Medicare and Medicaid programs.

In addition to establishing federal privacy, security and transaction standards, the Federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, created two new fraud and abuse laws. The healthcare fraud statute prohibits knowingly and willfully executing or attempting to execute a scheme or artifice to defraud any healthcare benefit program, including private payors. The false statements statute prohibits knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false, fictitious or fraudulent statement or representation in connection with the delivery of or payment for healthcare benefits, items or services. This statute applies to any health benefit plan, not just Medicare and Medicaid. Additionally, HIPAA granted expanded enforcement authority to Health and Human Services (HHS) and the U.S. Department of Justice (DOJ) and provided enhanced resources to support the activities and responsibilities of the Office of Inspector General (OIG) and DOJ by authorizing large increases in funding for investigating fraud and abuse violations relating to healthcare delivery and payment.

Table of Contents

Physician Self-Referral Laws

We may also be subject to federal and state physician self-referral laws. The federal Ethics in Patient Referral Act of 1989 (commonly known as the Stark Law) prohibits, subject to certain exceptions, physician referrals of Medicare and Medicaid patients to an entity providing certain designated health services if the physician or an immediate family member has any financial relationship with the entity. The Stark Law also prohibits the entity receiving the referral from billing any good or service furnished pursuant to an unlawful referral, and any person collecting any amounts in connection with an unlawful referral is obligated to refund such amounts. Various states have corollary laws to the Stark Law, including laws that require physicians to disclose any financial interest they may have with a healthcare provider to their patients when referring patients to that provider. Both the scope and exceptions for such laws vary from state to state.

False Claims Laws

Under separate statutes, submission of claims for payment or causing such claims to be submitted that are not provided as claimed may lead to civil money penalties, criminal fines and imprisonment, and/or exclusion from participation in Medicare, Medicaid and/or federally-funded state health programs. These false claims statutes include the federal False Claims Act, which prohibits the knowing filing of a false claim or the knowing use of false statements to obtain payment from the federal government. When an entity is determined to have violated the False Claims Act, it must pay three times the actual damages sustained by the government, plus mandatory civil penalties of between $5,500 and $11,000 for each separate false claim. Suits filed under the False Claims Act, known as qui tam actions, can be brought by any individual on behalf of the government and such individuals (known as relators or, more commonly, as whistleblowers) may share in any amounts paid by the entity to the government in fines or settlement. In addition, certain states have enacted laws modeled after the federal False Claims Act. Qui tam actions have increased significantly in recent years causing greater numbers of healthcare companies to have to defend a false claim action, pay fines or be excluded from the Medicare, Medicaid or other federal or state healthcare programs as a result of an investigation arising out of such action.

RAW MATERIALS

CVI s raw materials primarily consist of various chemicals and packaging materials. There are alternative supply sources for all of our raw materials other than our silicone hydrogel material. Asahikasei Aime Co. Ltd. (Asahi) is our sole supplier of the primary material used to make our silicone hydrogel contact lens products, comfilcon A. If Asahi fails to supply sufficient material on a timely basis or at all for any reason, we may suffer a disruption in the supply of our silicone hydrogel contact lens products and may need to switch to an alternative supplier in accordance with our agreement with Asahi.

Raw materials used by CSI are generally available from more than one source. However, because some products require specialized manufacturing procedures, we could experience inventory shortages if we were required to use an alternative supplier on short notice.

MARKETING AND DISTRIBUTION

In the United States, CVI markets its products through its field sales representatives, who call on optometrists, ophthalmologists, opticians, optical chains and distributors. CVI augments its U.S. sales and marketing efforts with e-commerce, telemarketing and advertising in professional journals. In

14

Table of Contents

Australia, Canada, China, France, Germany, Holland, Hungary, Italy, Japan, Korea, Malaysia, Norway, Portugal, Singapore, South Africa, Spain, Sweden, Switzerland, Taiwan and the United Kingdom, CVI primarily markets its products through its field sales representatives. In other countries, CVI uses distributors and has given some of them the exclusive right to market its products.

CSI s products are marketed by a network of field sales representatives and distributors. In the United States, CSI augments its sales and marketing activities with e-commerce, telemarketing, direct mail and advertising in professional journals.

PATENTS, TRADEMARKS AND LICENSING AGREEMENTS

Cooper owns or licenses a variety of domestic and foreign patents, which, in total, are material to its overall business. The names of certain of Cooper s products are protected by trademark registrations in the United States Patent and Trademark Office and, in some cases, also in foreign trademark offices. Applications are pending for additional trademark and patent registrations. Cooper aggressively protects its intellectual property rights.

No individual patent or license is material to the Company or either of its principal business units other than:

- Our Patent License Agreement dated as of December 2, 1997, between Cooper and Geoffrey Galley, Albert Moreland, Barry Bevis and Ivor Atkinson entered into in connection with the Company s acquisition of Aspect Vision Care Limited (the Edge Patent License). This agreement extends until the patents expire in January 2010 and relates to patents used by CVI to produce a contact lens edge that provides superior comfort to the wearer. The edge forms a part of CVI s products (both spherical and toric lenses) that are manufactured using a cast molding technology in the CVI s Hamble, England, Norfolk, Virginia, and Juana Diaz, Puerto Rico, facilities.

- Our license related to products manufactured by CVI using the proprietary PC Technology patents that we received in connection with the Company s acquisition of Biocompatibles Eye Care, Inc. Our Proclear Compatibles brand of spherical, multifocal and toric soft contact lenses are manufactured using this PC Technology . This license term extends until the patents expire in 2011.

- Our License Agreement effective as of November 19, 2007, between CooperVision and CIBA Vision AG and CIBA Vision Corporation. This license relates to patents covering CVI s silicone hydrogel contact lens products, Biofinity and Avaira . This license extends until the patents expire in 2014 in the United States and in 2016 outside of the United States.

In addition to trademarks and patent licenses, the Company owns certain trade secrets, copyrights, know-how and other intellectual property.

DEPENDENCE ON CUSTOMERS

Neither of our business units depends to any material extent on any one customer or any one affiliated group of customers.

GOVERNMENT CONTRACTS

Neither of our business units is materially subject to profit renegotiation or termination of contracts or subcontracts at the election of the United States government.

Table of Contents

BACKLOG

Backlog is not a material factor in either of Cooper s business units.

SEASONALITY

CVI s contact lens sales in its fiscal first quarter, which runs from November 1 through January 31, are typically lower than subsequent quarters, as patient traffic to practitioners offices is relatively light during the holiday season.

COMPLIANCE WITH ENVIRONMENTAL LAWS

Federal, state and local provisions that regulate the discharge of materials into the environment, or relate to the protection of the environment, do not currently materially affect Cooper s capital expenditures, earnings or competitive position.

FINANCIAL INFORMATION ABOUT BUSINESS SEGMENTS, GEOGRAPHIC AREAS, FOREIGN OPERATIONS AND EXPORT SALES

The information required by this item is included in Note 14. Business Segment Information of our Financial Statements and Supplementary Data and Item 1A. Risk Factors Risks Relating to Our Business, included in this report.

EMPLOYEES

On October 31, 2008, the Company had about 7,400 employees. The Company believes that its relations with its employees are good.

NEW YORK STOCK EXCHANGE CERTIFICATION

We submitted our 2008 annual Section 12(a) CEO certification with the New York Stock Exchange. The certification was not qualified in any respect. Additionally, we filed with the Securities and Exchange Commission as exhibits to our Annual Report on Form 10-K for the year ended October 31, 2008, the CEO and CFO certifications required under Section 302 of the Sarbanes-Oxley Act of 2002.

AVAILABLE INFORMATION

The Cooper Companies, Inc. Internet address is http://www.coopercos.com. Our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, along with all other reports and amendments filed with or furnished to the Securities and Exchange Commission (SEC), are publicly available free of charge on our Web site as soon as reasonably practicable. The public may read and copy these materials at the SEC s Public Reference Room at 100 F Street, NE, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains a Web site that contains such reports, proxy and information statements and other information whose Internet address is http://www.sec.gov. The Company s Corporate Governance Principles, Ethics and Business Conduct Policy and charters of each standing committee of the Board of Directors are also posted on the Company s Web site. The information on the Company s Web site is not part of this or any other report we file with, or furnish to, the SEC.

Table of Contents

Item 1A. ***Risk Factors.***

Our business faces significant risks. These risks include those described below and may include additional risks and uncertainties not presently known to us or that we currently deem immaterial. Our business, financial condition and results of operations could be materially adversely affected by any of these risks, and the trading prices of our common stock could decline. These risks should be read in conjunction with the other information in this report.

Risks Relating to Our Business

We operate in the highly competitive healthcare industry and there can be no assurance that we will be able to compete successfully.

Each of our businesses operates within a highly competitive environment. In our soft contact lens segment, CVI faces intense competition from competitors products, in particular silicone hydrogel contact lenses, and may face increasing competition as other new products enter the market. Our major competitors in the contact lens business, Johnson & Johnson Vision Care, Inc., CIBA Vision (owned by Novartis AG) and Bausch & Lomb, have substantially greater financial resources, larger research and development budgets, larger sales forces, greater market penetration and larger manufacturing volumes than CVI.

Our major competitors in the specialty contact lens business offer competitive products and newer materials, plus a variety of other eye care products including lens care products and ophthalmic pharmaceuticals, which may give them a competitive advantage in marketing their lenses. Moreover, silicone hydrogel lenses are gaining market acceptance in the specialty lens business, particularly in the U.S. market, and we have not yet introduced our own competitive silicone hydrogel specialty products, which could erode our specialty lens market share and margins.

The market for our non-specialty, commodity contact lenses is also intensely competitive and is characterized by declining sales volumes for older product lines and growing demand for silicone hydrogel based products. Our ability to respond to these competitive pressures will depend on our ability to decrease our costs and maintain gross margins and operating results and to successfully introduce new products, on a timely basis in markets such as the United States, Europe and Japan, and to achieve manufacturing efficiencies and sufficient manufacturing capacity and capabilities for such products. Any significant decrease in our costs per lens will depend, in part, on our ability to increase sales volume and production capabilities. Our failure to respond to competitive pressures in a timely manner could have a material adverse effect on our business, financial condition and results of operations.

To a lesser extent, CVI also competes with manufacturers of eyeglasses and other forms of vision correction including ophthalmic surgery.

There can be no assurance that we will not encounter increased competition in the future, or that our competitors newer specialty lens products will not successfully erode CVI s higher-margin specialty lens business, which could have a material adverse effect on our business, financial condition and results of operations.

In the women s healthcare segment, competitive factors include technological and scientific advances, product quality, price and effective communication of product information to physicians and hospitals. CSI competes with a number of manufacturers in each of its niche markets, some of which have

Table of Contents

substantially greater financial and personnel resources and sell a much broader range of products, which may give them an advantage in marketing competitive products.

Current market conditions and recessionary pressures in one or more of our markets could impact our ability to grow our business.

In the United States and globally, current market and economic conditions have been unprecedented and challenging with tighter credit conditions and slower economic growth. For our fiscal year ended October 31, 2008, economists have declared that the U.S. economy is in a recession, facing continued concerns about the systemic impacts of adverse economic conditions such as inflation, energy costs, geopolitical issues, the availability and cost of credit, and a declining real estate market. Countries globally are affected by similar systemic impacts. We experienced a slow down in contact lens sales, particularly in the U.S. market, in October and November of 2008 and current economic conditions and recessionary pressures have lowered our expectations for 2009.

As a result of these market conditions, the cost and availability of credit has been and may continue to be adversely affected by illiquid credit markets and wider credit spreads. Concern about the stability of the markets generally and the strength of counterparties specifically has led many lenders and institutional investors to reduce, and in some cases, cease to provide funding to borrowers. Continued turbulence in the United States and international market and economic conditions may adversely affect our liquidity and financial condition, and the liquidity and financial condition of our customers. If these market conditions continue, they may limit our ability, and the ability of our customers, to timely replace maturing liabilities and to access the capital markets to meet liquidity needs, which could have a material adverse effect on our financial condition and results of operations.

If current market conditions do not improve, the demand for contact lenses may materially decrease, which could have a material adverse effect on our business.

Product innovations are important in the industry in which we operate, and we face the risk of product obsolescence.

Product innovations are important in the contact lens business in which CVI competes and in the niche areas of the healthcare industry in which CSI competes. Historically, we did not allocate substantial resources to new product development, but rather purchased, leveraged or licensed the technology developments of others. However, since 2005, we have been investing more in new product development, including the development of silicone hydrogel-based contact lenses. Although our focus is on products that will be marketable immediately or in the short to medium term rather than on funding longer-term, higher risk research and development projects, time commitments, the cost of obtaining necessary regulatory approval and other costs related to product innovations can be substantial. There can be no assurance that we will successfully obtain necessary regulatory approvals or clearances for our new products or that our new products will successfully compete in the marketplace and, as a result, justify the expense involved in their development and regulatory approval. In addition, our competitors may have developed or may in the future develop new products or technologies that could lead to the obsolescence of one or more of our products. Failure to develop new product offerings and technological changes and to offer products that provide performance that is at least comparable to competing products could have a material adverse effect on our business, financial condition, or results of operations.

Table of Contents

If our products are not accepted by the market, we will not be able to sustain or expand our business.

Certain of our proposed products have not yet been clinically tested or commercially introduced, and we cannot assure that any of them will achieve market acceptance or generate operating profits. We are in the process of expanding our manufacturing capacity and product sales of our Biofinity, Avaira and Proclear 1 Day products which we view as key products to drive our future growth. In addition, while our competitors have successfully introduced silicone hydrogel specialty contact lens products, we have not commercially marketed our planned silicone hydrogel specialty contact lens products. Market acceptance and customer demand for these products are uncertain. The development of a market for our products may be influenced by many factors, some of which are out of our control, including:

- limited product availability due to manufacturing constraints;
- acceptance of our products by eye care and women s healthcare practitioners;
- the cost competitiveness of our products;
- consumer reluctance to try and use a new product;
- regulatory requirements;
- the earlier release of competitive products, such as silicone hydrogel products, into the market by our competitors; and
- the emergence of newer and more competitive products.

New medical and technological developments may reduce the need for our products.

Technological developments in the eye care and women s healthcare industries, such as new surgical procedures or medical devices, may limit demand for our products. Corneal refractive surgical procedures such as Lasik surgery and the development of new pharmaceutical products may decrease the demand for our optical products. If these new advances were to provide a practical alternative to traditional vision correction, the demand for contact lenses and eyeglasses may materially decrease. We cannot assure that medical advances and technological developments will not have a material adverse effect on our businesses.

Our substantial and expanding international operations are subject to uncertainties which could affect our operating results.

A significant portion of our current operations for CVI are conducted and located outside the United States, and our growth strategy involves expanding our existing foreign operations and entering into new foreign jurisdictions. We have significant manufacturing and distribution sites in North America and Europe. Approximately 63% and 61% of our net sales for CVI for the years ended October 31, 2008 and 2007, respectively, were derived from the sale of products outside the United States. Further, we believe that sales outside the United States will

continue to account for a material portion of our total net sales for the foreseeable future. International operations and business expansion plans are subject to numerous additional risks, including:

foreign customers may have longer payment cycles than customers in the United States;

failure to comply with United States Department of Commerce export controls may result in fines and/or penalties;

Table of Contents

- tax rates in some foreign countries may exceed those of the United States, and foreign earnings may be subject to withholding requirements or the imposition of tariffs, exchange controls or other restrictions;

- we may find it difficult to comply with a variety of foreign regulatory requirements;

- general economic and political conditions in the countries where we operate may have an adverse effect on our operations in those countries or not be favorable to our growth strategy;

- we may find it difficult to manage a large organization spread throughout various countries;

- foreign governments may adopt regulations or take other actions that would have a direct or indirect adverse impact on our business and market opportunities;

- we may have difficulty enforcing agreements and collecting receivables through some foreign legal systems;

- fluctuations in currency exchange rates could adversely affect our results;

- we may have difficulty enforcing intellectual property rights in some foreign countries;

- we do not have the rights to market or sell our current silicone hydrogel products in Japan;

- we may have difficulty gaining market share in countries such as Japan because of regulatory restrictions and customer preferences; and

- we may find it difficult to enter new markets such as China, India and other developing nations due to, among other things, customer acceptance, undeveloped distribution channels and business knowledge of these new markets.

As we continue to expand our business globally, our success will depend, in large part, on our ability to anticipate and effectively manage these and other risks associated with our international operations. However, any of these factors could adversely affect our international operations and, consequently, our operating results.

Acquisitions that we may make may involve numerous risks.

We have a history of acquiring businesses and products that have significantly contributed to our growth in recent years. As part of our growth strategy, particularly at CSI, we intend to continue to consider acquiring complementary technologies, products and businesses. Future acquisitions could result in potentially dilutive issuances of equity securities, the incurrence of debt and contingent liabilities and an increase in amortization and/or write-offs of goodwill and other intangible assets, which could have a material adverse effect upon our business, financial condition and results of operations. Risks we could face with respect to acquisitions include:

difficulties in the integration of the operations, technologies, products and personnel of the acquired company and establishment of appropriate accounting controls and reporting procedures and other regulatory compliance procedures;

risks of entering markets in which we have no or limited prior experience;

potential loss of employees;

an inability to identify and consummate future acquisitions on favorable terms or at all;

diversion of management s attention away from other business concerns;

expenses of any undisclosed or potential liabilities of the acquired company;

Table of Contents

expenses, including restructuring expenses, to shut-down our own locations and/or terminate our employees;

a dilution of earnings per share; and

risks inherent in accounting allocations and consequences thereof, such as whether a strategic or financial buyer would view such allocations as establishing a fair value for so-called tangible and intangible assets.

We face risks associated with disruption of manufacturing and distribution operations and failure to develop new manufacturing processes that could adversely affect our profitability or competitive position.

We manufacture a significant portion of the medical device products we sell. Any prolonged disruption in the operations of our existing manufacturing facilities, whether due to technical or labor difficulties, destruction of or damage to any facility (as a result of natural disaster, use and storage of hazardous materials or other events) or other reasons, could have a material adverse effect on our business, financial condition and results of operations. In addition, materials, such as silicone hydrogel require improvements to our manufacturing processes to make them cost effective. While we have improved our manufacturing capabilities for our silicone hydrogel products, our failure to continue to develop improvements to our manufacturing processes and reduce our cost of goods could significantly impact our ability to compete.

CVI manufactures molded contact lenses, which represent a significant portion of our contact lens revenues, primarily at our facilities in the United Kingdom, Puerto Rico and Norfolk, Virginia. CSI manufactures the majority of its products in Trumbull, Connecticut, and Stafford, Texas. We manufacture certain products at only one manufacturing site for certain markets, and certain of our products are approved for manufacturing only at one site. Before we can use a second manufacturing site, we must obtain the approval of regulatory authorities, and because this process is expensive, we have generally not sought approvals needed to manufacture at an additional site. If there were any prolonged disruption in the operations of the approved facility, it could take a significant amount of time to validate a second site and replace lost product, which could result in lost customers and thereby reduce sales, profitability and market share.

CVI distributes products out of Rochester, New York, and the United Kingdom and various smaller international distribution facilities. CSI s products are primarily distributed out of its facility in Trumbull, Connecticut. Any prolonged disruption in the operations of our existing distribution facilities, whether due to technical or labor difficulties, destruction of or damage to any facility (as a result of natural disaster, use and storage of hazardous materials or other events) or other reasons, could have a material adverse effect on our business, financial condition and results of operations.

If our manufacturing operations fail to comply with applicable regulations, our manufacturing could be delayed or disrupted, and our product sales and profitability could suffer.

Our manufacturing operations and processes are required to comply with numerous federal, state and foreign regulatory requirements, including the FDA s QSR regulations, which govern the procedures related to the design, testing, production processes, controls, quality assurance, labeling, packaging, storage, importing, exporting and shipping of our products. We also are subject to state requirements and licenses applicable to manufacturers of medical devices. In addition, we must engage in extensive recordkeeping and reporting and must make available our manufacturing facilities and records for periodic unscheduled inspections by governmental agencies, including the FDA, state authorities and

Table of Contents

comparable agencies in other countries. Failure to pass a QSR or similar foreign inspection or to comply with these and other applicable regulatory requirements could result in disruption of our operations and manufacturing delays in addition to, among other things, significant fines, suspension of approvals, seizures, recalls or import holds of products, operating restrictions and criminal prosecutions. As a result, any failure to comply with applicable requirements could adversely affect our product sales and profitability.

We rely on independent suppliers for raw materials and we could experience inventory shortages if we were required to use an alternative supplier on short notice.

We rely on independent suppliers for key raw materials, consisting primarily of various chemicals and packaging materials. Raw materials used by us are generally available from more than one source. However, because some products require specialized manufacturing procedures, we could experience inventory shortages if we were required to use an alternative manufacturer on short notice. Asahikasei Aime Co. Ltd. (Asahi) is our sole supplier of the primary material, comfilcon A used to make our silicone hydrogel contact lens products, Biofinity and Avaira. If Asahi fails to supply sufficient material on a timely basis or at all for any reason, we may suffer a disruption in the supply of our silicone hydrogel contact lens products and may need to switch to an alternative supplier in accordance with our agreement with Asahi. A disruption in the supply of comfilcon A could disrupt production of our silicone hydrogel contact lens products thereby adversely impacting our ability to market and sell such products and our ability to compete in this important segment of the contact lens market.

If we fail to adequately protect our intellectual property, our business could suffer.

We consider our intellectual property rights, including patents, trademarks and licensing agreements, to be an integral component of our business. We attempt to protect our intellectual property rights through a combination of patent, trademark, copyright and trade secret laws, as well as licensing agreements and third-party nondisclosure and assignment agreements. Our failure to obtain or maintain adequate protection of our intellectual property rights for any reason could have a material adverse effect on our business, financial condition and results of operations.

We may also seek to enforce our intellectual property rights on others through litigation. Our claims, even if meritorious, may be found invalid or inapplicable to a party we believe infringes or has misappropriated our intellectual property rights. In addition, litigation can:

- be expensive and time consuming to prosecute or defend;
- result in a finding that we do not have certain intellectual property rights or that such rights lack sufficient scope or strength;
- divert management s attention and resources; or
- require us to license our intellectual property.

We have applied for patent protection in the United States and other foreign jurisdictions relating to certain existing and proposed processes and products. We cannot assure that any of our patent applications will be approved. Patent applications in the United States are maintained in secrecy for a period of time, which may last until patents are issued, and since publication of discoveries in the scientific or patent literature tends to lag behind actual discoveries by several months, we cannot be certain that we will be the first creator of inventions covered by any

patent application we make or the first to file patent applications on such inventions. The patents we own could be challenged,

Table of Contents

invalidated or circumvented by others and may not be of sufficient scope or strength to provide us with any meaningful protection or commercial advantage. Further, we cannot assure that we will have adequate resources to enforce our patents.

We also rely on unpatented proprietary technology. It is possible that others will independently develop the same or similar technology or otherwise obtain access to our unpatented technology. To protect our trade secrets and other proprietary information, we require employees, consultants, advisors and collaborators to enter into confidentiality agreements and assignment agreements, which generally provide that inventions conceived by the party in the course of rendering services to us will be our exclusive property. However, we cannot assure that these confidentiality agreements will provide meaningful protection for our trade secrets, know-how or other proprietary information in the event of any unauthorized use, misappropriation or disclosure of such trade secrets, know-how or other proprietary information. Furthermore, enforcing a claim that a party illegally obtained and is using our trade secrets is difficult, expensive and time consuming and the outcome is unpredictable. If we are unable to maintain the proprietary nature of our technologies, we could lose competitive advantage and be materially adversely affected.

We rely on trademarks to establish a market identity for our products. To maintain the value of our trademarks, we might have to file lawsuits against third parties to prevent them from using trademarks confusingly similar to or dilutive of our registered or unregistered trademarks. Also, we might not obtain registrations for our pending or future trademark applications, and might have to defend our registered trademark and pending applications from challenge by third parties. Enforcing or defending our registered and unregistered trademarks might result in significant litigation costs and damages, including the inability to continue using certain trademarks.

The laws of certain foreign countries in which we do business or contemplate doing business in the future do not recognize intellectual property rights or protect them to the same extent as do the laws of the United States. Adverse determinations in a judicial or administrative proceeding could prevent us from manufacturing and selling our products or prevent us from stopping others from manufacturing and selling competing products, and thereby have a material adverse affect on our business, financial condition and results of operations.

Our intellectual property could be subject to claims of infringement.

Our competitors in both the United States and foreign countries, many of which have substantially greater resources and have made substantial investments in competing technologies, may have applied for or obtained, or may in the future apply for and obtain, patents that will prevent, limit or otherwise interfere with our ability to make and sell our existing and planned products. Claims that our products infringe the proprietary rights of others often are not asserted until after commencement of commercial sales incorporating our technology.

Significant litigation regarding intellectual property rights exists in our industry. Third parties have made, and it is possible that they will make in the future, claims of infringement against us or our contract manufacturers in connection with their use of our technology. See Part I, Item 3. Legal Proceedings (Bausch & Lomb). Any claims, even those without merit, could:

- be expensive and time consuming to defend;
- cause us to cease making, licensing or using products that incorporate the challenged intellectual property;

Table of Contents

require us to redesign or reengineer our products, if feasible;

divert management s attention and resources; or

require us to enter into royalty or licensing agreements in order to obtain the right to use a necessary product, component or process.

We cannot be certain of the outcome of any litigation. Any royalty or licensing agreement, if required, may not be available to us on acceptable terms or at all. Our failure to obtain the necessary licenses or other rights could prevent the sale, manufacture, or distribution of some of our products and, therefore, could have a material adverse effect on our business.

A successful claim of infringement against us or our contract manufacturers in connection with the use of our technology, in particular if we are unable to manufacture or sell any of our planned products in any major market, could adversely affect our business.

We could experience losses from product liability claims, including such claims and other losses resulting from sales of counterfeit and other infringing products.

We face an inherent risk of exposure to product liability claims in the event that the use of our products results in personal injury. We also face the risk that defects in the design or manufacture of our products or sales of counterfeit or other infringing products might necessitate a product recall and other actions by manufacturers, distributors or retailers in order to safeguard the health of consumers and protect the integrity of the subject brand. In addition, consumers may halt or delay purchases of a product that is the subject of a claim or recall, or has been counterfeited. We handle some risk with third-party carrier policies that are subject to deductibles and limitations. There can be no assurance that we will not experience material losses due to product liability claims or recalls, or a decline in sales resulting from sales of counterfeit or other infringing product, in the future.

We face risks in connection with securities litigation.

The Company and several of its directors and officers have been named in a consolidated putative securities class action lawsuit and its directors and certain of its officers have been named in two consolidated derivative lawsuits, the nature and status of which are described in Item 3. Legal Proceedings. The consolidated putative securities class action seeks unspecified damages from the Company, and we are unable to estimate the range of potential losses that would be incurred if the plaintiffs in this action were to prevail, or to determine the total effect that it may have on our results of operations, financial position and cash flows. However, any settlement or judgment on the merits of this action could have a material adverse effect on the Company s liquidity, results of operations and financial condition. In addition, securities litigation, irrespective of its merits, is costly to defend and diverts management s attention and resources, which could adversely affect our business.

The purported derivative lawsuits, which are at a very preliminary stage, do not seek damages from the Company. However, derivative litigation is costly, and these lawsuits may divert management s attention and resources, which could adversely affect our business.

We face risks related to environmental matters.

Our facilities are subject to a broad range of federal, state, local and foreign environmental laws and requirements, including those governing discharges to the air and water, the handling or disposal of solid and hazardous substances and wastes, remediation of contamination associated with the release of

Table of Contents

hazardous substances at our facilities and offsite disposal locations and occupational safety and health. We have made, and will continue to make, expenditures to comply with such laws and requirements. Future events, such as changes in existing laws and regulations, or the enforcement thereof, or the discovery of contamination at our facilities, may give rise to additional compliance or remediation costs that could have a material adverse effect on our business, financial condition and results of operations. Such laws and requirements are constantly changing, are different in every jurisdiction and can impose substantial fines and sanctions for violations. As a manufacturer of various products, we are exposed to some risk of claims with respect to environmental matters, and there can be no assurance that material costs or liabilities will not be incurred in connection with any such claims.

We are conducting a voluntary clean-up at one of our sites in the state of New York. Although the workplan that we submitted to the state has been approved and we believe that the clean-up is proceeding in accordance with the workplan and our expectations, there can be no assurance that the clean-up will be completed within the timeframe and cost projected, that the expected results will be achieved, or that we will not identify alternate sources or higher levels of contamination. As such, there can be no assurance that material costs or liabilities will not be incurred in connection therewith.

Our substantial indebtedness could adversely affect our financial health and prevent us from fulfilling our debt obligations.

We have now and expect to continue to have a significant amount of indebtedness.

Our substantial indebtedness could:

- increase our vulnerability to general adverse economic and industry conditions;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, acquisitions, research and development efforts and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- place us at a competitive disadvantage compared to our competitors that have less debt;
- limit our ability to borrow additional funds; and
- make it more difficult for us to satisfy our obligations with respect to our debt, including our obligation to repay our credit facility under certain circumstances;

Our credit facility and senior notes contain financial and other restrictive covenants that will limit our ability to engage in activities that may be in our long-term best interests. In addition, current conditions in the global debt markets would make it difficult and costly to refinance our credit facility and senior notes. Our failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of all of our debt, which could adversely affect our business, earnings and financial condition.

We are vulnerable to interest rate risk with respect to our debt.

We are subject to interest rate risk in connection with the issuance of variable and fixed-rate debt. In order to maintain our desired mix of fixed-rate and variable-rate debt, we currently use, and may continue to use, interest rate swap agreements and exchange fixed and variable-rate interest payment

Table of Contents

obligations over the life of the arrangements, without exchange of the underlying principal amounts. We may not be successful in structuring such swap agreements to effectively manage our risks, which could adversely affect our business, earnings and financial condition.

Exchange rate fluctuations could adversely affect our financial results.

As a result of our international operations, currency exchange rate fluctuations tend to affect our results of operations and financial position. Our most significant currency exposures are the pound sterling, euro, Japanese yen and Canadian dollar. We expect to generate an increasing portion of our revenue and incur a significant portion of our expenses in currencies other than U.S. dollars. Although we enter into foreign exchange agreements with financial institutions to reduce our exposure to fluctuations in foreign currency values relative to our debt or receivables obligations, these hedging transactions do not eliminate that risk entirely. These hedges also serve to reduce any gain that we may have made based on favorable foreign currency fluctuations. In addition, to the extent we are unable to match revenue received in foreign currencies with costs paid in the same currency, exchange rate fluctuations could have a negative impact on our financial condition and results of operations. Finally, because our consolidated financial results are reported in dollars, if we generate sales or earnings in other currencies the translation of those results into dollars can result in a significant increase or decrease in the amount of those sales or earnings.

We may be required to recognize impairment charges on goodwill, which would reduce our net income, consolidated net worth and stockholders equity.

Pursuant to generally accepted accounting principles in the United States, we are required to perform impairment tests on our goodwill balance annually or at any time when events occur, which could impact the value of our business segments. Our determination of whether an impairment has occurred is based on a comparison of each of our reporting units fair market value with its carrying value. Significant and unanticipated changes could require a charge for impairment in a future period that could substantially affect our reported earnings in a period of such change. In addition, such charges would reduce our consolidated net income. If such charges were included in our covenant calculations, it could result in noncompliance with certain financial covenants under our credit facilities in the period of such charge.

We performed an impairment test in our fiscal third quarter 2008, and our analysis indicated that we had no impairment of goodwill. As a result of the decline in the price of our common stock in the fiscal fourth quarter 2008 to a value below the Company s per share book value, including goodwill, and given the present stock price volatility and uncertainty surrounding the global economy, the Company performed an interim goodwill impairment test as of October 31, 2008 and determined that no impairment existed in either of its reporting units as of such date. We determine the fair value of our reporting units based on discounted cash flows and income valuation approach. In bridging our market capitalization, we used an average closing price of our common stock, and we applied a control premium based on our review of our premiums paid by third parties in comparable recent transactions. Management will continue to monitor the relationship of Cooper s market capitalization to both its book value and tangible book value and to evaluate the carrying value of goodwill, and the Company will perform its required annual goodwill impairment test during the fiscal third quarter 2009.

Goodwill impairment analysis and measurement is a process that requires significant judgment. If Cooper s common stock price continues to trade below book value per share, there are changes in market conditions or a future downturn in our business, or if the annual goodwill impairment test

Table of Contents

indicates an impairment of our goodwill, the Company may have to recognize a non-cash impairment of its goodwill that could be material and which could adversely affect our results of operations in the period recognized and also adversely effect our total assets, stockholders equity and financial position.

Increases in our effective tax rates or adverse outcomes resulting from examination of income tax returns could adversely affect our results.

Our future effective tax rates could be adversely affected by earnings being higher than anticipated in countries where the Company has higher statutory rates or lower than anticipated in countries where it has lower statutory rates, by changes in valuation of our deferred tax assets and liabilities, or by changes in tax laws or interpretations of those laws. In addition, the Internal Revenue Service (IRS) has been auditing the Company s income tax returns for the years 2005 2007, and we are also subject to the examination of its income tax returns by other tax authorities. The outcome of these examinations could have a material adverse effect on our operating results and financial condition.

Failure to utilize U.S. net operating losses could negatively impact our statement of operations.

At October 31, 2008, we had U.S. net operating loss carryforwards (NOLs) of approximately $81.8 million. Approximately $6.9 million of the NOLs expire in fiscal 2009. Although we presently anticipate utilizing the entire NOL in our tax filings, significant and unanticipated changes in our projected U.S. taxable income may result in our not fully utilizing the NOL. Should this occur, the tax effect of the unutilized NOL would be reflected as a non-cash-related tax provision on our Consolidated Statements of Operations.

We are in the process of upgrading certain of our management information systems, and we cannot assure that there will not be associated excessive costs or disruption of our business.

We have implemented a management information system at our major locations and are in the process of implementing related systems for substantially all of our businesses worldwide. Many other companies have had severe problems with computer system implementations of this nature and scope. We are using a controlled project plan, and we believe we have assigned adequate staffing and other resources to the projects to ensure successful implementation. However, we cannot assure that the design will meet our current and future business needs or that it will operate as designed. We are heavily dependent on such computer systems, and any failure or delay in the system implementation would cause a substantial interruption to our business, additional expense and loss of sales, customers and profits.

If we do not retain our key personnel and attract and retain other highly skilled employees, our business could suffer.

If we fail to recruit and retain the necessary personnel, our business and our ability to obtain new customers, develop new products and provide acceptable levels of customer service could suffer. The success of our business is heavily dependent on the leadership of our key management personnel. Our success also depends on our ability to recruit, retain and motivate highly skilled sales, marketing and engineering personnel. Competition for these persons in our industry is intense, and we may not be able to successfully recruit, train or retain qualified personnel.

27

Table of Contents

Provisions of our governing documents and Delaware law, and our rights plan, may have anti-takeover effects.

Certain provisions of our Second Restated Certificate of Incorporation and Amended and Restated By-laws may inhibit changes in control of the Company not approved by our board of directors. These provisions include: (i) advance notice requirements for stockholder proposals and nominations and (ii) the authority of our board to issue without stockholder approval preferred stock with such terms as our board may determine. We will also be afforded the protections of Section 203 of the Delaware General Corporation Law, which could have similar effects. Our board of directors extended our preferred stock purchase rights plan, commonly known as a poison pill, pursuant to an amended rights agreement dated as of October 29, 2007. The rights agreement is intended to prevent abusive hostile takeover attempts by requiring a potential acquiror to negotiate the terms of an acquisition with our board of directors. However, it could have the effect of deterring or preventing an acquisition of our Company, even if a majority of the our stockholders would be in favor of such acquisition, and could also have the effect of making it more difficult for a person or group to gain control of the Company or to change existing management.

Risks Relating to Government Regulation of Manufacture and Sale of Our Products

Our failure to comply with regulatory requirements or to receive regulatory clearance or approval for our products or operations could adversely affect our business.

Our products and operations are subject to rigorous regulation by the FDA, and numerous other federal, state and foreign governmental authorities. In the United States, the FDA regulates virtually all aspects of a medical device s design, development, testing, manufacture, safety, labeling, storage, recordkeeping, reporting, marketing, promotion and distribution, as well as the export of medical devices manufactured in the United States to foreign markets. Our failure to comply with FDA regulations could lead to the imposition of administrative or judicial sanctions, including injunctions, suspensions or the loss of regulatory approvals, product recalls, termination of distribution or product seizures. In the most egregious cases, criminal sanctions or closure of our manufacturing facilities are possible.

Our medical devices require clearance or approval by the FDA before they can be commercially distributed in the United States and may require similar approvals by foreign regulatory agencies before distribution in foreign jurisdictions. Medical devices may only be marketed for the indications for which they are approved or cleared. The process of obtaining regulatory approvals to market a medical device, particularly from the FDA, can be costly and time consuming. There can be no assurance that such approvals will be granted on a timely basis, if at all, or that significant delays in the introduction of any new products or product enhancements will not occur, which could adversely affect our competitive position and results of operations. In addition, the FDA may change its policies, adopt additional regulations or revise existing regulations, each of which could prevent or delay premarket approval or clearance of our products or could impact our ability to market our currently approved or cleared products.

Modifications and enhancements to a medical device also require a new FDA clearance or approval if they could significantly affect its safety or effectiveness or would constitute a major change in its intended use, design or manufacture. The FDA requires every manufacturer to make this determination in the first instance, but the FDA may review any manufacturer s decision. We have made modifications and enhancements to our medical devices that we do not believe require a new clearance or application, but we cannot confirm that the FDA will agree with our decisions. If the FDA requires

Table of Contents

us to seek clearance or approval for modification of a previously cleared product for which we have concluded that new clearances or approvals are unnecessary, we may be required to cease marketing or to recall the modified product until we obtain clearance or approval, and we may be subject to significant regulatory fines or penalties, which could have a material adverse effect on our financial results and competitive position. We also cannot assure that we will be successful in obtaining clearances or approvals for our modifications, if required.

Even if regulatory approval or clearance of a medical device is granted, the FDA may impose limitations or restrictions on the uses and indications for which the device may be labeled and promoted, and failure to comply with FDA regulations prohibiting a manufacturer from promoting a device for an unapproved, or off-label use could result in enforcement action by the FDA, including, among other things, warning letters, fines, injunctions, consent decrees, and civil or criminal penalties.

Development and marketing of our products is subject to strict governmental regulation by foreign regulatory agencies, and failure to receive, or delay in receiving, foreign qualifications could have a material adverse affect on our business.

In many of the foreign countries in which we market our products, we are subject to regulations affecting, among other things, product standards, packaging requirements, labeling requirements, import restrictions, tariff regulations, duties and tax requirements. Many of the regulations applicable to our devices and products in such countries are similar to those of the FDA. In many countries, the national health or social security organizations require our products to be qualified before they can be marketed with the benefit of reimbursement eligibility. To date, we have not experienced difficulty in complying with these regulations. Due to the movement towards harmonization of standards in the European Union, we expect a changing regulatory environment in Europe characterized by a shift from a country by-country regulatory system to a European Union-wide single regulatory system. We cannot currently predict the timing of this harmonization. Our failure to receive, or delays in the receipt of, relevant foreign qualifications could have a material adverse effect on our business, financial condition and results of operations.

Our products are subject to reporting requirements and recalls, even after receiving regulatory clearance or approval, which could harm our reputation, business and financial results.

After a device is placed on the market, numerous regulatory requirements apply, including the FDA s QSR, which requires manufacturers to follow design, testing, control, documentation and other quality assurance procedures during the manufacturing process; labeling regulations, which prohibit the promotion of products for unapproved or off-label uses and impose other restrictions on labeling; and medical device reporting regulations that require us to report to FDA or similar governmental bodies in other countries if our products cause or contribute to a death or serious injury or malfunction in a way that would be reasonably likely to contribute to death or serious injury if the malfunction were to recur. The FDA and similar governmental bodies in other countries have the authority to require the recall of our products in the event of material deficiencies or defects in design or manufacture. A government mandated or voluntary recall by us could occur as a result of manufacturing or labeling errors or design defects. Any voluntary or government mandated recall may divert management attention and financial resources and harm our reputation with customers. Any recall involving one of our products could also harm the reputation of the product and the Company and would be particularly harmful to our business and financial results.

Table of Contents

Changes in government regulation of the healthcare industry as well as third-party payors efforts to control the costs of healthcare could materially adversely affect our business.

In recent years, an increasing number of healthcare reform proposals have been formulated by the legislative and executive branches of the federal and state governments. These proposals could affect major changes in the healthcare system, either nationally or at the state level. Among the proposals under consideration are price controls on hospitals, insurance market reforms to increase the availability of group health insurance to small businesses, requirements that companies that sell products to hospitals and other healthcare providers must publicly disclose their prices, requirements that all businesses offer health insurance coverage to their employees and the creation of a government health insurance plan or plans that would cover all citizens.

There also continue to be efforts at the federal level to introduce various insurance market reforms, expanded fraud and abuse and anti-referral legislation and further reductions in Medicare and Medicaid coverage and reimbursement. A broad range of both similar and more comprehensive healthcare reform initiatives is likely to be considered at the state level. Although it is uncertain which, if any, of these or other proposals will be adopted, the potential for adoption of these proposals affects or may affect our ability to market our products.

Any adoption of healthcare reform proposals on a state-by-state basis could require us to develop state-specific marketing and sales approaches. In addition, we may experience pricing pressures in connection with the sale of our products due to additional legislative proposals or healthcare reform initiatives, including those initiatives affecting coverage and reimbursement for our products. Future legislation and regulations may adversely affect the growth of the market for our products or demand for our products. We cannot predict the effect such reforms or the prospect of their enactment may have on our business.

In addition, third-party payors, whether governmental or commercial, whether inside the United States or abroad, increasingly attempt to contain or reduce the costs of healthcare. These cost-control methods include prospective payment systems, capitated rates, group purchasing, redesign of benefits, requiring pre-authorizations or second opinions prior to certain medical procedures, encouragement of healthier lifestyles and exploration of more cost-effective methods of delivering healthcare. Although cost controls or other requirements imposed by third-party payors have not historically had a significant effect on contact lens prices or distribution practices, this could change in the future and could adversely affect our business, financial condition and results of operations.

Furthermore, widely publicized events concerning the safety risk of certain medical products, including the voluntary recalls of certain contact lens solutions in 2006 and 2007 by Bausch & Lomb and Advanced Medical Optics, respectively, may cause regulatory authorities, members of Congress, the Government Accounting Office, medical professionals and the general public to raise concerns about potential medical product safety issues. This increased attention may result in increased regulation and scrutiny of medical devices, such as, for example, the Food and Drug Administration Amendment Act of 2007, which was recently enacted, providing for the establishment of a unique system for identifying medical devices, among other provisions.

Table of Contents

The costs of complying with the requirements of federal laws pertaining to the privacy and security of health information and the potential liability associated with failure to do so could materially adversely affect our business and results of operations.

Other federal legislation affects the manner in which we use and disclose health information. HIPAA mandates, among other things, the adoption of standards for the electronic exchange of health information that may require significant and costly changes to current practices. HHS has released three rules to date mandating the use of new standards with respect to certain healthcare transactions and health information. The first rule requires the use of uniform standards for common healthcare transactions, including healthcare claims information, plan eligibility, referral certification and authorization, claims status, plan enrollment and disenrollment, payment and remittance advice, plan premium payments and coordination of benefits. The second rule released by HHS imposes new standards relating to the privacy of individually identifiable health information. These standards not only require compliance with rules governing the use and disclosure of protected health information, but they also require an entity subject to HIPAA to obtain satisfactory assurances that any of its business associates to whom such information is disclosed will safeguard the information. The third rule released by HHS establishes minimum standards for the security of electronic health information. While we do not believe we are directly regulated as a covered entity under HIPAA, many of our customers are covered entities subject to HIPAA. Such customers may require us to enter into business associate agreements, which obligate us to safeguard certain health information we obtain in the course of servicing their customers, restrict the manner in which we use and disclose such information and impose liability on us for failure to meet our contractual obligations. The costs of complying with these contractual obligations and potential liability associated with failure to do so could have a material adverse effect on our business, financial condition and results of operations.

Federal and state laws pertaining to healthcare fraud and abuse could materially adversely affect our business, financial condition and results of operations.

We may be subject to various federal and state laws pertaining to healthcare fraud and abuse, including anti-kickback laws, physician self-referral laws and false claims laws. Violations of these laws are punishable by criminal and civil sanctions, including, in some instances, exclusion from participation in federal and state healthcare programs, including Medicare, Medicaid, Veterans Administration health programs and TRICARE. Similarly, if the physicians or other providers or entities with whom we do business are found to be non-compliant with applicable laws, they may be subject to sanctions, which could indirectly have a negative impact on our business, financial condition and results of operations. While we believe that our operations are in material compliance with such laws, because of the complex and far-reaching nature of these laws, there can be no assurance that we would not be required to alter one or more of our practices to be in compliance with these laws. Any violations of these laws or regulations could result in a material adverse effect on our business, financial condition and results of operations. In addition, if there is a change in law, regulation, administrative or judicial interpretation, we may have to change our business practices or our existing business practices could be challenged as unlawful, which could have a material adverse effect on our business, financial condition and results of operations.

Item 1B. ***Unresolved Staff Comments*****.**

None.

Table of Contents

Item 2. ***Properties.***

The following is a summary of Cooper s principal facilities as of October 31, 2008. Cooper generally leases its office and operations facilities but owns several manufacturing and research and development facilities, including 205,850 square feet in Hamble, United Kingdom, 49,500 square feet in Scottsville, New York, 39,000 square feet in Norfolk, Virginia, and 33,630 square feet in Stafford, Texas. Our lease agreements expire at various dates through the year 2023. The Company believes its properties are suitable and adequate for its businesses.

Location	Approximate Square Feet	Operations
AMERICAS		
United States		
California	70,780	Executive offices, CVI research & development and CVI administrative offices
New York	409,846	CVI manufacturing, marketing, distribution and administrative offices
Virginia	66,620	CVI manufacturing and distribution
Connecticut	173,860	CSI manufacturing, marketing, distribution, research & development and administrative offices
Texas	33,630	CSI Manufacturing
Puerto Rico		
Juana Diaz	236,172	CVI manufacturing and distribution
Canada		
Ontario	40,000	CVI marketing and distribution
Brazil		
Sao Paulo	6,632	CVI marketing and distribution
EUROPE		
United Kingdom		
Hampshire	464,095	CVI manufacturing, marketing, distribution, research & development and administrative offices
Belgium		
Liege	70,200	CVI distribution
Germany		
Berlin	12,916	CSI manufacturing and distribution
Frankfurt	13,939	CVI marketing and distribution
Italy		
Milan	29,150	CVI marketing and distribution
France		
Nice	12,184	CVI marketing and distribution
ASIA PACIFIC		
Japan		
Tokyo	51,292	CVI marketing, distribution and administrative offices
Australia		
Adelaide	23,704	CVI manufacturing, distribution and administrative offices
Other Pacific Rim	26,636	CVI marketing and distribution

32

Table of Contents

Item 3. ***Legal Proceedings.***

In re The Cooper Cos., Inc., Securities Litigation

On February 15, 2006, Alvin L. Levine filed a putative securities class action lawsuit in the United States District Court for the Central District of California, Case No. SACV-06-169 CJC, against the Company, A. Thomas Bender, its Chairman of the Board and a director, Robert S. Weiss, its Chief Executive Officer and a director, and John D. Fruth, a former director. On May 19, 2006, the Court consolidated this action and two related actions under the heading *In re Cooper Companies, Inc. Securities Litigation* and selected a lead plaintiff and lead counsel pursuant to the provisions of the Private Securities Litigation Reform Act of 1995, 15 U.S.C. § 78u-4.

The lead plaintiff filed a consolidated complaint on July 31, 2006. The consolidated complaint was filed on behalf of all purchasers of the Company s securities between July 28, 2004, and December 12, 2005, including persons who received Company securities in exchange for their shares of Ocular Sciences, Inc. (Ocular) in the January 2005 merger pursuant to which the Company acquired Ocular. In addition to the Company, Messrs. Bender, Weiss, and Fruth, the consolidated complaint named as defendants several of the Company s other current officers and directors and former officers. On July 13, 2007, the Court granted Cooper s motion to dismiss the consolidated complaint and granted the lead plaintiff leave to amend to attempt to state a valid claim.

On August 9, 2007, the lead plaintiff filed an amended consolidated complaint. In addition to the Company, the amended consolidated complaint names as defendants Messrs. Bender, Weiss, Fruth, Steven M. Neil, the Company s former Executive Vice President and Chief Financial Officer, and Gregory A. Fryling, CooperVision s former President and Chief Operating Officer.

The amended consolidated complaint purports to allege violations of Sections 10(b) and 20(a) of the Securities and Exchange Act of 1934 by, among other things, contending that the defendants made misstatements concerning the Biomedics product line, sales force integration following the merger with Ocular, the impact of silicone hydrogel lenses and financial projections. The amended consolidated complaint also alleges that the Company improperly accounted for assets acquired in the Ocular merger by improperly allocating $100 million of acquired customer relationships and manufacturing technology to goodwill (which is not amortized against earnings) instead of to intangible assets other than goodwill (which are amortized against earnings), that the Company lacked appropriate internal controls and issued false and misleading Sarbanes-Oxley Act certifications.

On October 23, 2007, the Court granted in-part and denied in-part Cooper and the individual defendants motion to dismiss. The Court dismissed the claims relating to the Sarbanes-Oxley Act certifications and the Company s accounting of assets acquired in the Ocular merger. The Court denied the motion as to the claims related to alleged false statements concerning the Biomedics product line, sales force integration, the impact of silicone hydrogel lenses and the Company s financial projections. On November 28, 2007, the Court dismissed all claims against Mr. Fruth. On December 3, 2007, the Company and Messrs. Bender, Weiss, Neil and Fryling answered the amended consolidated complaint. On April 8, 2008, the Court granted a motion by Mr. Neil for judgment on the pleadings as to him. A February 17, 2010, trial date has been set, and discovery has commenced. On December 15, 2008, the Court held a hearing on the lead plaintiffs motion for class certification and indicated that it expects to rule on the motion before the end of the year. The Company intends to defend this matter vigorously.

Table of Contents

In re Cooper Companies, Inc. Derivative Litigation

On March 17, 2006, Eben Brice filed a purported shareholder derivative complaint in the United States District Court for the Central District of California, Case No. 8:06-CV-00300-CJC-RNB, against several current and former officers and directors of the Company. The Company is named as a nominal defendant. Since the filing of the first purported shareholder derivative lawsuit, three similar purported shareholder derivative suits were filed in the United States District Court for the Central District of California. All four actions have been consolidated under the heading In re Cooper Companies, Inc. Derivative Litigation and the Court selected a lead plaintiff and lead counsel.

On September 11, 2006, plaintiffs filed a consolidated amended complaint. The consolidated amended complaint names as defendants Messrs. Bender, Weiss, Fruth and Fryling. It also names as defendants current directors Michael Kalkstein, Moses Marx, Steven Rosenberg, Stanley Zinberg, Allan Rubenstein, and one former director. The Company is a nominal defendant. The complaint purports to allege causes of action for breach of fiduciary duty, insider trading, breach of contract, and unjust enrichment, and largely repeats the allegations in the class action securities case, described above. Under the existing scheduling order, the Company has until September 12, 2009, to respond to the consolidated amended complaint.

In addition to the derivative action pending in federal court, three similar purported shareholder actions were filed in the Superior Court for the State of California for the County of Alameda. These actions have been consolidated under the heading In re Cooper Companies, Inc. Shareholder Derivative Litigation, Case Nos. RG06260748. A consolidated amended complaint was filed on September 18, 2006. The consolidated amended complaint names as defendants the same individuals that are the defendants in the federal derivative action. In addition, the complaint names Mr. Fryling, current officers Carol R. Kaufman, John J. Calcagno, Paul L. Remmell, Jeffrey Allan McLean, and Nicholas J. Pichotta and a former officer. The Company is a nominal defendant. On November 29, 2006, the Superior Court for the County of Alameda entered an order staying the consolidated action pending the resolution of the federal derivative action.

Both the state and federal derivative actions are derivative in nature and do not seek damages from the Company.

Bausch & Lomb Incorporated Litigation

On October 5, 2004, Bausch & Lomb Incorporated (Bausch & Lomb) filed a lawsuit against Ocular Sciences, Inc. in the U.S. District Court for the Western District of New York alleging that its Biomedics toric soft contact lens and its private label equivalents infringe Bausch & Lomb s U.S. Patent No. 6,113,236 relating to toric contact lenses having optimized thickness profiles. The complaint seeks an award of damages, including multiple damages, attorneys fees and costs and an injunction preventing the alleged infringement. The parties have filed claim construction briefs for the court to consider for its Markman order, and fact discovery substantially concluded during the first quarter of fiscal 2006. On November 12, 2008, the Court issued an order construing the claims. While no trial date has been set, dispositive motions are due no later than April 15, 2009. Based on our review of the complaint and the patent, as well as other relevant information obtained in discovery, the Company believes this lawsuit is without merit and plans to continue to pursue a vigorous defense.

Item 4. ***Submission of Matters to a Vote of Security Holders.***

During the fourth quarter of fiscal 2008, the Company did not submit any matters to a vote of the Company s security holders.

34

Table of Contents

PART II

Item 5. ***Market for Registrant s Common Equity and Related Stockholder Matters.***

Our common stock, par value $0.10 per share, is traded on the New York Stock Exchange under the symbol COO. In the table that follows, we indicate the high and low selling prices of our common stock for each three-month period of 2008 and 2007:

Quarterly Common Stock Price Range	**2008**		**2007**	
Years Ended October 31,	**High**	**Low**	**High**	**Low**
Fiscal Quarter Ended				
January 31	$ 44.94	$ 36.54	$ 58.27	$ 42.75
April 30	$ 41.66	$ 29.71	$ 51.75	$ 43.90
July 31	$ 41.45	$ 33.49	$ 56.56	$ 49.81
October 31	$ 38.37	$ 15.04	$ 57.60	$ 41.55

At November 30, 2008, there were 670 common stockholders of record.

Dividend Policy

Our current policy is to pay annual cash dividends on our common stock of $0.06 per share, in two semiannual payments of $0.03 each. In dollar terms, we paid cash for dividends of about $2.7 million in both 2008 and 2007. Dividends are paid when, as and if declared in the discretion of our board of directors from funds legally available for that purpose. Our board of directors periodically reviews our dividend policy and considers the Company s earnings, financial condition, liquidity needs, business plans and opportunities and other factors in making and setting dividend policy.

Performance Graph

The following graph compares the cumulative total return on the Company s common stock with the cumulative total return of the Standard & Poor s Smallcap 600 Stock Index (which includes the Company) and the Standard & Poor s Health Care Equipment Index for the five-year period ended October 31, 2007. The graph assumes that the value of the investment in the Company and in each index was $100 on October 31, 2002, and assumes that all dividends were reinvested.

Table of Contents

	10/03	10/04	10/05	10/06	10/07	10/08
The Cooper Companies, Inc.	$ 100.00	$ 162.10	$ 158.77	$ 133.09	$ 97.11	$ 38.16
S&P Smallcap 600	$ 100.00	$ 116.78	$ 134.61	$ 156.28	$ 174.33	$ 117.77
S&P Health Care Equipment	$ 100.00	$ 117.27	$ 117.72	$ 120.02	$ 132.34	$ 114.15

* $100 invested on 10/31/03 in stock & index-including reinvestment of dividends. Fiscal year ending October 31.

Table of Contents

Equity Compensation Plan Information

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights[1] (A)	Weighted-Average Exercise Price of Outstanding Outstanding Options, Warrants and Rights (B)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column A) (C)
Equity compensation plans approved by shareholders[2]	5,656,825	$ 49.64	1,628,325
Equity compensation plans not approved by shareholders			
Total	5,656,825	$ 49.64	1,628,325

(1) The amount of total securities to be issued under Company equity plans shown in Column A includes 371,225 Restricted Stock Units granted pursuant to the Company s equity plans. These awards for the distribution of shares to the grant recipient upon the completion of time-based holding periods and do not have an associated exercise price. Accordingly, these awards are not reflected in the weighted-average exercise price disclosed in Column B.

(2) Includes information with respect to the 2007 Long-Term Incentive Plan for Employees of The Cooper Companies, Inc. (2007 Plan), which was approved by stockholders on March 20, 2007, and provides for the issuance of up to 2,700,000 shares of Common Stock, and the 2006 Long Term Incentive Plan for Non-Employee Directors of The Cooper Companies, Inc. (the Directors Plan), which was approved by stockholders on March 21, 2006 and provides for the issuance of up to 650,000 shares of Common Stock. As of October 31, 2008, up to 1,250,859 shares of Common Stock may be issued pursuant to the 2007 Plan and 377,466 shares of Common Stock may be issued pursuant to the Directors Plan. Also includes information with respect to the 1998 Long-Term Incentive Plan (1998 Plan), the 1996 Long Term Incentive Plan for Non-Employee Directors and the Second Amended and Restated 2001 Long Term Incentive Plan (2001 Plan) of The Cooper Companies, Inc., which were originally approved by stockholders on March 21, 1996 and March 28, 2001. The 1998 Plan, 1996 Director Plan and 2001 Plan have all expired by their terms, but up to 3,961,817 shares of Common Stock may be issued pursuant to awards that remain outstanding under these plans.

Table of Contents

Item 6. ***Selected Financial Data.***

Five Year Financial Highlights

Years Ended October 31, (In thousands, except per share amounts)	2008	2007	2006	2005	2004
Consolidated Operations					
Net sales	$ 1,063,176	$ 950,641	$ 858,960	$ 806,617	$ 490,176
Gross profit	$ 610,030	$ 519,531	$ 525,977	$ 496,832	$ 315,830
Income from continuing operations before income taxes	$ 76,207	$ 672	$ 73,337	$ 108,457	$ 112,489
Provision for income taxes	10,731	11,864	7,103	16,735	19,664
Net income (loss)	65,476	(11,192)	66,234	91,722	92,825
Add interest charge applicable to convertible debt, net of tax	1,394		2,090	2,096	2,095
Income (loss) for calculating diluted earnings per share	$ 66,870	$ (11,192)	$ 68,324	$ 93,818	$ 94,920
Diluted earnings (loss) per share	$ 1.43	$ (0.25)	$ 1.44	$ 2.04	$ 2.59
Diluted shares excluding shares applicable to convertible debt	45,117	44,707	44,979	43,393	34,023
Shares applicable to convertible debt	1,727		2,590	2,590	2,590
Average number of shares used to compute diluted earnings per share	46,844	44,707	47,569	45,983	36,613
Dividends paid per share	$ 0.06	$ 0.06	$ 0.06	$ 0.06	$ 0.06
Consolidated Financial Position					
Current assets	$ 526,032	$ 517,522	$ 456,951	$ 443,714	$ 304,498
Property, plant and equipment, net	602,654	604,530	496,357	379,785	151,065
Goodwill	1,251,699	1,289,584	1,241,807	1,185,094	331,815
Other intangible assets, net	130,587	145,833	147,160	151,413	31,768
Other assets	76,644	38,700	35,049	35,869	13,630
	$ 2,587,616	$ 2,596,169	$ 2,377,324	$ 2,195,875	$ 832,776
Short-term debt	$ 43,013	$ 46,514	$ 61,366	$ 72,260	$ 20,871
Other current liabilities	212,394	239,966	215,264	185,362	90,718
Long-term debt	861,781	830,116	681,286	632,652	144,865
Other liabilities	53,352	20,086	16,176	16,331	10,946
Total liabilities	1,170,540	1,136,682	974,092	906,605	267,400
Stockholders equity	1,417,076	1,459,487	1,403,232	1,289,270	565,376
	$ 2,587,616	$ 2,596,169	$ 2,377,324	$ 2,195,875	$ 832,776

38

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Management s Discussion and Analysis of Financial Condition and Results of Operations

Item 7. ***Management s Discussion and Analysis of Financial Condition and Results of Operations.***

Note numbers refer to the Notes to Consolidated Financial Statements in Item 8. Financial Statements and Supplementary Data.

RESULTS OF OPERATIONS

We discuss below the results of our operations for fiscal 2008 compared with fiscal 2007 and the results of our operations for fiscal 2007 compared with fiscal 2006. Certain prior period amounts have been reclassified to conform to the current period s presentation. We discuss our cash flows and current financial condition under Capital Resources and Liquidity.

Outlook

We believe that CVI will continue to compete successfully in the worldwide contact lens market with its disposable spherical, phosphorylcholine (PC) Technology , silicone hydrogel and specialty contact lenses. We believe that market demographics are favorable with the reported incidence of myopia continuing to increase worldwide and with the teenage population in the United States, the age when most contact lens wear begins, projected to grow considerably over the next two decades. CVI expects greater market penetration in Europe and Asia as practitioners increasingly prescribe more specialty lenses.

We are in the process of developing and launching a number of new contact lens products to enhance CVI s broad and competitive product lines. New products planned for introduction over the next two years include additional lenses utilizing silicone hydrogel and PC Technology materials and new lens designs, including toric and multifocal lenses. We also plan to launch our Proclear 1 Day, a single-use spherical lens, in Japan during the first calendar quarter of 2009.

Sales of contact lenses utilizing silicone hydrogel materials, a major product material in the industry, have grown significantly. The Company has launched Biofinity and Avaira, silicone hydrogel spherical contact lens products, in the United States, Europe and Asia Pacific, excluding Japan. We plan to launch a monthly silicone hydrogel toric lens, under the Biofinity label, in the first quarter of 2009 and a two-week silicone hydrogel toric, under the Avaira label, at the end of calendar 2009. While initial customer reaction from Biofinity and Avaira has been favorable, our future growth may be limited by our late entry into the silicone hydrogel market. We have achieved sufficient manufacturing capacity of Biofinity and Avaira to support our business plan. For both products, however, we face challenges associated with manufacturing using a new material and ramping up production volumes, reducing costs and improving efficiencies. We believe that our ability to succeed with silicone hydrogel products will be an important factor affecting future levels of sales growth and profitability.

While we remain optimistic about the long-term prospects for the worldwide contact lens market, recent events affecting the economy as a whole, including the uncertainty and instability of the U.S. and international credit markets and recessionary pressures in the United States, have lowered our expectations for fiscal year 2009. We experienced slower than expected sales in October and November of 2008, and we are receiving anecdotal evidence that consumers may be changing their buying habits and extending the use of contact lenses beyond prescribed limits. We believe that these changes are temporary responses to current economic conditions, and we expect the contact lens market to recover with a recovery in the broader economy.

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Management s Discussion and Analysis of Financial Condition and

Results of Operations (Continued)

Regarding capital resources, we believe that cash and cash equivalents on hand of $1.9 million plus cash from operating activities and existing credit facilities will fund future operations, capital expenditures, cash dividends and small acquisitions. We expect capital expenditures in fiscal 2009 of approximately $125 million to $140 million, primarily to expand silicone hydrogel and single-use lens manufacturing capacity and for information technology.

2008 Compared with 2007

Highlights: 2008 vs. 2007

Net sales up 12% to $1.06 billion from $950.6 million in fiscal year 2007.

Gross profit up 17%; gross margin increased to 57% of net sales from 55%.

Operating income up to $127.0 million from $45.9 million.

We recorded tax expense of $10.7 million for fiscal year 2008 compared to $11.9 million for fiscal year 2007.

Diluted earnings per share $1.43 up from a loss per share of 25 cents.

Results for 2008 include $30.6 million of production start up costs, $1.9 million of distribution rationalization costs, $2.5 million of other restructuring and integration costs, $3.4 million of intellectual property and securities litigation costs and $2.9 million write-off of the debt issuance costs of our amended and restated credit agreement. Results from 2007 included $119.1 million of similar items, discussed below.

Selected Statistical Information Percentage of Net Sales and Growth

Years Ended October 31,	2008	% Growth	2007	% Growth	2006
Net sales	100%	12%	100%	11%	100%
Cost of sales	43%	5%	45%	29%	39%
Gross profit	57%	17%	55%	(1%)	61%

Selling, general and administrative expense	40%	5%	43%	14%	42%
Research and development expense	3%	(11%)	4%	15%	4%
Restructuring costs		(84%)	1%	52%	1%
Amortization of intangibles	2%	4%	2%	13%	1%
Operating income	12%	177%	5%	(59%)	13%

Net Sales

Cooper s two business units, CVI and CSI generate all of its sales.

CVI develops, manufactures and markets a broad range of soft contact lenses for the worldwide vision care market.

CSI develops, manufactures and markets medical devices, diagnostic products and surgical instruments and accessories used primarily by gynecologists and obstetricians.

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Management s Discussion and Analysis of Financial Condition and

Results of Operations (Continued)

Our consolidated net sales grew by 12% in 2008 and 11% in 2007. CVI achieved 12% net sales growth primarily on growth of disposable lenses, including single-use lenses, and the sales of our silicone hydrogel lenses, Biofinity and Avaira. CSI achieved 9% net sales growth in 2008 primarily due to 6% organic growth including products marketed directly to hospitals.

Net Sales Growth

($ in millions)	2008 vs. 2007		2007 vs. 2006	
Business unit				
CVI	$ 99.0	12%	$ 61.7	8%
CSI	$ 13.6	9%	$ 30.0	24%

CVI Net Sales

Practitioner and patient preferences in the worldwide contact lens market continue to change. The major shifts are from:

- Conventional lenses replaced annually to disposable and frequently replaced lenses. Disposable lenses are designed for either daily, two-week or monthly replacement; frequently replaced lenses are designed for replacement after one to three months.
- Commodity lenses to specialty lenses including toric, multifocal and cosmetic lenses.
- Commodity spherical lenses to value-added spherical lenses such as continuous wear lenses and lenses to alleviate dry eye symptoms as well as lenses with aspherical optical properties or higher oxygen permeable lenses such as silicone hydrogels.

These shifts generally favor CVI s product lines of specialty lenses, PC Technology brand spherical lenses, silicone hydrogel spherical lenses and single-use spherical lenses. Additionally, it is important that CVI develop a full range of silicone hydrogel products in the United States, Europe and Asia Pacific, excluding Japan. CVI has launched Biofinity and Avaira, its silicone hydrogel spherical lens products in the United States, Europe and Asia Pacific. CVI s toric products are facing increased pressure due to the launch of silicone hydrogel toric products by its major competitors. CVI has begun production of Biofinity toric, a silicone hydrogel toric lens, and anticipates launching this product in the first calendar quarter of 2009. CVI also plans to launch a second silicone hydrogel toric lens, Avaira toric, by the end of calendar 2009.

CVI introduced the following products during 2008:

Avaira, a two-week silicone hydrogel spherical lens.

Expanded power ranges for Biofinity, a monthly silicone hydrogel spherical lens.

Expanded power ranges for Proclear 1 Day, a PC Technology, single-use spherical lens.

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Management s Discussion and Analysis of Financial Condition and

Results of Operations (Continued)

Contact lens revenue includes sales of conventional, disposable, long-term extended wear lenses and single-use spherical lenses, some of which are aspherically designed, and specialty lenses toric lenses, cosmetic lenses and multifocal lenses.

Aspheric lenses correct for near- and farsightedness and have additional optical properties that help improve visual acuity in low light conditions and can correct low levels of astigmatism and low levels of presbyopia, an age-related vision defect.

Toric lens designs correct astigmatism by adding the additional optical properties of cylinder and axis, which correct for irregularities in the shape of the cornea.

Cosmetic lenses are opaque and color enhancing lenses that alter the natural appearance of the eye.

Multifocal lens designs correct presbyopia.

Proclear lenses, manufactured using proprietary phosphorylcholine (PC) Technology , help enhance tissue/device compatibility and offer improved lens comfort.

CVI Net Sales by Market

($ in millions)	2008	2007	Growth
Americas	$ 388.1	$ 360.5	8%
Europe	346.7	306.4	13%
Asia Pacific	160.0	129.0	24%
	$ 894.8	$ 795.9	12%

CVI s worldwide net sales grew 12%, 8% in constant currency. Americas sales grew 8%, 7% in constant currency, primarily due to market gains of CVI s silicone hydrogel lenses, Biofinity and Avaira, PC Technology lenses and single-use lenses. EMEA sales grew 13%, 6% in constant currency, driven by increases in sales of Biofinity, disposable toric and disposable sphere products, including Proclear 1 Day lenses. Sales to the Asia Pacific region grew 24%, 14% in constant currency, primarily due to significant sales growth of single-use and other disposable sphere products, disposable toric products and Biofinity lenses.

Net sales growth includes increases in single-use spheres up 45%, at $165.3 million, all disposable spheres up 18% and total spheres up 16%. Biofinity had sales of $50.7 million primarily in Europe and the United States, and Avaira had sales of $7.6 million in the United States. Disposable toric sales grew 11% with total toric sales up 8% and disposable multifocal sales up 26%. CVI s line of specialty lenses grew 10%. Older conventional lens products declined 14%, and cosmetic lenses declined 2%. Proclear products continued global market share gains as Proclear toric sales increased 39% to $72.2 million, Proclear spheres, including Biomedics XC and Proclear 1 Day, increased 22% to $124.6 million and Proclear multifocal lenses, including Biomedics XC, increased 40% to $44.4 million.

CVI s sales growth is driven primarily through increases in the volume of lenses sold as the market continues to move to more frequent replacement. While unit growth and product mix have influenced CVI s sales growth, average realized prices by product have not materially influenced sales growth.

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Management s Discussion and Analysis of Financial Condition and

Results of Operations (Continued)

CSI Net Sales

CSI s net sales increased 9% to $168.3 million with organic sales growth of about 6%. Sales of products marketed directly to hospitals grew 19% and now represent 30% of CSI s sales. Women s healthcare products used primarily by obstetricians and gynecologists generate 95% of CSI s sales. The balance are sales of medical devices outside of women s healthcare which CSI does not actively market. While unit growth and product mix have influenced organic sales growth, average realized prices by product have not materially influenced organic sales growth.

2007 Compared with 2006

We began recording share-based compensation expense in fiscal 2006 using the modified prospective transition method whereby prior periods are not restated and do not include such expense. We acquired Ocular on January 6, 2005, and include Ocular in our results from that date.

Highlights: 2007 vs. 2006

Net sales up 11% to $950.6 million from $859.0 million in fiscal year 2006.

Gross profit down 1%; gross margin decreased to 55% of net sales including production start-up costs and integration and restructuring items, from 61%.

Operating income down 59% to $45.9 million from $112.9 million. Operating margin at 5% of net sales including integration and restructuring items.

We recorded tax expense of $11.9 million for fiscal year 2007 compared to $7.1 million for fiscal year 2006.

Loss per share 25 cents down from diluted earnings per share of $1.44.

Results for 2007 include $7.2 million write-off of acquired in-process research and development, $34.4 million of production start up costs, $13.4 million of distribution rationalization costs, $52.8 million of other restructuring and integration costs, $10.4 million of intellectual property and securities litigation costs and $0.9 million write-off of the debt issuance costs of our amended and restated credit agreement. Results from 2006 included $52.7 million of similar items.

Selected Statistical Information Percentage of Net Sales and Growth

Years Ended October 31,	2007	% Growth	2006	% Growth	2005
Net sales	100%	11%	100%	6%	100%
Cost of sales	45%	29%	39%	7%	38%
Gross profit	55%	(1%)	61%	6%	62%
Selling, general and administrative expense	43%	14%	42%	20%	37%
Research and development expense	4%	15%	4%	(19%)	5%
Restructuring costs	1%	52%	1%	(25%)	1%
Amortization of intangibles	2%	13%	1%	22%	2%
Operating income	5%	(59%)	13%	(17%)	17%

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Management s Discussion and Analysis of Financial Condition and

Results of Operations (Continued)

Net Sales

Our consolidated net sales grew by 11% in 2007 and 6% in 2006. CVI achieved 8% net sales growth primarily on growth of disposable lenses, including single-use lenses, and the launch of Biofinity, a silicone hydrogel lens. CSI achieved 24% net sales growth in 2007 driven by acquisitions and organic growth.

Net Sales Growth

($ in millions)	2007 vs. 2006		2006 vs. 2005	
Business unit				
CVI	$ 61.7	8%	$ 36.2	5%
CSI	$ 30.0	24%	$ 16.1	15%

CVI s core product lines of specialty lenses, PC Technology brand spherical lenses, silicone hydrogel spherical lenses and single-use spherical lenses were 70% of CVI s worldwide business. Additionally, it is important that CVI develop a range of silicone hydrogel products. CVI has launched Biofinity, its silicone hydrogel lens, with sales in Europe, the United States and Australia and is in the process of expanding its manufacturing capacity to grow sales. CVI anticipates launching a second silicone hydrogel spherical lens in April/May 2008 and commencing the marketing of a silicone hydrogel toric lens at the end of calendar 2008.

In addition to CVI s silicone hydrogel lens, during 2007 CVI introduced these new products:

Biomedics EP , a multifocal lens for emerging presbyopes.

Proclear 1 Day, a single-use spherical lens.

Proclear toric multifocal, a lens designed to address both astigmatism and presbyopia.

CVI Net Sales by Market

($ in millions)	2007	2006	Growth
Americas	$ 360.5	$ 351.9	2%
Europe	306.4	273.3	12%
Asia Pacific	129.0	109.0	18%
	$ 795.9	$ 734.2	8%

CVI s worldwide net sales grew 8%, 5% in constant currency. Americas sales grew 2%, the same in constant currency, primarily due to market gains of multifocal and daily disposable lenses offset by the continued market shift in favor of silicone hydrogel products. European sales grew 12%, 3% in constant currency, driven by significant increases in sales of disposable toric and disposable sphere products. Sales to the Asia Pacific region grew 18%, the same in constant currency, primarily due to significant sales growth of single-use and other sphere products and disposable toric products.

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Management s Discussion and Analysis of Financial Condition and

Results of Operations (Continued)

Net sales growth includes increases in single-use spheres up 29%, at $113.7 million, all disposable spheres up 10% and total spheres up 8%. Biofinity, CVI s silicone hydrogel spherical lens, had sales of $9.8 million primarily in Europe and the United States. Disposable toric sales grew 13% with total toric sales up 8% and disposable multifocal sales up 25%. CVI s line of specialty lenses grew 10%. Cosmetic lenses grew 5%, and older conventional lens products declined 13%. Proclear products continued global market share gains as Proclear toric sales increased 47% to $51.9 million, Proclear spheres, including Biomedics XC and Proclear 1 Day, increased 22% to $102.5 million and Proclear multifocal lenses, including Biomedics XC, increased 52% to $31.8 million.

CVI s sales growth is driven primarily through increases in the volume of lenses sold as the market continues to move to more frequent replacement. While unit growth and product mix have influenced CVI s sales growth, average realized prices by product have not materially influenced sales growth.

CSI Net Sales

CSI s net sales increased 24% to $154.8 million with organic sales growth of about 9%. Sales of products marketed directly to hospitals grew 51% and now represent 27% of CSI s sales. Women s healthcare products used primarily by obstetricians and gynecologists generate more than 94% of CSI s sales. The balance are sales of medical devices outside of women s healthcare which CSI does not actively market. CSI s acquisitions during the year did not significantly affect Cooper s consolidated results of operations. While unit growth and product mix have influenced organic sales growth, average realized prices by product have not materially influenced organic sales growth.

2008 Compared to 2007 and 2007 Compared to 2006

Cost of Sales/Gross Profit

Gross Profit Percentage of Net Sales	2008	2007	2006
CVI	57%	54%	62%
CSI	59%	59%	58%
Consolidated	57%	55%	61%

CVI s margin was 57% in fiscal 2008 compared with 54% in fiscal 2007, the result of changing product mix offset by improvements in manufacturing efficiencies. The changing product mix included a shift to lower margin sphere products, including single-use spheres that represented 18% of lens sales in fiscal 2008 compared to 14% last year. CVI s fiscal 2008 cost of sales includes production start-up costs for our new silicone hydrogel products, share-based compensation and integration activities. These costs amounted to $27.9 million or 3% of sales. For fiscal 2007 cost of sales includes production start-up costs for our new silicone hydrogel products, the write off of manufacturing assets

associated with Ocular integration activities and share-based compensation expense, which were 9% of sales.

CSI s margin was 59% in both fiscal 2008 and 2007. Gross margin reflects CSI s emphasis on organic growth and continuing efficiencies associated with recent acquisitions offset by higher costs on products sourced outside the United States.

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Management s Discussion and Analysis of Financial Condition and

Results of Operations (Continued)

Selling, General and Administrative Expense (SGA)

(In millions)	2008	2007	2006
CVI	$ 342.5	$ 322.0	$ 284.3
CSI	57.7	54.5	44.7
Headquarters	29.1	31.5	28.8
	$ 429.3	$ 408.0	$ 357.8

Consolidated SGA increased by 5% in 2008, 14% in 2007 and 20% in 2006. As a percentage of net sales, consolidated SGA decreased to 40% in 2008, 43% in fiscal 2007 and 42% in 2006. The increase in SGA is primarily due to costs supporting increased sales levels and lenses used in marketing programs offset by increased efficiencies as a result of the rationalization of distribution centers and decreased litigation costs.

CVI s SGA increased 6% in 2008, primarily due to costs supporting increased sales levels and lenses used in marketing programs and 13% in 2007, primarily due to costs related to the rationalization of distribution centers, lenses used in marketing programs and intellectual property litigation. SGA as a percentage of net sales decreased to 38% in 2008 from 40% in 2007 and 39% in 2006.

During fiscal 2007, we were engaged in litigation with regard to our silicone hydrogel product and certain lens design patents. In November 2007, we reached a global settlement agreement with CIBA Vision, the eye care unit of Novartis AG, that resolves all disputes with respect to current patent infringement litigation between the companies. Under the terms of the settlement, the companies have agreed to cross license rights to these patents, and CVI has agreed to pay a royalty on its future net U.S. contact lens sales of Biofinity and Avaira until 2014 and on net sales outside of the United States until 2016.

CSI s 2008 SGA increased 6% over 2007, which supported the 9% increase in sales, and 2007 SGA increased 22% over 2006. Selling and distributing costs increased to support the emphasis on organic sales growth.

Corporate headquarters SGA, which decreased 8% to $29.1 million in 2008 but increased 9% to $31.5 million in 2007 were 3% of consolidated net sales in both periods. The decrease in 2008 was primarily due to expense recovery related to forfeitures of share-based awards. The growth in 2007 was primarily due to share-based compensation expense. The growth since 2006 includes continued expenses for projects and staff to maintain the Company s global trading arrangement and costs to comply with corporate governance requirements.

Research and Development Expense

Research and development (R&D) expense in 2008 decreased 11% from 2007 and increased 15% over 2006 and was 3% of sales in 2008, and 4% of sales in both periods for 2007 and 2006. R&D expense was $35.5 million in 2008, $39.9 million in 2007 and $34.5 million in 2006. R&D expense included acquired in-process research and development of $7.2 million in 2007 for CSI.

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Management s Discussion and Analysis of Financial Condition and

Results of Operations (Continued)

CVI s research and development expenditures were $30.7 million, up 11% in 2008, and $27.6 million in 2007, up 17%. CVI s research and development activities include programs to develop disposable silicone hydrogel products and product lines utilizing PC Technology .

CSI s research and development expenditures were $4.7 million, down 7% in 2008, and $5.1 million, up 45% in 2007, net of acquired in-process R&D. CSI s research and development activities include the upgrade and redesign of many CSI osteoporosis, in-vitro fertilization, incontinence and assisted reproductive technology products and other obstetrical and gynecological product development activities.

Restructuring Expense

Restructuring expenses were $1.5 million in 2008 down from $9.7 million in 2007 as CVI completed the integration of Ocular. In connection with the January 6, 2005, acquisition of Ocular, CVI has progressed through our integration plan, optimizing operational synergies of the combined companies including integrating duplicate facilities and expanding utilization of preferred manufacturing and distribution practices. As of October 31, 2008, the total restructuring costs under this integration plan were $49.1 million, of which approximately $30 million were cash related, and are reported as charges to cost of sales or restructuring costs in our Consolidated Statements of Income. See Note 3 to the consolidated financial statements.

Amortization of Intangibles

Amortization of intangibles was $16.8 million in 2008, $16.2 million in 2007 and $14.3 million in 2006. Amortization expense increased in both fiscal 2008 and fiscal 2007 due to acquired intangible assets.

Operating Income

Operating income grew $14.1 million, or 12%, between 2006 and 2008, increasing 177% or $81.1 million in 2008 after declining 59% or $67.0 million in 2007.

Years Ended October 31,			
($ in millions)	**2008**	**2007**	**2006**

CVI	$ 123.4	$ 57.2	$ 126.6
CSI	32.7	20.1	15.1
Headquarters	(29.1)	(31.4)	(28.8)
	$ 127.0	$ 45.9	$ 112.9
Percent growth (decline)	177%	(59%)	(17%)

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Management s Discussion and Analysis of Financial Condition and

Results of Operations (Continued)

Interest Expense

Interest expense increased 19% to $50.8 million in 2008, 14% to $42.7 million in 2007 and 26% to $37.3 million in 2006. Excluding the write-off of $3.0 million of unamortized costs related to the repurchase of our 2.625% Convertible Senior Debentures, interest expense increased 12% in 2008. The increases in interest expense are primarily due to higher average debt balances to support capital investments. We had $861.4 million in loans on our credit facility on October 31, 2008, compared to $717.0 million outstanding on October 31, 2007.

Other Income (Expense), Net

Years Ended October 31,

(In thousands)	2008	2007	2006
Interest income	$ 298	$ 474	$ 386
Foreign exchange gain (loss)	387	(3,047)	(1,417)
Other (expense) income	(657)	74	(1,201)
	$ 28	$ (2,499)	$ (2,232)

Provision for Income Taxes

We recorded tax expense of $10.7 million for fiscal year 2008 compared to $11.9 million for fiscal year 2007. Our geographic mix of income changed during 2008, with a decrease in profitability in high tax jurisdictions offset by certain expenses associated with the Ocular integration plan that impacted jurisdictions with lower tax rates.

Share-Based Compensation Plans

The Company grants various stock-based compensation awards, including stock options, restricted stock and restricted stock units. The share-based compensation and related income tax benefit recognized in the consolidated financial statements in fiscal year 2008 was $14.9 million and $4.0 million, respectively, compared to $17.7 million and $4.3 million, respectively, if fiscal year 2007. As of October 31, 2008, there was $37.6 million of total unrecognized compensation cost related to nonvested stock options and restricted stock units, which is expected to be recognized over a weighted average remaining vesting period of 2.03 years for nonvested stock options and 2.17 years for restricted stock

units. Cash received from options exercised under all share-based compensation arrangements for fiscal 2008 and 2007 was $6.3 million and $9.3 million, respectively.

The Company estimates the fair value of each stock option award on the date of grant using the Black-Scholes valuation model, which requires management to make estimates regarding expected option life, stock price volatility and other assumptions. Groups of employees that have similar historical exercise behavior are considered separately for valuation purposes. The Company estimates stock option forfeitures based on historical data for each employee grouping, and adjusts the rate to expected forfeitures periodically. The adjustment of the forfeiture rate will result in a cumulative catch-up adjustment in the period the forfeiture estimate is changed. During fiscal year 2008, these adjustments totaled $3.2 million.

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Management s Discussion and Analysis of Financial Condition and

Results of Operations (Continued)

CAPITAL RESOURCES AND LIQUIDITY

2008 Highlights

Operating cash flow $96.5 million, compared to $134.0 million in 2007.

Expenditures for purchases of property, plant and equipment $124.9 million, compared to $183.6 million in 2007.

Cash payments for acquisitions totaled $3.9 million, compared to $81.0 million in 2007.

Net cash inflow from long-term debt totaling $29.4 million compared to $110.8 million in 2007.

Comparative Statistics

Years Ended October 31,

($ in millions)	2008	2007
Cash and cash equivalents	$ 1.9	$ 3.2
Total assets	$ 2,587.6	$ 2,596.2
Working capital	$ 270.6	$ 231.0
Total debt	$ 904.8	$ 876.6
Stockholders equity	$ 1,417.1	$ 1,459.5
Ratio of debt to equity	0.64:1	0.60:1
Debt as a percentage of total capitalization	39%	38%

Operating Cash Flows

Cash flow provided from operating activities continued as Cooper s major source of liquidity, totaling $96.5 million in fiscal 2008 and $134.0 million in 2007. Operating cash flow decreased as we have utilized cash to build inventory in support of new product launches, including lenses for use in marketing programs, payment of income taxes and reduction of accounts payable, net of accounts payable related to capital expenditures.

The increase in working capital in fiscal 2008 was primarily due to our adoption of FIN 48, which resulted in a reclassification of certain short-term tax liabilities to long term (see Note 6 to the consolidated financial statements) and the building of inventories to support new product launches and increasing sales levels. Increases in our long-term borrowings and accounts receivable and a decrease in other accrued liabilities also contributed to the increase. Cash used to pay for capital equipment, while significantly less than the prior year, reduced working capital.

At the end of fiscal 2008, Cooper s inventory months on hand (MOH) were 8.0 compared to 5.9 at fiscal year-end 2007. However, our adjusted fiscal 2007 MOH was 7.4, net of $27.3 million of charges to costs of sales recorded in our fiscal fourth quarter 2007 associated with our Ocular integration plan, as we continued to build inventory in support of new product launches and distribution center consolidations. Also, our days sales outstanding (DSO) decreased to 58 days at October 31, 2008, from 60 days at October 31, 2007. Based on our experience and knowledge of our customers and our analysis of inventoried products and product levels, we believe that our accounts receivable and inventories are recoverable.

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Management s Discussion and Analysis of Financial Condition and

Results of Operations (Continued)

Investing Cash Flows

The cash outflow of $128.8 million from investing activities in fiscal 2008 was driven by payments of $3.9 million for acquisitions and capital expenditures of $124.9 million, used primarily to expand manufacturing capacity, consolidate distribution centers and continue the rollout of new information systems.

Financing Cash Flows

The cash inflow of $31.2 million from financing activities in fiscal 2008 was driven by net proceeds from long-term debt of $29.4 million and $6.3 million from the exercise of stock options, partially offset by payment of short-term debt of $3.5 million and dividends on our common stock of $2.7 million paid in the first and third quarters of 2008.

Risk Management

Most of our operations outside the United States have their local currency as their functional currency. We are exposed to risks caused by changes in foreign exchange, principally our pound sterling, euro and Japanese yen-denominated debt and receivables, and from operations in foreign currencies. We have taken steps to minimize our balance sheet exposure. Although we enter into foreign exchange agreements with financial institutions to reduce our exposure to fluctuations in foreign currency values relative to our debt or receivables obligations, these hedging transactions do not eliminate that risk entirely. We are also exposed to risks associated with changes in interest rates, as the interest rate on our Senior Unsecured Revolving Line of Credit varies with the London Interbank Offered Rate. Our significant increase in debt following the acquisition of Ocular has significantly increased the risk associated with changes in interest rates. We have decreased this interest rate risk by hedging a significant portion of variable rate debt effectively converting it to fixed rate debt for varying periods through May 2011. For additional detail, see Item 1A. Risk Factors and Note 1 and Note 8 to the consolidated financial statements.

On January 31, 2007, Cooper entered into a $650 million syndicated Senior Unsecured Revolving Line of Credit (Revolver) and $350 million aggregate principal amount of 7.125% of senior notes (See Note 7 to the consolidated financial statements). KeyBank led the Revolver refinancing and the Revolver matures on January 31, 2012.

In connection with the normal management of our financial liabilities, we may from time to time seek to retire or purchase our Senior Notes through open market cash purchases, privately negotiated transactions or otherwise. Such repurchases will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

Outlook Global Market and Economic Conditions

In the United States and globally, recent market and economic conditions have been unprecedented and challenging with tighter credit conditions and slower economic growth through into the fourth quarter of 2008. For our fiscal year ended October 31, 2008, continued concerns about the systemic impact of inflation, energy costs, geopolitical issues, the availability and cost of credit, bank failures and a

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Management s Discussion and Analysis of Financial Condition and

Results of Operations (Continued)

declining real estate market in the U.S. have contributed to increased market volatility and diminished expectations for the U.S. and the global economy. These conditions, combined with volatile oil prices, declining business and consumer confidence and increased unemployment have in recent weeks near and subsequent to the end of the fiscal year contributed to substantial declines in capital markets and consumer confidence.

As a result of these market conditions, the cost and availability of credit has been and may continue to be adversely affected by illiquid credit markets and wider credit spreads. Concern about the stability of the markets generally and the strength of counterparties specifically has led many lenders and institutional investors to reduce, and in some cases, cease to provide funding to borrowers. Continued turbulence in the U.S. and international markets and economies may adversely affect our liquidity and financial condition, and the liquidity and financial condition of our customers. If these market conditions continue, they may limit our ability, and the ability of our customers, to timely replace maturing liabilities, and access the capital markets to meet liquidity needs, resulting in potential adverse effects on our financial condition and results of operations. These conditions may also affect the markets for our products as consumers may curtail buying habits similar to the slower than expected contact lens sales in October and November 2008.

We believe that cash and cash equivalents on hand of $1.9 million plus cash generated by operating activities and borrowing capacity under our existing credit facilities will fund future operations, capital expenditures, cash dividends and small acquisitions. Management believes that our projected outlook on sources of liquidity will be sufficient to meet our projected liquidity needs for the next 12 months. At October 31, 2008, we had $138.4 million available under our $650 million syndicated bank credit facility.

OFF BALANCE SHEET ARRANGEMENTS

None.

CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS

As of October 31, 2008, we had the following contractual obligations and commercial commitments:

Payments Due by Period

(In millions)	Total	2009	2010 & 2011	2012 & 2013	2014 & Beyond
Contractual obligations:					
Long-term debt	$ 861.8	$	$	$ 511.4	$ 350.4

Interest payments on long-term debt	228.8	45.2	91.1	55.1	37.4
Operating leases	187.6	31.3	56.5	39.4	60.4
Total contractual obligations	1,278.2	76.5	147.6	605.9	448.2
Commercial commitments:					
Stand-by letters of credit	0.2	0.2			
Total	$ 1,278.4	$ 76.7	$ 147.6	$ 605.9	$ 448.2

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Management s Discussion and Analysis of Financial Condition and

Results of Operations (Continued)

The expected future benefit payments for pension plans through 2018 are disclosed in Note 11. Employee Benefits.

Inflation and Changing Prices

Inflation has had no appreciable effect on our operations in the last three fiscal years.

New Accounting Pronouncements

In September 2006, the FASB issued Statements of Financial Accounting Standards (SFAS) No. 157, *Fair Value Measurements* (SFAS 157). This statement defines fair value, establishes a framework for measuring fair value in accordance with U.S. GAAP and expands disclosures about fair value measurements. In February 2008, the FASB issued FASB Staff Position (FSP) SFAS 157-1, *Application of FASB Statement No. 157 to FASB Statement No. 13 and Other Accounting Pronouncements That Address Fair Value Measurements for Purposes of Lease Classification or Measurement under Statement 13*, and FSP SFAS 157-2, *Effective Date of FASB Statement No. 157*. These FSPs defer the effective date in SFAS 157 for one year for certain nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually) and exclude certain leasing transactions accounted for under SFAS 13, *Accounting for Leases*, from the scope of SFAS 157. The delayed portions of SFAS 157 will be adopted by the Company beginning in its fiscal year ending October 31, 2010, while all other portions of the standard will be adopted by the Company beginning in its fiscal year ending October 31, 2009, as required. The Company does not expect a significant impact from the adoption of this statement on the Company s consolidated financial statements.

In September 2006, the FASB issued SFAS No. 158, *Employers Accounting for Defined Benefit Pension and Other Postretirement Plans* (SFAS 158). Effective October 31, 2007, we adopted the balance sheet recognition provision of this standard and accordingly recognized the funded status of the Company s defined benefit postretirement plan. Effective for fiscal years ending after December 15, 2008, the standard also requires the measurement date for the Company s defined benefit postretirement plan assets and benefit obligations to coincide with our fiscal year-end. SFAS 158 provides two transition alternatives related to the change in measurement date provisions. We will adopt the measurement date provisions of SFAS 158 on the first day of our fiscal year ending October 31, 2009. The Company does not expect a significant impact from adopting the measurement date provision of the standard on our consolidated financial statements.

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51* (SFAS 160). SFAS 160 establishes accounting and reporting standards for ownership interests in subsidiaries held by parties other than the parent, the amount of consolidated net income attributable to the parent and to the noncontrolling interest, changes in a parent s ownership interest and the valuation of retained noncontrolling equity investments when a subsidiary is deconsolidated. SFAS 160 also establishes reporting requirements that provide sufficient disclosures that clearly identify and distinguish between the interests of the parent and the interests of

52

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Management s Discussion and Analysis of Financial Condition and

Results of Operations (Continued)

the noncontrolling owners. Currently, the Company does not anticipate that the adoption of SFAS 160, which is effective for the Company beginning in our fiscal year ending October 31, 2010, will have a material impact on our consolidated financial statements.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), *Business Combinations* (SFAS 141R). SFAS 141R establishes principles and requirements for how the acquirer in a business combination recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any controlling interest in the business and the goodwill acquired. SFAS 141R further requires that acquisition related costs and costs associated with restructuring or exiting activities of an acquired entity will be expensed as incurred. SFAS 141R also establishes disclosure requirements which will require disclosure of the nature and financial effects of the business combination. SFAS 141R is effective for fiscal years beginning on or after December 15, 2008, which is effective for the Company beginning in the first quarter of the fiscal year 2010 and will be applied prospectively.

In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities* (SFAS 161). SFAS 161 amends and expands the disclosure requirements of SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* (SFAS 133), with the intent of providing users of the financial statements with an enhanced understanding of how and why an entity uses derivative instruments, how derivative instruments and related hedge items are accounted for under SFAS 133 and its related interpretations, and how derivative instruments and related hedge items affect an entity s financial position, financial performance and cash flows. SFAS 161 requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures above fair value amounts of gains and losses on derivative instruments and disclosures about credit-risk related contingent features in derivative agreements. In September 2008, the FASB issued FASB Staff Position (FSP) FAS 133-1 and FIN 45-4, *Disclosures about Credit Derivatives and Certain Guarantees An Amendment of FASB Statement No. 133 and FASB Interpretation No. 45; and Clarification of the Effective Date of FASB Statement No. 161.* This FSP clarifies the FASB s intent that the disclosures required by SFAS 161 should be provided for any reporting period (annual or interim) beginning after November 15, 2008. The Company is currently evaluating the impact of SFAS 161, which, due to the clarification in the FSP, is effective for the Company in our interim period beginning February 1, 2009 and fiscal year ending October 31, 2009, on our consolidated financial statements.

In May 2008, the FASB issued FSP APB No. 14-1, *Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)* (FSP APB 14-1). FSP APB 14-1 clarifies that convertible debt instruments that may be settled in cash upon conversion (including partial cash settlement) are not addressed by paragraph 12 of APB Opinion No. 14, *Accounting for Convertible Debt and Debt Issued with Stock Purchase Warrants*. Additionally, this FSP specifies that issuers of such instruments should separately account for the liability and equity components in a manner that will reflect the entity s nonconvertible debt borrowing rate when interest cost is recognized in subsequent periods. FSP APB 14-1 is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. The Company is currently evaluating the impact of FSP APB 14-1, which is effective for the Company in our fiscal year ending October 31, 2010, and related interim periods, on our consolidated financial statements.

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Management s Discussion and Analysis of Financial Condition and

Results of Operations (Continued)

In September 2008, the FASB issued FSP FAS 133-1 and FIN 45-4. This FSP applies to: (*a*) credit derivatives within the scope of SFAS 133, *Accounting for Derivative Instruments and Hedging Activities;* (*b*) hybrid instruments that have embedded credit derivatives; and (*c*) guarantees within the scope of FIN 45, *Guarantor s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others.* This FSP amends Statement 133, to require disclosures by sellers of credit derivatives, including credit derivatives embedded in a hybrid instrument. This FSP also amends FIN 45, to require an additional disclosure about the current status of the payment/performance risk of a guarantee. In addition, this FSP clarifies the FASB s intent that the disclosures required by SFAS 161 should be provided for any reporting period (annual or interim) beginning after November 15, 2008. The provisions of this FSP that amend Statement 133 and FIN 45 are effective for reporting periods (annual or interim) ending after November 15, 2008. The Company is currently evaluating the impact of FSP SFAS 133-1 and FIN 45-4, which is effective for the Company in our interim period beginning February 1, 2009 and fiscal year ending October 31, 2009, on our consolidated financial statements.

In April 2008, the FASB issued FSP FAS 142-3, *Determination of the Useful Life of Intangible Assets*. This FSP amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS 142, *Goodwill and Other Intangible Assets.* As such, for a recognized intangible asset, an entity shall disclose information that enables users of financial statements to assess the extent to which the expected future cash flows associated with the asset are affected by the entity s intent and/or ability to renew or extend the arrangement. The intent of this FSP is to improve the consistency between the useful life of a recognized intangible asset under SFAS 142 and the period of expected cash flows used to measure the fair value of the asset under SFAS 141R, and other GAAP. The Company is currently evaluating the impact of FSP FAS 142-3, which is effective for the Company in our fiscal year ending October 31, 2010, and related interim periods, on our consolidated financial statements.

Estimates and Critical Accounting Policies

Management estimates and judgments are an integral part of financial statements prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). We believe that the critical accounting policies described in this section address the more significant estimates required of management when preparing our consolidated financial statements in accordance with GAAP. We consider an accounting estimate critical if changes in the estimate may have a material impact on our financial condition or results of operations. We believe that the accounting estimates employed are appropriate and resulting balances are reasonable; however, actual results could differ from the original estimates, requiring adjustment to these balances in future periods.

Revenue recognition We recognize product revenue, net of discounts, returns, and rebates in accordance with Staff Accounting Bulletin (SAB) No. 104, Revenue Recognition and SFAS No. 48, Revenue Recognition When the Right of Return Exists. As required by these standards, we recognize revenue when it is realized or realizable and earned, based on terms of sale with the customer, where persuasive evidence of an agreement exists, delivery has occurred, the seller s price is fixed and determinable and collectability is reasonably assured. For contact lenses as well as CSI medical devices, diagnostic products and surgical instruments and accessories, this

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Management s Discussion and Analysis of Financial Condition and

Results of Operations (Continued)

primarily occurs upon product shipment, when risk of ownership transfers to our customers. We believe our revenue recognition policies are appropriate in all circumstances, and that our policies are reflective of our customer arrangements. We record, based on historical statistics, estimated reductions to revenue for customer incentive programs offered including cash discounts, promotional and advertising allowances, volume discounts, contractual pricing allowances, rebates and specifically established customer product return programs. While estimates are involved, historically, most of these programs have not been material to our business, since a high percentage of our revenue is from direct sales to doctors. The Company records taxes collected from customers on a net basis, as these taxes are not included in revenue.

Allowance for doubtful accounts Our reported balance of accounts receivable, net of the allowance for doubtful accounts, represents our estimate of the amount that ultimately will be realized in cash. We review the adequacy of our allowance for doubtful accounts on an ongoing basis, using historical payment trends and the age of the receivables and knowledge of our individual customers. When our analyses indicate, we increase or decrease our allowance accordingly. However, if the financial condition of our customers were to deteriorate, additional allowances may be required. While estimates are involved, bad debts historically have not been a significant factor given the diversity of our customer base, well established historical payment patterns and the fact that patients require satisfaction of healthcare needs in both strong and weak economies.

Net realizable value of inventory In assessing the value of inventories, we must make estimates and judgments regarding aging of inventories and other relevant issues potentially affecting the saleable condition of products and estimated prices at which those products will sell. On an ongoing basis, we review the carrying value of our inventory, measuring number of months on hand and other indications of salability, and reduce the value of inventory if there are indications that the carrying value is greater than market. At the point of the loss recognition, a new, lower-cost basis for that inventory is established, and subsequent changes in facts and circumstances do not result in the restoration or increase in that newly established cost basis. While estimates are involved, historically, obsolescence has not been a significant factor due to long product dating and lengthy product life cycles. We target to keep, on average, about seven months of inventory on hand to maintain high customer service levels given the complexity of our specialty lens product portfolio.

Valuation of goodwill We account for goodwill and evaluate our goodwill balances and test them for impairment in accordance with the provisions of SFAS No. 142, Goodwill and Other Intangible Assets (SFAS 142). We no longer amortize goodwill. The SFAS 142 goodwill impairment test is a two-step process. Initially, we compare the book value of net assets to the fair value of each reporting unit that has goodwill assigned to it. If the fair value is determined to be less than the book value, a second step is performed to compute the amount of the impairment. The valuation of each of our reporting units is determined using discounted cash flows, an income valuation approach. A reporting unit is the level of reporting at which goodwill is tested for impairment.

Our reporting units are the same as our business segments CVI and CSI reflecting the way that we manage our business. We test goodwill for impairment annually during the fiscal third quarter and when an event occurs or circumstances change such that it is reasonably possible that impairment may exist.

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Management s Discussion and Analysis of Financial Condition and

Results of Operations (Continued)

We performed an impairment test in our fiscal third quarter 2008, and our analysis indicated that we had no impairment of goodwill. As a result of the decline in the price of our common stock in the fiscal fourth quarter 2008 to a value below the Company s per share book value, including goodwill, and given the present stock price volatility and uncertainty surrounding the global economy, the Company performed an interim goodwill impairment test as of October 31, 2008 and determined that no impairment existed in either of its reporting units as of such date. We determined the fair value of our reporting units based on discounted cash flows, an income valuation approach. We used a discount rate of a representative weighted average cost of capital for our business segments in comparison with guideline companies, with consideration given to the current condition of the global economy.

In bridging our market capitalization, we used an average closing price of our common stock, and we applied a premium for control based on our review of premiums paid by third parties in comparable recent transactions. Based on the facts and circumstances of the particular market conditions that occurred in the final month of our fiscal year and that were not in existence at the time of our annual impairment test, we used an average closing price of our common stock that represented the period from our release of our results of operations for our fiscal third quarter 2008 through our fiscal yearend, or 56 days. We determined an appropriate premium for control by analyzing individual transactions in our markets and selected target companies whose operations were comparable to our two business segments. Management will continue to monitor the relationship of Cooper s market capitalization to both its book value and tangible book value and to evaluate the carrying value of goodwill, and the Company will perform its required annual goodwill impairment test during the fiscal third quarter 2009.

Goodwill impairment analysis and measurement is a process that requires significant judgment. If our common stock price continues to trade below book value per share, there are changes in market conditions or a future downturn in our business, or if the annual goodwill impairment test indicates an impairment of our goodwill, the Company may have to recognize a non-cash impairment of its goodwill that could be material, and which could adversely affect our results of operations in the period recognized and also adversely affect our total assets, stockholders equity and financial condition.

Business combinations We routinely consummate business combinations. We allocate the purchase price of acquisitions based on our estimates and judgments of the fair value of net assets purchased, acquisition costs incurred and intangibles other than goodwill. On individually significant acquisitions, we utilize independent valuation experts to provide a basis in order to refine the purchase price allocation, if appropriate. Results of operations for acquired companies are included in our consolidated results of operations from the date of acquisition.

Income taxes The Company accounts for income taxes under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and for tax losses and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Management s Discussion and Analysis of Financial Condition and

Results of Operations (Continued)

the enactment date. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized.

As part of the process of preparing our consolidated financial statements, we must estimate our income tax expense for each of the jurisdictions in which we operate. This process requires significant management judgments and involves estimating our current tax exposures in each jurisdiction including the impact, if any, of additional taxes resulting from tax examinations as well as judging the recoverability of deferred tax assets. To the extent recovery of deferred tax assets is not likely based on our estimation of future taxable income in each jurisdiction, a valuation allowance is established. Tax exposures can involve complex issues and may require an extended period to resolve. Frequent changes in tax laws in each jurisdiction complicate future estimates. To determine the tax rate, we are required to estimate full-year income and the related income tax expense in each jurisdiction. We update the estimated effective tax rate for the effect of significant unusual items as they are identified. Changes in the geographic mix or estimated level of annual pre-tax income can affect the overall effective tax rate, and such changes could be material.

In July 2006, the Financial Accounting Standards Board (FASB) issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (FIN 48). FIN 48 applies to all tax positions related to income taxes subject to SFAS No. 109, *Accounting for Income Taxes* (SFAS 109). The Company adopted the provisions of FIN 48 on November 1, 2007. Under FIN 48, the Company recognizes the benefit from a tax position only if it is more likely than not that the position would be sustained upon audit based solely on the technical merits of the tax position. FIN 48 clarifies how the Company measures the income tax benefits from the tax positions that are recognized, provides guidance as to the timing of the derecognition of previously recognized tax benefits and describes the methods for classifying and disclosing the liabilities within the consolidated financial statements for any unrecognized tax benefits. FIN 48 also addresses when the Company should record interest and penalties related to tax positions and how the interest and penalties may be classified within our Consolidated Statement of Operations and presented in the Consolidated Balance Sheet. In connection with the adoption of FIN 48, on November 1, 2007, the Company continued its classification policy of interest expense and penalties related to uncertain tax positions as additional income tax expense. Also, we were required to inventory, evaluate and measure all uncertain tax positions taken or to be taken on tax returns, and to record liabilities for the amount of such positions that may not be sustained, or may only partially be sustained, upon examination by the relevant taxing authorities.

Share-Based Compensation Effective November 1, 2005, we adopted SFAS No. 123 (revised 2004), *Share-Based Payment* (SFAS 123R) as interpreted by SEC SAB No. 107, using the modified prospective transition method. Prior periods have not been restated.

Under the fair value recognition provisions of SFAS 123R, share-based compensation cost is measured at the grant date based on the fair value of the award and is recognized as expense over the vesting period. Determining the fair value of share-based awards at the grant date requires judgment, including estimating Cooper s stock price volatility, employee stock option exercise behaviors and employee option forfeiture rates.

Table of Contents

The expected life of the share-based awards is based on the observed and expected time to post-vesting forfeiture and/or exercise. Groups of employees that have similar historical exercise behavior are considered separately for valuation purposes. The expected volatility is based on implied volatility from publicly-traded options on the Company s stock at the date of grant, historical implied volatility of the Company s publicly-traded options, historical volatility and other factors. The risk-free interest rate is based on the continuous rates provided by the U.S. Treasury with a term equal to the expected life of the award. The dividend yield is based on the projected annual dividend payment per share, divided by the stock price at the date of grant.

As share-based compensation expense recognized in our Consolidated Statements of Operations is based on awards ultimately expected to vest, the amount of expense has been reduced for estimated forfeitures. SFAS 123R requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Forfeitures were estimated based on historical experience.

If factors change and the Company employs different assumptions in the application of SFAS 123R, the compensation expense that it records in future periods may differ significantly from what it has recorded in the current period. In 2005, prior to the adoption of SFAS 123R, the Company valued its share-based compensation using the intrinsic value method under Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees* (APB 25), and related interpretations.

Table of Contents

Item 7A. ***Quantitative and Qualitative Disclosure about Market Risk.***

Note numbers refer to the Notes to Consolidated Financial Statements included in Item 8. Financial Statements and Supplementary Data of this Annual Report on Form 10-K.

The Company is exposed to market risks that relate principally to changes in interest rates and foreign currency fluctuations. The Company s policy is to minimize, to the extent reasonable and practical, its exposure to the impact of changing interest rates and foreign currency fluctuations by entering into interest rate swaps and foreign currency forward exchange contracts, respectively. The Company does not enter into derivative financial instrument transactions for speculative purposes. For additional information please see Risk Management discussed above in Capital Resources and Liquidity and Derivatives in Note 1 and Note 8 to the consolidated financial statements.

Long-term Debt

Total debt increased to $904.8 million at October 31, 2008, from $876.6 million at October 31, 2007. Long-term debt includes $350 million of senior notes issued in fiscal 2007 (see Note 7 to the consolidated financial statements). On July 1, the Company repurchased all $115 million in aggregate principal amount of our 2.625% Convertible Senior Debentures issued in 2003 and due 2023 (Securities) pursuant to the terms of the indenture for the Securities (see Note 7 to the consolidated financial statements). The terms of the indenture included a put option that entitled each holder of the Securities to require the Company to repurchase all or any part of such holder s Securities at a price equal to $1,000 in cash per $1,000 of principal amount of Securities plus accrued and unpaid interest. The Company accepted all of these Securities for repurchase, and therefore no Securities remain outstanding. The Company paid the aggregate repurchase price from borrowings under its $650 million revolving line of credit. On July 1, 2008, we also wrote off $3.0 million of unamortized costs related to the Securities.

We may from time to time seek to retire or purchase our Senior Notes through open market cash purchases, privately negotiated transactions or otherwise. Such repurchases will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

October 31,

(In millions)	**2008**	**2007**
Short-term debt	$ 43.0	$ 46.5
Long-term debt	861.8	830.1
Total	$ 904.8	$ 876.6

Table of Contents

As of October 31, 2008, the scheduled maturities of the Company s fixed and variable rate long-term debt obligations (excluding immaterial capitalized leases), their weighted average interest rates and their estimated fair values were as follows:

Expected Maturity Date Fiscal Year

($ in millions)	2009	2010	2011	2012	2013	There-after	Total	Fair Value
Long-term debt:								
Fixed interest rate	$	$	$	$	$	$ 350.4	$ 350.4	$ 282.1
Average interest rate						7.1%		
Variable interest rate	$	$	$	$511.4	$	$	$ 511.4	$ 511.4
Average interest rate	4.0%	4.0%	4.1%	4.0%	%	%		

As the table incorporates only those exposures that existed as of October 31, 2008, it does not consider those exposures or positions which could arise after that date. As a result, our ultimate realized gain or loss with respect to interest rate fluctuations will depend on interest rates, the exposures that arise during the period and our hedging strategies at that time. We entered into interest rate swaps designed to fix the borrowing costs related to $525 million of the Company s syndicated bank credit facility and subsequently reduced the notional amount of interest rate swaps to $450 million as of October 31, 2008. If interest rates were to increase or decrease by 1% or 100 basis points, interest expense on our variable rate debt would increase or decrease by approximately $600 thousand annually.

Table of Contents

Item 8. ***Financial Statements and Supplementary Data.***

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders

The Cooper Companies, Inc.:

We have audited the accompanying consolidated balance sheets of The Cooper Companies, Inc. and subsidiaries as of October 31, 2008 and 2007, and the related consolidated statements of operations, stockholders equity and comprehensive income (loss) and cash flows for each of the years in the three-year period ended October 31, 2008. These consolidated financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Cooper Companies, Inc. and subsidiaries as of October 31, 2008 and 2007, and the results of their operations and their cash flows for each of the years in the three-year period ended October 31, 2008, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 6 to the consolidated financial statements, effective November 1, 2007, the Company adopted the provisions of Financial Accounting Standards Board Interpretation No. 48, *Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109.*

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), The Cooper Companies, Inc. and subsidiaries internal control over financial reporting as of October 31, 2008, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated December 19, 2008 expressed an unqualified opinion on the effectiveness of the Company s internal control over financial reporting.

/s/ KPMG LLP

San Francisco, California

December 19, 2008

61

Table of Contents

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders

The Cooper Companies, Inc.:

We have audited The Cooper Companies, Inc. and subsidiaries internal control over financial reporting as of October 31, 2008, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on the Company s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, The Cooper Companies, Inc. and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of October 31, 2008, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of The Cooper Companies, Inc. and subsidiaries as of October 31, 2008 and 2007, and the related consolidated statements of operations, stockholders equity and comprehensive income/(loss), and cash flows for each of the years in the three-year period ended October 31, 2008, and our report dated December 19, 2008 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

San Francisco, California

December 19, 2008

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Consolidated Statements of Operations

Years Ended October 31,

(In thousands, except per share amounts)	2008	2007	2006
Net sales	$ 1,063,176	$ 950,641	$ 858,960
Cost of sales	453,146	431,110	332,983
Gross profit	610,030	519,531	525,977
Selling, general and administrative expense	429,304	407,951	357,842
Research and development expense	35,468	39,858	34,547
Restructuring costs	1,521	9,674	6,385
Amortization of intangibles	16,774	16,194	14,303
Operating income	126,963	45,854	112,900
Interest expense	50,784	42,683	37,331
Other (income) expense, net	(28)	2,499	2,232
Income before income taxes	76,207	672	73,337
Provision for income taxes	10,731	11,864	7,103
Net income (loss)	$ 65,476	$ (11,192)	$ 66,234
Basic earnings (loss) per share	$ 1.46	$ (0.25)	$ 1.49
Diluted earnings (loss) per share	$ 1.43	$ (0.25)	$ 1.44
Number of shares used to compute earnings per share:			
Basic	44,995	44,707	44,522
Diluted	46,844	44,707	47,569

See accompanying notes to consolidated financial statements.

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

October 31,

(In thousands)	2008	2007
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,944	$ 3,226
Trade accounts receivable, net of allowance for doubtful accounts of $4,541 and $6,194 at October 31, 2008 and 2007, respectively	159,158	164,493
Inventories	283,454	267,914
Deferred tax assets	26,337	23,395
Prepaid expenses and other current assets	55,139	58,494
Total current assets	526,032	517,522
Property, plant and equipment, at cost	822,354	797,038
Less: accumulated depreciation and amortization	219,700	192,508
	602,654	604,530
Goodwill	1,251,699	1,289,584
Other intangibles, net	130,587	145,833
Deferred tax assets	25,645	20,015
Other assets	50,999	18,685
	$ 2,587,616	$ 2,596,169
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Short-term debt	$ 43,013	$ 46,514
Accounts payable	63,636	61,377
Employee compensation and benefits	34,915	33,772
Accrued acquisition costs	6,318	10,303
Accrued income taxes	4,378	40,322
Other accrued liabilities	103,147	94,192
Total current liabilities	255,407	286,480
Long-term debt	861,781	830,116
Deferred tax liabilities	15,196	10,678
Accrued pension liability and other	38,156	9,408
Total liabilities	1,170,540	1,136,682
Commitments and contingencies (see Note 12)		
Stockholders equity:		
Preferred stock, 10 cents par value, shares authorized:		
1,000; zero shares issued or outstanding		

Common stock, 10 cents par value, shares authorized:		
70,000; issued 45,482 and 45,253 at October 31, 2008 and 2007, respectively	4,548	4,525
Additional paid-in capital	1,040,945	1,018,949
Accumulated other comprehensive (loss) income	(25,240)	107,780
Retained earnings	402,242	334,127
Treasury stock at cost: 353 and 384 shares at October 31, 2008 and 2007, respectively	(5,419)	(5,894)
Stockholders equity	1,417,076	1,459,487
	$ 2,587,616	$ 2,596,169

See accompanying notes to consolidated financial statements.

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years Ended October 31,

(In thousands)	2008	2007	2006
Cash flows from operating activities:			
Net income (loss)	$ 65,476	$ (11,192)	$ 66,234
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Deferred income taxes	3,864	(3,943)	(971)
Depreciation and amortization expense	82,185	84,511	61,647
Write-off of debenture issuance costs and discounts	3,066		
Provision for doubtful accounts	378	1,003	1,233
Share-based compensation expense	13,567	16,274	14,243
In-process research and development expense		7,157	7,500
Impairment of property, plant and equipment	655	7,995	3,247
Change in operating assets and liabilities excluding effects from acquisitions:			
Receivables	4,528	(17,049)	5,643
Inventories	(15,540)	(27,676)	(49,374)
Other assets	(46,846)	12,036	15,535
Accounts payable	(11,917)	13,758	17,534
Accrued liabilities	8,598	40,704	1,503
Income taxes payable	(12,692)	7,536	4,724
Other long-term liabilities	1,206	2,870	1,811
Cash provided by operating activities	96,528	133,984	150,509
Cash flows from investing activities:			
Acquisitions of businesses, net of cash acquired	(3,872)	(80,969)	(67,953)
Purchases of property, plant and equipment	(124,885)	(183,625)	(142,657)
Cash used by investing activities	(128,757)	(264,594)	(210,610)
Cash flows from financing activities:			
Proceeds from long-term line of credit	894,220	1,212,350	801,350
Repayment of long-term line of credit	(864,820)	(1,100,650)	(753,300)
Acquisition costs of long-term line of credit		(13,259)	(625)
Principal (repayments) proceeds on long-term obligations		(866)	9
Borrowings (repayments) under short-term agreements	(3,505)	20,820	(10,465)
Excess tax benefit from share-based compensation arrangements	1,758	176	
Proceeds from exercise of stock options	6,250	9,258	3,020
Dividends on common stock	(2,699)	(2,681)	(2,671)
Cash provided by financing activities	31,204	125,148	37,318
Effect of exchange rate changes on cash and cash equivalents	(257)	464	181
Net decrease in cash and cash equivalents	(1,282)	(4,998)	(22,602)
Cash and cash equivalents at beginning of year	3,226	8,224	30,826

Cash and cash equivalents at end of year	$ 1,944	$ 3,226	$ 8,224
Supplemental disclosures of cash flow information:			
Cash paid (received) for:			
Interest, net of amounts capitalized	$ 48,616	$ 49,492	$ 31,499
Income taxes	$ 11,568	$ 3,843	$ (453)

See accompanying notes to consolidated financial statements.

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Consolidated Statements of Stockholders Equity and Comprehensive Income/(Loss)

(In thousands)	Common Shares Shares	Common Shares Amount	Treasury Stock Shares	Treasury Stock Amount	Additional Paid-In Capital	Accumulated Other Comprehensive Income	Retained Earnings	Treasury Stock	Total Stockholders Equity
Balance at October 31, 2005	44,431	$ 4,443	465	$ 47	$ 977,317	$ 30,159	$ 284,437	$ (7,133)	$ 1,289,270
Net income							66,234		66,234
Other comprehensive income (loss):									
Foreign currency translation adjustment						31,601			31,601
Change in value of derivative instruments, net of tax benefit of $132						(836)			(836)
Additional minimum pension liability, net of tax of $1,250						2,510			2,510
Comprehensive income									99,509
Exercise of stock options	108	11	(39)	(4)	2,415			598	3,020
Adjustment of tax benefit from exercise of stock options					(591)				(591)
Dividends on common stock							(2,671)		(2,671)
Stock option expense					14,092				14,092
Restricted stock/stock option amortization and share issuance	9	1	(8)	(1)	480			123	603
Balance at October 31, 2006	44,548	$ 4,455	418	$ 42	$ 993,713	$ 63,434	$ 348,000	$ (6,412)	$ 1,403,232
Net loss							(11,192)		(11,192)
Other comprehensive income (loss):									
Foreign currency translation adjustment						53,913			53,913
Change in value of derivative instruments, net of tax benefit of $2,335						(8,072)			(8,072)
Comprehensive income									34,649
Adjustment to initially apply SFAS 158, net of tax benefit of $957						(1,495)			(1,495)
Exercise of stock options	321	32	(34)	(4)	8,373			518	8,919
Tax benefit from exercise of stock options					339				339
Dividends on common stock							(2,681)		(2,681)
Stock option expense					16,095				16,095
Restricted stock/stock option amortization and share issuance					429				429
Balance at October 31, 2007	44,869	$ 4,487	384	$ 38	$ 1,018,949	$ 107,780	$ 334,127	$ (5,894)	$ 1,459,487
Net income							65,476		65,476
Other comprehensive income (loss):									
Foreign currency translation adjustment						(132,065)			(132,065)
Change in value of derivative instruments net of tax benefit of $3,368						(564)			(564)
Additional minimum pension liability, net of tax of $250						(391)			(391)
Comprehensive loss									(67,544)
Prior year adjustment for adoption of FIN 48							5,338		5,338
Exercise of stock options	242	24	(31)	(3)	5,752			475	6,248
Tax benefit from exercise of stock options					2,677				2,677
Dividends on common stock							(2,699)		(2,699)
Stock option expense					13,567				13,567

Restricted stock/stock option amortization and share issuance	18	2							2
Balance at October 31, 2008	45,129	$ 4,513	353	$ 35	$ 1,040,945	$ (25,240)	$ 402,242	$ (5,419)	$ 1,417,076

See accompanying notes to consolidated financial statements.

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies

General

The Cooper Companies, Inc. (Cooper or the Company) markets, develops and manufactures healthcare products through its two business segments:

CVI develops, manufactures and markets a broad range of soft contact lenses for the worldwide vision care market.

CSI develops, manufactures and markets medical devices, diagnostic products and surgical instruments and accessories used primarily by gynecologists and obstetricians.

Estimates and Critical Accounting Policies

Management estimates and judgments are an integral part of financial statements prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). We believe that the critical accounting policies described in this section address the more significant estimates required of management when preparing our consolidated financial statements in accordance with GAAP. We consider an accounting estimate critical if changes in the estimate may have a material impact on our financial condition or results of operations. We believe that the accounting estimates employed are appropriate and resulting balances are reasonable; however, actual results could differ from the original estimates, requiring adjustment to these balances in future periods.

Revenue recognition We recognize product revenue, net of discounts, returns, and rebates in accordance with Staff Accounting Bulletin (SAB) No. 104, Revenue Recognition and SFAS No. 48, Revenue Recognition When the Right of Return Exists. As required by these standards, we recognize revenue when it is realized or realizable and earned, based on terms of sale with the customer, where persuasive evidence of an agreement exists, delivery has occurred, the seller s price is fixed and determinable and collectability is reasonably assured. For contact lenses as well as CSI medical devices, diagnostic products and surgical instruments and accessories, this primarily occurs upon product shipment, when risk of ownership transfers to our customers. We believe our revenue recognition policies are appropriate in all circumstances, and that our policies are reflective of our customer arrangements. We record, based on historical statistics, estimated reductions to revenue for customer incentive programs offered including cash discounts, promotional and advertising allowances, volume discounts, contractual pricing allowances, rebates and specifically established customer product return programs. While estimates are involved, historically, most of these programs have not been material to our business, since a high percentage of our revenue is from direct sales to doctors. The Company records taxes collected from customers on a net basis, as these taxes are not included in revenue.

Allowance for doubtful accounts Our reported balance of accounts receivable, net of the allowance for doubtful accounts, represents our estimate of the amount that ultimately will be realized in cash. We review the adequacy of our allowance for doubtful accounts on an ongoing basis, using historical payment trends and the age of the receivables and knowledge of our individual customers. When our analyses indicate, we increase or decrease our allowance accordingly. However, if the financial condition of our customers were to deteriorate, additional allowances may be required. While estimates are involved, bad debts historically have not been a

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

significant factor given the diversity of our customer base, well established historical payment patterns and the fact that patients require satisfaction of healthcare needs in both strong and weak economies.

Net realizable value of inventory In assessing the value of inventories, we must make estimates and judgments regarding aging of inventories and other relevant issues potentially affecting the saleable condition of products and estimated prices at which those products will sell. On an ongoing basis, we review the carrying value of our inventory, measuring number of months on hand and other indications of salability, and reduce the value of inventory if there are indications that the carrying value is greater than market. At the point of the loss recognition, a new, lower-cost basis for that inventory is established, and subsequent changes in facts and circumstances do not result in the restoration or increase in that newly established cost basis. While estimates are involved, historically, obsolescence has not been a significant factor due to long product dating and lengthy product life cycles. We target to keep, on average, about seven months of inventory on hand to maintain high customer service levels given the complexity of our specialty lens product portfolio.

Valuation of goodwill We account for goodwill and evaluate our goodwill balances and test them for impairment in accordance with the provisions of SFAS No. 142, Goodwill and Other Intangible Assets (SFAS 142). We no longer amortize goodwill. The SFAS 142 goodwill impairment test is a two-step process. Initially, we compare the book value of net assets to the fair value of each reporting unit that has goodwill assigned to it. If the fair value is determined to be less than the book value, a second step is performed to compute the amount of the impairment. The valuation of each of our reporting units is determined using discounted cash flows, an income valuation approach. A reporting unit is the level of reporting at which goodwill is tested for impairment.

Our reporting units are the same as our business segments CVI and CSI reflecting the way that we manage our business. We test goodwill for impairment annually during the fiscal third quarter and when an event occurs or circumstances change such that it is reasonably possible that impairment may exist.

We performed an impairment test in our fiscal third quarter 2008, and our analysis indicated that we had no impairment of goodwill. As a result of the decline in the price of our common stock in the fiscal fourth quarter 2008 to a value below the Company s per share book value, including goodwill, and given the present stock price volatility and uncertainty surrounding the global economy, the Company performed an interim goodwill impairment test as of October 31, 2008 and determined that no impairment existed in either of its reporting units as of such date. We determined the fair value of our reporting units based on discounted cash flows, an income valuation approach. We used a discount rate of a representative weighted average cost of capital for our business segments in comparison with guideline companies, with consideration given to the current condition of the global economy.

In bridging our market capitalization, we used an average closing price of our common stock, and we applied a premium for control based on our review of premiums paid by third parties in comparable recent transactions. Based on the facts and circumstances of the particular market conditions that occurred in the final month of our fiscal year and that were not in existence at the time of our annual impairment test, we used an average closing price of our common stock that

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

represented the period from our release of our results of operations for our fiscal third quarter 2008 through our fiscal yearend, or 56 days. We determined an appropriate premium for control by analyzing individual transactions in our markets and selected target companies whose operations were comparable to our two business segments. Management will continue to monitor the relationship of Cooper s market capitalization to both its book value and tangible book value and to evaluate the carrying value of goodwill, and the Company will perform its required annual goodwill impairment test during the fiscal third quarter 2009.

Goodwill impairment analysis and measurement is a process that requires significant judgment. If our common stock price continues to trade below book value per share, there are changes in market conditions or a future downturn in our business, or if the annual goodwill impairment test indicates an impairment of our goodwill, the Company may have to recognize a non-cash impairment of its goodwill that could be material, and which could adversely affect our results of operations in the period recognized and also adversely affect our total assets, stockholders equity and financial condition.

Business combinations We routinely consummate business combinations. We allocate the purchase price of acquisitions based on our estimates and judgments of the fair value of net assets purchased, acquisition costs incurred and intangibles other than goodwill. On individually significant acquisitions, we utilize independent valuation experts to provide a basis in order to refine the purchase price allocation, if appropriate. Results of operations for acquired companies are included in our consolidated results of operations from the date of acquisition.

Income taxes The Company accounts for income taxes under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and for tax losses and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized.

As part of the process of preparing our consolidated financial statements, we must estimate our income tax expense for each of the jurisdictions in which we operate. This process requires significant management judgments and involves estimating our current tax exposures in each jurisdiction including the impact, if any, of additional taxes resulting from tax examinations as well as judging the recoverability of deferred tax assets. To the extent recovery of deferred tax assets is not likely based on our estimation of future taxable income in each jurisdiction, a valuation allowance is established. Tax exposures can involve complex issues and may require an extended period to resolve. Frequent changes in tax laws in each jurisdiction complicate future estimates. To determine the tax rate, we are required to estimate full-year income and the related income tax expense in each jurisdiction. We update the estimated effective tax rate for the effect of significant unusual items as they are identified. Changes in the geographic mix or estimated level of annual pre-tax income can affect the overall effective tax rate, and such changes could be material.

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

In July 2006, the Financial Accounting Standards Board (FASB) issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (FIN 48). FIN 48 applies to all tax positions related to income taxes subject to SFAS No. 109, *Accounting for Income Taxes* (SFAS 109). The Company adopted the provisions of FIN 48 on November 1, 2007. Under FIN 48, the Company recognizes the benefit from a tax position only if it is more likely than not that the position would be sustained upon audit based solely on the technical merits of the tax position. FIN 48 clarifies how the Company measures the income tax benefits from the tax positions that are recognized, provides guidance as to the timing of the derecognition of previously recognized tax benefits and describes the methods for classifying and disclosing the liabilities within the consolidated financial statements for any unrecognized tax benefits. FIN 48 also addresses when the Company should record interest and penalties related to tax positions and how the interest and penalties may be classified within our Consolidated Statement of Operations and presented in the Consolidated Balance Sheet. In connection with the adoption of FIN 48, on November 1, 2007, the Company continued its classification policy of interest expense and penalties related to uncertain tax positions as additional income tax expense. Also, we were required to inventory, evaluate and measure all uncertain tax positions taken or to be taken on tax returns, and to record liabilities for the amount of such positions that may not be sustained, or may only partially be sustained, upon examination by the relevant taxing authorities.

Share-Based Compensation Effective November 1, 2005, we adopted SFAS No. 123 (revised 2004), *Share-Based Payment* (SFAS 123R) as interpreted by SEC SAB No. 107, using the modified prospective transition method. Prior periods have not been restated.

Under the fair value recognition provisions of SFAS 123R, share-based compensation cost is measured at the grant date based on the fair value of the award and is recognized as expense over the vesting period. Determining the fair value of share-based awards at the grant date requires judgment, including estimating Cooper s stock price volatility, employee stock option exercise behaviors and employee option forfeiture rates.

The expected life of the share-based awards is based on the observed and expected time to post-vesting forfeiture and/or exercise. Groups of employees that have similar historical exercise behavior are considered separately for valuation purposes. The expected volatility is based on implied volatility from publicly-traded options on the Company s stock at the date of grant, historical implied volatility of the Company s publicly-traded options, historical volatility and other factors. The risk-free interest rate is based on the continuous rates provided by the U.S. Treasury with a term equal to the expected life of the award. The dividend yield is based on the projected annual dividend payment per share, divided by the stock price at the date of grant.

As share-based compensation expense recognized in our Consolidated Statements of Operations is based on awards ultimately expected to vest, the amount of expense has been reduced for estimated forfeitures. SFAS 123R requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Forfeitures were estimated based on historical experience.

If factors change and the Company employs different assumptions in the application of SFAS 123R, the compensation expense that it records in future periods may differ significantly from what it has recorded in the current period. In 2005, prior to the adoption of SFAS 123R, the Company

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

valued its share-based compensation using the intrinsic value method under Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees (APB 25)*, and related interpretations.

New Accounting Pronouncements

In September 2006, the FASB issued Statements of Financial Accounting Standards (SFAS) No. 157, *Fair Value Measurements* (SFAS 157). This statement defines fair value, establishes a framework for measuring fair value in accordance with U.S. GAAP and expands disclosures about fair value measurements. In February 2008, the FASB issued FASB Staff Position (FSP) SFAS 157-1, *Application of FASB Statement No. 157 to FASB Statement No. 13 and Other Accounting Pronouncements That Address Fair Value Measurements for Purposes of Lease Classification or Measurement under Statement 13*, and FSP SFAS 157-2, *Effective Date of FASB Statement No. 157*. These FSPs defer the effective date in SFAS 157 for one year for certain nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually) and exclude certain leasing transactions accounted for under SFAS 13, *Accounting for Leases*, from the scope of SFAS 157. The delayed portions of SFAS 157 will be adopted by the Company beginning in its fiscal year ending October 31, 2010, while all other portions of the standard will be adopted by the Company beginning in its fiscal year ending October 31, 2009, as required. The Company does not expect a significant impact from the adoption of this statement on the Company s consolidated financial statements.

In September 2006, the FASB issued SFAS No. 158, *Employers Accounting for Defined Benefit Pension and Other Postretirement Plans* (SFAS 158). Effective October 31, 2007, we adopted the balance sheet recognition provision of this standard and accordingly recognized the funded status of the Company s defined benefit postretirement plan. Effective for fiscal years ending after December 15, 2008, the standard also requires the measurement date for the Company s defined benefit postretirement plan assets and benefit obligations to coincide with our fiscal year-end. SFAS 158 provides two transition alternatives related to the change in measurement date provisions. We will adopt the measurement date provisions of SFAS 158 on the first day of our fiscal year ending October 31, 2009. The Company does not expect a significant impact from adopting the measurement date provision of the standard on our consolidated financial statements.

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51* (SFAS 160). SFAS 160 establishes accounting and reporting standards for ownership interests in subsidiaries held by parties other than the parent, the amount of consolidated net income attributable to the parent and to the noncontrolling interest, changes in a parent s ownership interest and the valuation of retained noncontrolling equity investments when a subsidiary is deconsolidated. SFAS 160 also establishes reporting requirements that provide sufficient disclosures that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners. Currently, the Company does not anticipate that the adoption of SFAS 160, which is effective for the Company beginning in our fiscal year ending October 31, 2010, will have a material impact on our consolidated financial statements.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), *Business Combinations* (SFAS 141R). SFAS 141R establishes principles and requirements for how the acquirer in a business

71

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

combination recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any controlling interest in the business and the goodwill acquired. SFAS 141R further requires that acquisition related costs and costs associated with restructuring or exiting activities of an acquired entity will be expensed as incurred. SFAS 141R also establishes disclosure requirements which will require disclosure of the nature and financial effects of the business combination. SFAS 141R is effective for fiscal years beginning on or after December 15, 2008, which is effective for the Company beginning in the first quarter of the fiscal year 2010 and will be applied prospectively.

In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities* (SFAS 161). SFAS 161 amends and expands the disclosure requirements of SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* (SFAS 133), with the intent of providing users of the financial statements with an enhanced understanding of how and why an entity uses derivative instruments, how derivative instruments and related hedge items are accounted for under SFAS 133 and its related interpretations, and how derivative instruments and related hedge items affect an entity s financial position, financial performance and cash flows. SFAS 161 requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures above fair value amounts of gains and losses on derivative instruments and disclosures about credit-risk related contingent features in derivative agreements. In September 2008, the FASB issued FASB Staff Position (FSP) FAS 133-1 and FIN 45-4, *Disclosures about Credit Derivatives and Certain Guarantees An Amendment of FASB Statement No. 133 and FASB Interpretation No. 45; and Clarification of the Effective Date of FASB Statement No. 161.* This FSP clarifies the FASB s intent that the disclosures required by SFAS 161 should be provided for any reporting period (annual or interim) beginning after November 15, 2008. The Company is currently evaluating the impact of SFAS 161, which, due to the clarification in the FSP, is effective for the Company in our interim period beginning February 1, 2009 and fiscal year ending October 31, 2009, on our consolidated financial statements.

In May 2008, the FASB issued FSP APB No. 14-1, *Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)* (FSP APB 14-1). FSP APB 14-1 clarifies that convertible debt instruments that may be settled in cash upon conversion (including partial cash settlement) are not addressed by paragraph 12 of APB Opinion No. 14, *Accounting for Convertible Debt and Debt Issued with Stock Purchase Warrants*. Additionally, this FSP specifies that issuers of such instruments should separately account for the liability and equity components in a manner that will reflect the entity s nonconvertible debt borrowing rate when interest cost is recognized in subsequent periods. FSP APB 14-1 is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. The Company is currently evaluating the impact of FSP APB 14-1, which is effective for the Company in our fiscal year ending October 31, 2010, and related interim periods, on our consolidated financial statements.

In September 2008, the FASB issued FSP FAS 133-1 and FIN 45-4. This FSP applies to: (*a*) credit derivatives within the scope of SFAS 133, *Accounting for Derivative Instruments and Hedging Activities;* (*b*) hybrid instruments that have embedded credit derivatives; and (*c*) guarantees within the scope of FIN 45, *Guarantor s Accounting and Disclosure Requirements for Guarantees, Including*

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

Indirect Guarantees of Indebtedness of Others. This FSP amends Statement 133, to require disclosures by sellers of credit derivatives, including credit derivatives embedded in a hybrid instrument. This FSP also amends FIN 45, to require an additional disclosure about the current status of the payment/performance risk of a guarantee. In addition, this FSP clarifies the FASB s intent that the disclosures required by SFAS 161 should be provided for any reporting period (annual or interim) beginning after November 15, 2008. The provisions of this FSP that amend Statement 133 and FIN 45 are effective for reporting periods (annual or interim) ending after November 15, 2008. The Company is currently evaluating the impact of FSP SFAS 133-1 and FIN 45-4, which is effective for the Company in our interim period beginning February 1, 2009 and fiscal year ending October 31, 2009, on our consolidated financial statements.

In April 2008, the FASB issued FSP FAS 142-3, *Determination of the Useful Life of Intangible Assets*. This FSP amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS 142, *Goodwill and Other Intangible Assets.* As such, for a recognized intangible asset, an entity shall disclose information that enables users of financial statements to assess the extent to which the expected future cash flows associated with the asset are affected by the entity s intent and/or ability to renew or extend the arrangement. The intent of this FSP is to improve the consistency between the useful life of a recognized intangible asset under SFAS 142 and the period of expected cash flows used to measure the fair value of the asset under SFAS 141R, and other GAAP. The Company is currently evaluating the impact of FSP FAS 142-3, which is effective for the Company in our fiscal year ending October 31, 2010, and related interim periods, on our consolidated financial statements.

Consolidation

The financial statements in this report include the accounts of all of Cooper s consolidated entities. All significant intercompany transactions and balances are eliminated in consolidation.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year s presentation.

We have revised our financial position for goodwill and accumulated other comprehensive income from amounts in our Consolidated Balance Sheet, and foreign currency translation adjustment in our Consolidated Statement of Comprehensive Income/(Loss), that were reported in our Annual Report on Form 10-K for the fiscal year ended October 31, 2007, and our Quarterly Reports on Form 10-Q for the periods ended January 31, 2008 and April 30, 2008. The revision was not material to the Company s Consolidated Financial Statements. The revision reflects a cumulative translation adjustment of approximately $30.0 million that we recorded to adjust goodwill balances recorded in a functional currency different from the underlying acquisition and, therefore, not translated. The related effect is recorded in the cumulative translation adjustment in other comprehensive income.

Foreign Currency Translation

Most of our operations outside the United States use their local currency as their functional currency. We translate these assets and liabilities into U.S. dollars at year-end exchange rates. We translate income and expense accounts at weighted average rates for each year. We record gains and losses from

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

the translation of financial statements in foreign currencies into U.S. dollars in other comprehensive income. We record gains and losses from changes in exchange rates on transactions denominated in currencies other than each reporting location s functional currency in net income for each period. Net foreign exchange gains (losses) included in other income for the years ended October 31, 2008, 2007 and 2006 were $0.4 million, $(3.0) million and $(1.4) million, respectively.

Derivatives

We use derivatives to reduce market risks associated with changes in foreign exchange and interest rates. We do not use derivatives for trading or speculative purposes. We do not believe that the counterparties with which we enter into forward exchange contracts and interest rate swap agreements are not financially sound, and we do not believe that there exists credit risk of these contracts.

Litigation

We are subject to various claims and contingencies relating to litigation arising out of the normal course of business. If we believe the likelihood of an adverse legal outcome is probable and the amount is estimable we accrue a liability in accordance with SFAS No. 5, *Accounting for Contingencies*. We consult with legal counsel on matters related to litigation and seek input from other experts both within and outside the Company with respect to matters in the ordinary course of business.

Long-Lived Assets

The Company reviews long-lived assets held and used, intangible assets with finite useful lives and assets held for sale for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If an evaluation of recoverability is required, the estimated undiscounted future cash flows associated with the asset are compared to the asset s carrying amount to determine if a write-down is required. If the undiscounted cash flows are less than the carrying amount, an impairment loss is recorded to the extent that the carrying amount exceeds the fair value. If management has committed to a plan to dispose of long-lived assets, the assets to be disposed of are reported at the lower of carrying amount or fair value less estimated costs to sell.

The Company provides optometric practices with in-office lenses used in marketing programs to facilitate efficient and convenient fitting of contact lenses by practitioners. Such lens fitting sets generally consist of a physical binder or rack to store contact lenses and an array of lenses. We record the costs associated with the original fitting set to other long-term assets on our Consolidated Balance Sheet. We amortize such costs over their estimated useful lives to selling, general and administrative expense on our Consolidated Statements of Operations. We also expense the cost for lenses provided to practitioners as replenishment for original fitting sets in the period shipped to selling, general and administrative expense on our Consolidated Statements of Operations.

Cash and Cash Equivalents

Cash and cash equivalents include short-term income producing investments with maturity dates of three months or less. These investments are readily convertible to cash and are carried at cost, which approximates market value.

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

Inventories

October 31,

(In thousands)	2008	2007
Raw materials	$ 45,377	$ 37,754
Work-in-process	8,399	11,044
Finished goods	229,678	219,116
	$ 283,454	$ 267,914

Inventories are stated at the lower of cost on a first-in, first-out basis or market.

Property, Plant and Equipment

October 31,

(In thousands)	2008	2007
Land and improvements	$ 1,574	$ 1,984
Buildings and improvements	126,592	140,005
Machinery and equipment	525,533	489,047
Construction in progress	168,655	166,002
Less: Accumulated depreciation	(219,700)	(192,508)
	$ 602,654	$ 604,530

Property, plant and equipment are stated at cost. We compute depreciation using the straight-line method in amounts sufficient to write off depreciable assets over their estimated useful lives. We amortize leasehold improvements over their estimated useful lives or the period of the related lease, whichever is shorter. We depreciate buildings over 35 to 40 years and machinery and equipment over 3 to 15 years.

We expense costs for maintenance and repairs and capitalize major replacements, renewals and betterments. We eliminate the cost and accumulated depreciation of depreciable assets retired or otherwise disposed of from the asset and accumulated depreciation accounts and reflect any gains or losses in operations for the period. For the years ended October 31, 2008 and 2007, we had impairments of property, plant and equipment of $0.7 million and $8.0 million, respectively, reported in cost of sales or operating expenses in our Consolidated Statements of Operations. We had capitalized interest included in construction in progress of $6.9 million and $5.8 million for the years ended October 31

2008 and 2007, respectively.

Earnings Per Share

We determine basic earnings per share (EPS) by using the weighted average number of shares outstanding. We determine diluted EPS by increasing the weighted average number of shares outstanding in the denominator by the number of outstanding dilutive equity awards using the treasury stock method. We use the if-converted method to include in the denominator the number of shares of common stock contingently issuable pursuant to the convertible debentures and we adjust the numerator to add back the after-tax amount of interest recognized in the period associated with the convertible debentures. The numerator and denominator are only adjusted when the impact is dilutive.

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

Treasury Stock

The Company records treasury stock purchases under the cost method whereby the entire cost of the acquired stock is recorded as treasury stock. As of October 31, 2008 and 2007, the number of shares in treasury was 353,285 and 384,285, respectively. No shares were purchased during the years ended October 31, 2008 and 2007.

Note 2. Acquisitions

The results of operations for acquired companies are included in our consolidated results of operations from the date of acquisition.

Wallach: On February 22, 2007, CSI acquired all of the outstanding shares of Wallach Surgical Devices, Inc. (Wallach). Wallach s products consist of various diagnostic and therapeutic medical instruments primarily for in-office use in women s healthcare and other specialty instruments relating to dermatology, ophthalmology, anesthesiology, dentistry and veterinary medicine.

We paid $20.0 million in cash for Wallach and ascribed $14.9 million to goodwill, $1.6 million to working capital (including acquisition costs of $1.5 million), $6.5 million to trademarks and customer relationships with a weighted average estimated useful life of 5 years, $0.3 million to property, plant and equipment and $3.3 million to deferred tax liability. Fair value for purposes of purchase price allocation was primarily determined using a discounted cash flow model.

Lone Star: On November 2, 2006, Cooper acquired all of the outstanding shares of Lone Star Medical Products, Inc. (Lone Star), a manufacturer of medical devices that improve the management of the surgical site, most notably the Lone Star Retractor System , which places a retraction ring around the surgical incision providing greater exposure of the surgical field.

We paid $27.2 million in cash for Lone Star and ascribed $19.7 million to goodwill, $0.7 million to working capital (including acquisition costs of $1.1 million), $7.6 million to trademarks and customer relationships with a weighted average estimated useful life of 7 years, $4.3 million to property, plant and equipment and $2.9 million to deferred tax liability, and we assumed $2.2 million of long-term debt. The debt was repaid shortly after closing. Fair value for purposes of purchase price allocation was primarily determined using a discounted cash flow model.

Note 3. Acquisition and Restructuring Costs

Restructuring

In connection with the Ocular Sciences Inc. (Ocular) acquisition during fiscal year 2005, we completed our integration plan designed to optimize operational synergies of the combined companies. These activities included integrating duplicate facilities and expanding utilization of preferred manufacturing and distribution practices. Integration activities began in January 2005 and were substantially completed in our fiscal third quarter 2008.

Of the $49.1 million in restructuring costs under this integration plan, exclusive of accrued acquisition related costs, approximately $30 million are cash related, and are reported as cost of sales or restructuring costs in our Consolidated Statements of Operations. In 2008 and 2007, we reported

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

$0.4 million and $18.2 million in cost of sales and $1.5 million and $9.2 million in restructuring costs, respectively. The following table summarizes the restructuring costs incurred under this integration plan through October 31, 2008.

(In millions)	Plant Shutdown	Severance	Asset Impairments	Other	Total
Restructuring costs incurred for the fiscal year ended October 31:					
2005	$ 1.9	$ 2.1	$ 0.2	$ 6.3	$ 10.5
2006	0.7	2.3	3.2	3.1	9.3
2007	6.9	3.8	5.9	10.8	27.4
2008	0.6	0.9		0.4	1.9
	$ 10.1	$ 9.1	$ 9.3	$ 20.6	$ 49.1

Restructuring costs reported in our Consolidated Statements of Operations also include costs related to less significant restructuring activities within our consolidated organization.

Accrued Acquisition Costs

When acquisitions are recorded, we accrue for the estimated direct costs in accordance with applicable accounting guidance including Emerging Issues Task Force (EITF) Issue No. 95-3, *Recognition of Liabilities in Connection with a Purchase Business Combination* (EITF 95-3), of severance and plant/office closure costs of the acquired business. These estimated costs are based on management s assessment of planned exit activities. In addition, we also accrue for costs directly associated with acquisitions, including legal, consulting, deferred payments and due diligence. There were no adjustments of accrued acquisition costs included in the determination of net income for the reported periods.

Below is a summary of activity related to accrued acquisition costs for the fiscal years ended October 31, 2008 and 2007.

Description (In thousands)	Balance October 31, 2007	Additions	Payments	Balance October 31, 2008
Plant shutdown	$ 2,096	$	$ 430	$ 1,666
Severance	3,751		1,068	2,683
Legal and other	4,456		2,487	1,969
Total	$ 10,303	$	$ 3,985	$ 6,318

Description

(In thousands)	Balance October 31, 2006	Additions	Payments	Balance October 31, 2007
Plant shutdown	$ 4,813	$ 881	$ 3,598	$ 2,096
Severance	10,473	731	7,453	3,751
Contingent consideration	12,252		12,252	
Legal	5,705	584	3,097	3,192
Preacquisition liabilities	768		768	
Other	2,890	374	2,000	1,264
Total	$ 36,901	$ 2,570	$ 29,168	$ 10,303

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

Note 4. Intangible Assets

(In thousands)	CVI	CSI	Total
Goodwill:			
Balance as of November 1, 2006	$ 1,069,366	$ 172,441	$ 1,241,807
Net (reductions) additions during the year ended October 31, 2007	(4,950)	35,289	30,339
Other adjustments*	16,875	563	17,438
Balance as of October 31, 2007	$ 1,081,291	$ 208,293	$ 1,289,584
Net (reductions) additions during the year ended October 31, 2008	(409)	(542)	(951)
Other adjustments*	(36,820)	(114)	(36,934)
Balance as of October 31, 2008	$ 1,044,062	$ 207,637	$ 1,251,699

* Primarily translation differences in goodwill denominated in foreign currency.

Of the October 31, 2008 goodwill balance, $69.5 million is expected to be deductible for tax purposes.

	As of October 31, 2008		As of October 31, 2007		Weighted
(In thousands)	Gross Carrying Amount	Accumulated Amortization & Translation	Gross Carrying Amount	Accumulated Amortization & Translation	Average Amortization Period (In years)
Other intangible assets:					
Trademarks	$ 2,907	$ 821	$ 2,907	$ 507	12
Technology	90,337	36,006	90,064	27,849	12
Shelf space and market share	87,177	22,909	86,386	15,758	14
License and distribution rights and other	17,178	7,276	16,713	6,123	16
	$ 197,599	$ 67,012	$ 196,070	$ 50,237	13
Less accumulated amortization and translation	67,012		50,237		
Other intangible assets, net	$ 130,587		$ 145,833		

Estimated annual amortization expense is about $15.7 million for each of the years in the five-year period ending October 31, 2013.

78

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

Note 5. Earnings Per Share

Years Ended October 31,

(In thousands, except per share amounts)	2008	2007	2006
Net income (loss)	$ 65,476	$ (11,192)	$ 66,234
Add interest charge applicable to convertible debt, net of tax	1,394		2,090
Income (loss) for calculating diluted earnings per share	$ 66,870	$ (11,192)	$ 68,324
Basic:			
Weighted average common shares	44,995	44,707	44,522
Basic earnings (loss) per common share	$ 1.46	$ (0.25)	$ 1.49
Diluted:			
Weighted average common shares	44,995	44,707	44,522
Effect of dilutive stock options	122		457
Shares applicable to convertible debt	1,727		2,590
Diluted weighted average common shares	46,844	44,707	47,569
Diluted earnings (loss) per share	$ 1.43	$ (0.25)	$ 1.44

The following table sets forth stock options to purchase Cooper s common stock, common shares applicable to restricted stock units and common shares applicable to convertible debt that are not included in the diluted net income per share calculation because to do so would be anti-dilutive for the periods presented:

Years Ended October 31,	2008	2007	2006
Number of stock option shares excluded	4,031,083	5,199,534	3,119,383
Range of exercise prices	$ 36.76 - $80.51	$ 15.35 - $80.51	$ 52.40 - $80.51
Number of restricted stock units excluded		167,700	
Number of common shares applicable to convertible debt		2,590,090	

Note 6. Income Taxes

The components of income from continuing operations before income taxes and the income tax provision (benefit) related to income from all operations in our Consolidated Statements of Operations consist of:

Years Ended October 31,

(In thousands)	**2008**	**2007**	**2006**
Income (loss) before income taxes:			
United States	$ (8,052)	$ (9,911)	$ (22,071)
Foreign	84,259	10,583	95,408
	$ 76,207	$ 672	$ 73,337
Income tax provision	$ 10,731	$ 11,864	$ 7,103

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

The income tax provision (benefit) related to income from continuing operations in our Consolidated Statements of Operations consists of:

Years Ended October 31,

(In thousands)	2008	2007	2006
Current:			
Federal	$ 3,566	$ 2,623	$ 4,189
State	1,066	590	372
Foreign	2,235	12,594	3,513
	6,867	15,807	8,074
Deferred:			
Federal	(5,406)	(3,719)	(2,749)
State	(1,831)	(323)	(638)
Foreign	11,101	99	2,416
	3,864	(3,943)	(971)
Total provision for income taxes	$ 10,731	$ 11,864	$ 7,103

We reconcile the provision for income taxes attributable to income from operations and the amount computed by applying the statutory federal income tax rate of 35% to income before income taxes as follows:

Years Ended October 31,

(In thousands)	2008	2007	2006
Computed expected provision for taxes	$ 26,672	$ 235	$ 25,668
(Decrease)/increase in taxes resulting from:			
Income earned outside the United States subject to different tax rates	(15,644)	9,578	(25,235)
Foreign source income subject to U.S. tax			202
State taxes, net of federal income tax benefit	(817)	275	(229)
In-process research and development			2,625
Incentive stock option compensation	224	818	1,306
Change in valuation allowance			(252)
Tax accrual adjustment	40	1,407	2,744
Other, net	256	(449)	274
Actual provision for income taxes	$ 10,731	$ 11,864	$ 7,103

80

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

The tax effects of temporary differences that give rise to the deferred tax assets and liabilities are:

October 31,

(In thousands)	2008	2007
Deferred tax assets:		
Accounts receivable, principally due to allowances for doubtful accounts	$ 1,645	$ 1,577
Inventories	3,177	3,230
Litigation settlements	624	175
Accrued liabilities, reserves and compensation accruals	24,121	16,201
Restricted stock	11,367	7,564
Net operating loss carryforwards	31,255	40,890
Research and experimental expenses Section 59(e)	8,630	4,920
Tax credit carryforwards	4,356	3,770
Total gross deferred tax assets	85,175	78,327
Less valuation allowance		
Deferred tax assets	85,175	78,327
Deferred tax liabilities:		
Tax deductible goodwill	(10,929)	(9,128)
Plant and equipment	(3,763)	(4,857)
Transaction cost	(1,144)	(1,144)
Foreign deferred tax liabilities	(12,144)	(4,298)
Other intangible assets	(22,193)	(25,427)
Inventory adjustments under new accounting method		(1,040)
Total gross deferred tax liabilities	(50,173)	(45,894)
Net deferred tax assets	$ 35,002	$ 32,433

Current deferred tax liabilities of $1.8 million at October 31, 2008, and $0.3 million at October 31, 2007, are included in other accrued liabilities on the balance sheet.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that the Company will realize the benefits of these deductible differences, net of the existing valuation allowances at October 31, 2008. The amount of the deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future

taxable income during the carryforward period are reduced.

The Company has not provided for federal income tax on approximately $477.4 million of undistributed earnings of its foreign subsidiaries since the Company intends to reinvest this amount outside the U.S. indefinitely. As a result, the Company has not availed itself of the favorable repatriation provisions of Internal Revenue Code Section 965.

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

At October 31, 2008, the Company had federal net operating loss carryforwards of $81.8 million and state net operating loss carryforwards of $34.4 million. The Company also had federal net operating loss carryforwards of $30.6 million related to share option exercises as of October 31, 2006. A tax benefit and a credit to additional paid-in capital for the excess deduction would not be recognized until deduction reduces taxes payable. Additionally, the Company had $4.4 million of federal alternative minimum tax credits. The federal net operating loss carryforwards expire on various dates between 2009 through 2028, and the federal alternative minimum tax credits carry forward indefinitely. Approximately $6.9 million of the NOLs expire in fiscal 2009. The state net operating loss carryforwards expire on various dates between 2015 through 2018. Among the net operating and other tax credit carryforwards, $59.8 million, $6.1 million and $5.2 million of federal net operating losses are attributable to the Ocular, Inlet Medical, Inc. (Inlet) and NeoSurg Technologies, Inc. (NeoSurg) pre-acquisition years, respectively, which may be subject to certain limitations upon utilization. $42.2 million of state net operating losses are attributable to the Ocular pre-acquisition years, which may be subject to certain limitations upon utilization. Under the current tax law, net operating loss and credit carryforwards available to offset future income in any given year may be limited by statute or upon the occurrence of certain events, including significant changes in ownership interests. The Company does not believe that any limitations triggered by the change in the ownership of Ocular, Inlet and NeoSurg will have a material effect on its ability to utilize net operating losses.

In July 2006, the Financial Accounting Standards Board (FASB) issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (FIN 48). FIN 48 applies to all tax positions related to income taxes subject to Statement SFAS No. 109, *Accounting for Income Taxes* (SFAS 109). Under FIN 48, a company would recognize the benefit from a tax position only if it is more-likely-than-not that the position would be sustained upon audit based solely on the technical merits of the tax position. FIN 48 clarifies how a company would measure the income tax benefits from the tax positions that are recognized, provides guidance as to the timing of the derecognition of previously recognized tax benefits and describes the methods for classifying and disclosing the liabilities within the financial statements for any unrecognized tax benefits. FIN 48 also addresses when a company should record interest and penalties related to tax positions and how the interest and penalties may be classified within the income statement and presented in the balance sheet.

The Company adopted the provisions of FIN 48 on November 1, 2007. As a result of the adoption of FIN 48, the Company reduced its net liability for unrecognized tax benefits (UTB) by $5.3 million, which was accounted for as an increase to retained earnings. The Company historically classified unrecognized tax benefits in current taxes payable. As a result of our adoption of FIN 48, unrecognized tax benefits were reclassified to long-term income taxes payable. As of the adoption date, the Company had a total gross unrecognized tax benefit of $24.4 million.

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

The aggregated changes in the balance of gross unrecognized tax benefits were as follows:

(In millions)	
Beginning balance as of November 1, 2007 (date of adoption)	$ 24.4
Increase (decrease) from prior year s UTB s	
Increase (decrease) from current Year s UTB s	1.3
UTB (decreases) from tax authorities settlements	(0.4)
UTB (decreases) from expiration of statute of limitations	(5.9)
Increase (decrease) of unrecorded UTB s	
Ending balance at October 31, 2008	$ 19.4

As of October 31, 2008, the Company had $16.8 million of unrecognized tax benefits that, if recognized, would affect our effective tax rate. As of that date, the Company had $2.1 million of accrued interest and penalties related to the unrecognized tax benefits. As of the date of adoption, the Company had $1.75 million of accrued interest and penalties related to the unrecognized tax benefits. It is the Company s policy to recognize interest and penalties directly related to incomes taxes as additional income tax expense.

Included in the balance of unrecognized tax benefits at October 31, 2008 is $1 million to $2.8 million related to tax positions for which it is reasonably possible that the total amounts could significantly change during the next twelve months. This amount represents a decrease in unrecognized tax benefits related to expiring statutes in various jurisdictions worldwide and comprises of transfer pricing and other items.

As of October 31, 2008, the tax years for which the Company remains subject to U.S. Federal income tax assessment upon examination are 2005 through 2007. The Company remains subject to income tax examinations in other major tax jurisdictions including the United Kingdom, France and Australia for the tax years 2004 through 2007.

Note 7. Debt

October 31,

(In thousands)	**2008**	**2007**
Short-term:		
Overdraft and other credit facilities	$ 43,013	$ 46,514
Long-term:		
Revolver	$ 511,400	$ 367,000

Senior notes	350,000	350,000
Convertible senior debentures, net of discount of $2,252 at October 31, 2007		112,748
Other	381	368
	$ 861,781	$ 830,116

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

Annual maturities of long-term debt as of October 31, 2008, are as follows:

Year (In thousands)	
2009	
2010	
2011	
2012	$ 511,400
2013	
Thereafter	$ 350,381

Syndicated Bank Credit Facility

On January 31, 2007, Cooper entered into a $650 million syndicated Senior Unsecured Revolving Line of Credit (Revolver) and $350 million aggregate principal amount of 7.125% of Senior Notes (Senior Notes), described below. The Revolver matures on January 31, 2012. KeyBank led the Revolver refinancing.

Revolver

Interest rates for the Revolver are based on the London Interbank Offered Rate (LIBOR) plus additional basis points determined by certain ratios of debt to pro forma earnings before interest, taxes, depreciation and amortization (EBITDA), as defined in the credit agreement. These range from 75 to 150 basis points. As of October 31, 2008, the additional basis points were 150.

The Revolver has financial covenants that:

Require the ratio of consolidated Pro Forma EBITDA to Consolidated Interest Expense (as defined, Interest Coverage Ratio) be at least 3.0 to 1.0 at all times.

Require the ratio of Consolidated Funded Indebtedness to Consolidated Pro Forma EDITDA (as defined, Total Leverage Ratio) be no higher than 4.00 to 1.00 from January 31, 2007, through October 31, 2009, and 3.75 to 1.00 thereafter.

At October 31, 2008, the Company s Interest Coverage Ratio was 5.14 to 1.00 and the Total Leverage Ratio was 3.46 to 1.00 and the Company is in compliance with all covenants.

Debt issuance costs related to the Revolver and Senior Notes are carried in other assets and amortized to interest expense over the life of the credit facility.

At October 31, 2008, we had $138.4 million available under the Revolver.

Senior Notes

On January 31, 2007, the Company issued $350 million aggregate principal amount of 7.125% Senior Notes due February 15, 2015. The Senior Notes were initially offered in a private placement to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933 and were subsequently exchanged for a like principal amount of Senior Notes having identical terms that were

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

registered with the Securities and Exchange Commission pursuant to a registration statement declared effective June 19, 2007. Net proceeds from the issuance totaled approximately $342.6 million. The Senior Notes pay interest semi-annually on February 15 and August 15 of each year, beginning August 15, 2007. We may redeem some or all of the Senior Notes at any time prior to February 15, 2011, at a price equal to 100% of the principal amount of the Senior Notes redeemed plus accrued and unpaid interest to the redemption date and a prescribed premium. We may redeem some or all of the Senior Notes at any time on or after February 15, 2011, at the redemption prices (expressed as percentages of principal amounts) set forth below, plus accrued and unpaid interest to the redemption date, if any, on the Senior Notes redeemed to the applicable redemption date, if redeemed during the twelve-month period beginning on February 15 of the years indicated below:

Year	Percent
2011	103.56%
2012	101.78%
2013 and thereafter	100.00%

In addition, prior to February 15, 2010, we may redeem up to 35% of the Senior Notes at a price equal to 107.13% of the principal amount of the Senior Notes redeemed plus accrued and unpaid interest to the redemption date, if any, on the Senior Notes redeemed to the applicable redemption date, from the proceeds of certain equity offerings.

Under the indenture governing the Senior Notes, our ability to incur indebtedness and pay distributions is subject to restrictions and the satisfaction of various conditions. In addition, the indenture imposes restrictions on certain other customary matters, such as limitations on certain investments, transactions with affiliates, the incurrence of liens, sale and leaseback transactions, certain asset sales and mergers.

The Senior Notes are our senior unsecured obligations and rank equally with all of our existing and future senior unsecured obligations and senior to our subordinated indebtedness. The Senior Notes are effectively subordinated to our existing and future secured indebtedness to the extent of the assets securing that indebtedness. On the issue date, certain of our direct and indirect subsidiaries entered into unconditional guarantees of the Senior Notes that are unsecured. These guarantees rank equally with all existing and future unsecured senior obligations of the guarantors and are effectively subordinated to existing and future secured debt of the guarantors to the extent of the assets securing that indebtedness. The Senior Notes are structurally subordinated to indebtedness and other liabilities, including payables, of our non-guarantor subsidiaries.

Convertible Senior Debentures

On July 1, 2008, we repurchased all $115 million in aggregate principal amount of our 2.625% Convertible Senior Debentures (Securities) pursuant to the terms of the indenture for the Securities. The terms of the indenture included a Put Option that entitled each holder of the Securities to require the Company to repurchase all or any part of such holder s Securities at a price equal to $1,000 in cash per $1,000 of principal amount of Securities plus accrued and unpaid interest. The Company accepted all of these Securities for repurchase, and therefore no Securities remain outstanding. The Company paid the aggregate repurchase price from borrowings under its $650 million revolving line of credit. On July 1, 2008, we also wrote off $3.0 million of unamortized costs related to the Securities.

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

We issued the $115 million of 2.625% convertible senior debentures, which was originally due on July 1, 2023, in fiscal 2003 in a private placement pursuant to Rule 144A and Regulation S of the Securities Act of 1933. The Debentures were initially convertible at the holder s option under certain circumstances into 22.5201 shares of our common stock per $1,000 principal amount of Securities (representing a conversion price of approximately $44.40 per share), or approximately 2.6 million shares in aggregate, subject to adjustment. The Securities ranked equally in right of payment with all of our other unsecured and unsubordinated indebtedness and were effectively subordinated to the indebtedness and other liabilities of our subsidiaries, including trade creditors.

Under EITF Issue No. 04-8, *The Effect of Contingently Convertible Instruments on Diluted Earnings Per Share*, the dilutive effect of the Securities is included in the diluted earnings per share calculation from the time of issuance of the Securities, in accordance with the if-converted methodology under SFAS No. 128, *Earnings Per Share* (SFAS 128).

Canadian Credit Facility

On April 30, 2007, the Company entered into a $10 million Canadian credit facility supported by a continuing and unconditional guaranty. Interest expense is calculated on outstanding balances based on an applicable base rate plus a fixed spread. At October 31, 2008, $7.5 million of the facility was utilized. The weighted average interest rate on the outstanding balances was 4.1%.

European Credit Facility

On November 1, 2006, the Company entered into a $45 million European credit facility with CitiGroup in the form of a continuing and unconditional guaranty. The Company will pay to CitiGroup all forms of indebtedness in the currency in which it is denominated for those certain subsidiaries. Interest expense is calculated on all debit balances based on an applicable base rate for each country plus a fixed spread common across most subsidiaries covered under the guaranty. At October 31, 2008, $9.1 million of the facility was utilized. The weighted average interest rate on the outstanding balances was 5.2%.

In addition to the $45 million European credit facility, the Company has available a non-guaranteed Euro-denominated Italian overdraft facility totaling approximately $3.3 million. The weighted average interest rate on the outstanding balances was 4.9%

Asian Pacific Credit Facilities

In February 2006 and in May 2008, the Company entered into $15 million and approximately $10 million Yen-denominated credit facilities, respectively, in Japan supported by a continuing and unconditional guaranty. The Company will pay all forms of indebtedness in Yen upon demand. Interest expense is calculated on the outstanding balance based on the EuroYen rate plus a fixed spread. At October 31, 2008, due to exchange rate fluctuations in October, $16.1 million and $6.9 million of the facilities, respectively, were utilized. The weighted average interest rate on the outstanding balances was 1.2%.

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

During the three months ended April 30, 2007, the Company entered into an approximately $3 million overdraft facility for certain of our Asian Pacific subsidiaries. Each overdraft facility is supported by a continuing and unconditional guaranty. The Company will pay all forms of indebtedness in the currency in which it is denominated for those certain subsidiaries. Interest expense is calculated on all outstanding balances based on an applicable base rate for each country plus a fixed spread common across all subsidiaries covered under each guaranty. At October 31, 2008, $800 thousand of the facility was utilized. The weighted average interest rate on the outstanding balances was 3.8%.

Note 8. Financial Instruments

The fair value of each of our financial instruments, including cash and cash equivalents, trade receivables, lines of credit and accounts payable, approximated its carrying value as of October 31, 2008 and 2007 because of the short maturity of these instruments and the ability to obtain financing on similar terms. There are no significant concentrations of credit risk in trade receivables.

The 7.125% Senior Notes are traded in public markets. The carrying value and estimated fair value of these obligations as of October 31, 2008, were $350.0 million and $281.8 million, respectively and as of October 31, 2007, were $350.0 million and $350.9 million, respectively. As of October 31, 2007, the carrying value and estimated fair value of our 2.625% Convertible Senior Debentures were $112.7 million and $123.4 million, respectively. The fair value of our other long-term debt, consisting solely of our Revolver, approximated the carrying value at October 31, 2008 and 2007.

Derivative Instruments

We operate multiple foreign subsidiaries that manufacture and/or sell our products worldwide. As a result, our earnings, cash flow and financial position are exposed to foreign currency risk from foreign currency denominated receivables and payables, sales transactions, capital expenditures and net investment in certain foreign operations. Our policy is to minimize transaction, remeasurement and specified economic exposures with derivatives instruments such as foreign exchange forward contracts and cross currency swaps. The gains and losses on these derivatives are intended to at least partially offset the transaction gains and losses recognized in earnings. We do not enter into derivatives for speculative purposes. Under SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* (SFAS 133), all derivatives are recorded on the balance sheet at fair value. As discussed below, the accounting for gains and losses resulting from changes in fair value depends on the use of the derivative and whether it is designated and qualifies for hedge accounting.

Cash Flow Hedging

In the fiscal fourth quarter 2008, the Company entered into approximately $146.8 million of foreign currency forward contracts with maturities of up to fourteen months to reduce foreign currency fluctuations related to forecasted foreign currency denominated purchases and sales of

product in fiscal 2009. The derivatives are accounted for as cash flow hedges under SFAS 133 and are expected to be effective throughout the life of the hedges. An immaterial amount of ineffectiveness was recorded during the fiscal fourth quarter 2008.

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

In the fiscal third quarter 2008, the Company entered into approximately $307 million of foreign currency forward contracts. Approximately $296 million in contracts with maturities of up to thirteen months serve to reduce foreign currency exposure related to forecasted foreign currency denominated purchases and sales of product in fiscal 2009. Approximately $11 million in contracts with maturities of up to seven months serve to reduce foreign currency exposure related to forecasted foreign currency denominated purchases and sales of product in fiscal 2008. The derivatives are accounted for as cash flow hedges under SFAS 133 and are expected to be effective throughout the life of the hedges. An immaterial amount of ineffectiveness was recorded during the fiscal third quarter 2008.

In the fiscal second quarter 2008, the Company entered into approximately $15.9 million of foreign currency forward contracts with maturities of up to eight months to reduce foreign currency fluctuations related to forecasted foreign currency denominated purchases and sales of product. No ineffectiveness was recorded during the fiscal second quarter 2008.

In the fiscal first quarter 2008, the Company entered into approximately $142 million of foreign currency forward contracts with maturities of up to ten months to reduce foreign currency fluctuations related to forecasted foreign currency denominated purchases and sales of product. The derivatives are accounted for as cash flow hedges under SFAS 133 and are expected to be effective throughout the life of the hedges. No ineffectiveness was recorded during the fiscal first quarter 2008.

We designate and document qualifying foreign exchange forward contracts, with maturities of 24 months or less, related to forecasted cost of sales, and certain intercompany sales and purchases associated with third party transactions, as cash flow hedges. For such hedges, the effective portion of the contracts gains or losses resulting from changes in fair value of these hedges is initially reported as a component of accumulated other comprehensive income (OCI) in stockholder s equity until the underlying hedged item is reflected in our Consolidated Statements of Operations, at which time the effective amount in OCI is reclassified to either cost of sales or other income or expense in our Consolidated Statements of Operations. We record any ineffectiveness and any excluded components of the hedge immediately to other income or expense in our Consolidated Statements of Operations. As of October 31, 2008, the excluded components were a gain of approximately $2.9 million recorded to other income. For the fiscal year ended October 31, 2008, the calculated ineffective amount recorded to earnings was immaterial. We calculate hedge effectiveness at a minimum each fiscal quarter. Monthly, we evaluate hedge effectiveness prospectively and retrospectively, excluding time value, using regression as well as other timing and probability criteria required by SFAS No. 133.

In the event the underlying forecasted transaction does not occur within the designated hedge period, or it becomes probable that the forecasted transaction will not occur, the related gains and losses on the cash flow hedges are immediately reclassified from OCI to other income or expense in our Consolidated Statements of Operations at that time. As of October 31, 2008, there were no reclassifications from OCI to other income or expense due to either of these scenarios. As of October 31, 2008, all outstanding cash flow hedging derivatives had maturities of less than 13 months. We expect to reclassify a loss of approximately $0.6 million to other income over the next twelve months and a gain of approximately $0.9 million thereafter.

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

Rollforward of Other Comprehensive Income

Year Ended October 31,

(In thousands)	2008	2007
Beginning balance of unrealized (losses) on derivative instruments	$ (4,432)	$ (38)
Change in unrealized (losses) on derivative instruments	(13,431)	(3,686)
Reclassification adjustment for losses (gains), realized on derivative instruments in income:		
Cost of sales	18,062	(772)
Operating expense	60	64
Ending balance of unrealized gains (losses) on derivative instruments	$ 259	$ (4,432)

Balance Sheet Hedges

We manage the foreign currency risk associated with non-functional currency assets and liabilities using foreign exchange forward contracts with maturities of less than 24 months and cross currency swaps with maturities up to 36 months. In January 2008, the Company entered into approximately $57 million of foreign currency forward contracts to reduce foreign currency fluctuation related to the balance sheet translation of certain intercompany balances. As of October 31, 2008, all outstanding balance sheet hedging derivatives had maturities of less than 24 months. The change in fair value of these derivatives is recognized in other income or expense and is intended to offset the remeasurement gains and losses associated with the non-functional currency assets and liabilities.

Interest Rate Swaps

On January 31, 2007, the Company refinanced its $750 million syndicated bank credit facility, which consisted of a $250 million term loan and a $500 million revolving credit facility, with a $650 million syndicated Senior Unsecured Revolving Line of Credit (Revolver) and $350 million aggregate principal amount of 7.125% Senior Notes. As of October 31, 2008, approximately $511.4 million of the $650 million revolving facility is outstanding. As part of this new debt structure, the Company terminated an interest rate swap with a notional value of $125 million on January 30, 2007. This interest rate swap was set to mature on February 9, 2009, and the Company settled the interest rate swap and received $1.1 million from the counterparty. As a result of the termination of the interest rate swap, the Company realized a gain of approximately $1.0 million. The Company amortizes this gain from OCI to interest expense over the original life of the interest rate swap. During fiscal 2008, approximately $0.3 million of effective gains were amortized from OCI to interest expense related to the termination of this swap. As of October 31, 2008, approximately $30 thousand remained in OCI as effective gains to be amortized to interest expense related to the termination of this swap. Effective amounts are amortized to interest expense as the related hedged expense is incurred. The final amounts will be amortized during the fiscal first quarter of 2009.

On May 3, 2007, we terminated two floating-to-fixed interest rate swaps with notional values of $125 million that were set to mature on February 7, 2008. As a result of these swap terminations, the Company realized a gain of approximately $2.4 million to be amortized from OCI to interest expense

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

over the original life of these two interest rate swaps. During fiscal 2008, approximately $0.8 million of effective gains related to the termination of these swaps were amortized from OCI to interest expense, bringing the remaining effective amount in OCI to zero.

Concurrent with these interest rate swap terminations and maturities, the Company reset its fixed rate debt structure under the Revolver to extend maturities by entering into four new interest rate swaps on May 3, 2007. These new interest rate swaps with notional values totaling $250 million, serve to fix the floating rate debt under the Revolver for terms between 30 and 48 months with fixed rates between 4.94% to 4.96%.

On September 19, 2007, the Company entered into an additional floating-to-fixed interest rate swap with a notional value of $25 million and a maturity of September 21, 2009. This swap was documented and designated as a cash flow hedge and serves to fix $25 million of floating rate debt under the Revolver at a rate of 4.53%.

On October 22, 2008, the Company entered into three additional floating-to-fixed interest rate swaps. These new interest rate swaps with notional values totaling $175 million, serve to fix the floating rate debt under the Revolver for terms between 16 and 24 months with fixed rates between 2.40% and 2.53%.

All eight outstanding interest rate swaps hedge variable interest payments related to the Company s $650 million credit facility by exchanging variable rate interest risk for a fixed interest rate. The Company has qualified and designated these swaps under SFAS 133 as cash flow hedges, and records the offset of the cumulative fair market value (net of tax effect) to OCI in our Consolidated Balance Sheet.

Effectiveness testing of the hedge relationship and measurement to quantify ineffectiveness is performed at a minimum each fiscal quarter using the hypothetical derivative method. The swaps have been and are expected to remain highly effective for the life of the hedges. Effective amounts are reclassified to interest expense as the related hedged expense is incurred. No material ineffectiveness was recognized on the eight outstanding interest rate swaps during the current fiscal year. As of October 31, 2008, the fair value of the eight outstanding swaps, approximately $11.4 million, was recorded as a liability and the effective offset was recorded in OCI in our Consolidated Balance Sheet, and the accrued interest of $1.3 million was recorded to interest payable. During 2008, approximately $1.5 million of effective losses were reclassified from OCI to interest expense related to the eight outstanding swaps. Over the next 12 months, $6.7 million will be reclassified from OCI to interest expense and $3.4 million will be reclassified from OCI to interest expense over the remaining swaps duration.

Fair Value Hedging

From time to time we designate and document foreign exchange forward contracts related to firm commitments for third party royalty payments as fair value hedges. In accordance with policy, these derivatives are employed to eliminate, reduce or transfer selected foreign currency risks that meet the SFAS 133 definition of a firm commitment. Fair value hedges are evaluated for effectiveness at a

90

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

minimum each fiscal quarter and any ineffectiveness is recorded in other income and expense in our Consolidated Statements of Operations. The critical terms of the forward contract and the firm commitments are matched at inception and subsequent prospective forward contract effectiveness is measured by comparing the cumulative change in the fair value of the forward contract to the cumulative change in value of the specified firm commitment, including time value. The derivative fair values are recorded in our Consolidated Balance Sheets and recognized currently in earnings; this is offset by the effective gains and losses on the change in value of the firm commitment which is recorded in accrued liabilities in our Consolidated Balance Sheets. The net impact of any hedge ineffectiveness on fair value hedges that was recognized in other income or expense was immaterial for the fiscal year ended October 31, 2008. In fiscal 2008, the Company did not designate any new derivatives as fair value hedges and none were outstanding after February 29, 2008.

Outstanding Derivative Instruments

Our outstanding net foreign exchange forward contracts and interest rate swap agreements as of October 31, 2008, are presented in the table below. Weighted average forward rates are quoted using market conventions.

Foreign Exchange Hedge Instruments (Currency in thousands)	Net Notional Value	Weighted Average Rate	Gain/(Loss) Fair Value
Cash flow foreign exchange hedges:			
AUD sold	AUD 11,361	0.9028	$ 2,735
AUD purchased	AUD 884	0.6790	$ (14)
CAD sold	CAD 19,165	1.0029	$ 3,163
EUR sold	EUR 111,829	1.4945	$ 15,581
GBP sold	GBP 35,304	1.8602	$ 9,087
GBP purchased	GBP 83,394	1.8678	$ (22,043)
JPY sold	JPY 9,712,986	103.5455	$ (5,430)
SEK sold	SEK 152,329	6.2825	$ 4,614
Balance Sheet foreign exchange hedges:			
AUD purchased	AUD 5,141	0.6618	$ (28)
CAD purchased	CAD 10,252	1.1981	$ (52)
EUR sold	EUR 4,634	1.3875	$ 528
EUR purchased	EUR 25,547	1.3580	$ (251)
GBP sold	GBP 20,597	1.5994	$ (197)
GBP purchased	GBP 32,756	1.8598	$ (8,223)
JPY purchased	JPY 730,000	97.9333	$ (17)
SEK purchased	SEK 31,789	6.4056	$ (870)

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

	Summary Notational Value	Fixed Rate	Gain/(Loss) Fair Value
Interest rate swap agreements			
Cash flow interest rate hedges:			
Agreements expiring September 21, 2009	$25,000	0.0453	($503)
Agreements expiring November 8, 2009	$50,000	0.0496	($1,546)
Agreements expiring March 24, 2010	$75,000	0.0240	($13)
Agreements expiring May 8, 2010	$75,000	0.0495	($3,080)
Agreements expiring July 24, 2010	$50,000	0.0244	$63
Agreements expiring September 24, 2010	$50,000	0.0253	$27
Agreements expiring November 8, 2010	$75,000	0.0494	($3,694)
Agreements expiring May 8, 2011	$50,000	0.0494	($2,694)

Note 9. Stockholders Equity

Analysis of changes in accumulated other comprehensive income/(loss):

(In thousands)	Foreign Currency Translation Adjustment	Change in Value of Derivative Instruments	Minimum Pension Liability	Total
Balance October 31, 2005	29,829	3,530	(3,200)	30,159
Gross change in value for the period	31,601	3,138	3,760	38,499
Reclassification adjustments for (gains) losses realized in income		(4,106)		(4,106)
Tax effect for the period		132	(1,250)	(1,118)
Balance October 31, 2006	$ 61,430	$ 2,694	$ (690)	$ 63,434
Gross change in value for the period	53,913	(5,042)		48,871
Gross impact of initial adoption of SFAS 158			(2,452)	(2,452)
Reclassification adjustments for (gains) losses realized in income		(5,365)		(5,365)
Tax effect for the period		2,335	957	3,292
Balance October 31, 2007	$ 115,343	$ (5,378)	$ (2,185)	$ 107,780
Gross change in value for the period	(132,065)	(22,537)	(641)	(155,243)
Reclassification adjustments for (gains) losses realized in income		18,605		18,605
Tax effect for the period		3,368	250	3,618
Balance October 31, 2008	$ (16,722)	$ (5,942)	$ (2,576)	$ (25,240)

Cash Dividends

In fiscal 2008 and 2007, we paid semiannual dividends of 3 cents per share: an aggregate of approximately $1.4 million on July 3, 2008, to stockholders of record on June 13, 2008; $1.3 million on January 4, 2008, to stockholders of record on December 14, 2007; $1.3 million on July 5, 2007, to stockholders of record on June 13, 2007 and $1.3 million on January 5, 2007, to stockholders of record on December 15, 2006.

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

Stockholders Rights Plan

Under our stockholders rights plan, each outstanding share of our common stock carries one-half of one preferred share purchase right (a Right). The Rights will become exercisable only under certain circumstances involving acquisition of beneficial ownership of 20% or more of our common stock by a person or group (an Acquiring Person) without the prior consent of Cooper s Board of Directors. If a person or group becomes an Acquiring Person, each Right would then entitle the holder (other than an Acquiring Person) to purchase, for the then purchase price of the Right (currently $450, subject to adjustment), shares of Cooper s common stock, or shares of common stock of any person into which we are thereafter merged or to which 50% or more of our assets or earning power is sold, with a market value of twice the purchase price. The Rights will expire in October 2017 unless earlier exercised or redeemed. The Board of Directors may redeem the Rights for $.01 per Right prior to any person or group becoming an Acquiring Person.

Note 10. Stock Plans

At October 31, 2008, Cooper had the following stock-based compensation plans:

2006 Long-Term Incentive Plan for Non-Employee Directors (2006 Directors Plan)

In March 2006, the Company received stockholder approval of the 2006 Directors Plan, and in March 2007, October 2007, October 2008 and December 2008, the Board of Directors amended the 2006 Directors Plan. No further awards will be granted from the 1996 Long-Term Incentive Plan for Non-Employee Directors, which expired by its terms on November 16, 2005.

The 2006 Directors Plan authorizes either Cooper s Board of Directors or a designated committee thereof composed of two or more Non-Employee Directors to grant to Non-Employee Directors during the period ending March 21, 2009, equity awards for up to 650,000 shares of common stock, subject to adjustment for future stock splits, stock dividends, expirations, forfeitures and similar events.

As amended, the 2006 Directors Plan provides for annual grants of stock options and restricted stock to Non-Employee Directors on November 1 and November 15, respectively, of each fiscal year. Specifically, each Non-Employee Director may be awarded the right to purchase 1,600 restricted shares of the Company s common stock for $0.10 per share on each November 15. The restrictions on the restricted stock will lapse on the first anniversary of the date of grant. Each Non-Employee Director may also be awarded 10,000 options (11,400 options in the case of the Lead Director and/or the Chairman of the Board) to purchase common stock on each November 1. These options vest on the earlier of the date when the stock reaches certain target values or the fifth anniversary of the date of grant. Options expire no more than 10 years after the grant date. In December 2008, the Directors Plan was also amended to allow discretionary granting of stock options and/or restricted stock with similar terms to the annual grant other than the specific share requirements. As of October 31, 2008, 377,466 shares remained

available under the 2006 Directors Plan for future grants.

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

2007 Long-Term Incentive Plan (2007 LTIP)

In March 2007, the Company received stockholder approval of the 2007 LTIP and in October 2007, the Board of Directors amended the 2007 LTIP. No further awards will be granted from the Second Amended and Restated 2001 Long Term Incentive Plan, which expired by its terms on December 31, 2006.

The 2007 LTIP is designed to increase Cooper s stockholder value by attracting, retaining and motivating key employees and consultants who directly influence our profitability. The 2007 LTIP authorizes either Cooper s Board of Directors, or a designated committee thereof composed of two or more Non-Employee Directors, to grant to eligible individuals during the period ending December 31, 2017, specified equity awards including stock options and restricted stock units, for up to an aggregate 2,700,000 shares of common stock of which up to 500,000 can be issued as full-value awards, subject to adjustment for future stock splits, stock dividends, expirations, forfeitures and similar events.

In October 2008, the Company granted both stock options and restricted stock units (RSUs) to employees under the 2007 LTIP. Stock options expire no more than 10 years after the grant date. Stock options may become exercisable based on our common stock achieving certain price targets, specified time periods elapsing or other criteria designated by the Board or its authorized committee at their discretion. RSUs are non transferable awards entitling the recipient to receive shares of common stock, without any payment in cash or property, in one or more installments at a future date or dates as determined by the Board of Directors or its authorized committee. For RSUs, legal ownership of the shares is not transferred to the employee until the unit vests, which is generally over a four year period. As of October 31, 2008, 1,250,859 shares remained available under the 2007 LTIP for future grants.

Share-Based Compensation

Compensation cost associated with share-based awards recognized in fiscal 2007 includes: 1) amortization related to the remaining unvested portion of all stock option awards granted prior to November 1, 2005, based on the grant date fair value estimated in accordance with the original provisions of SFAS 123; and 2) amortization related to all stock option awards granted on or subsequent to November 1, 2005, based on the grant-date fair value estimated in accordance with the provisions of SFAS 123R. The compensation and related income tax benefit recognized in the Company s consolidated financial statements for stock options and restricted stock awards were as follows:

October 31,

(In millions)	**2008**	**2007**	**2006**
Selling, general and administrative expenses	$ 12.4	$ 12.9	$ 13.2
Cost of products sold	1.3	1.5	0.7
Research and development expense	(0.1)	0.7	0.3
Restructuring expense		0.8	
Capitalized in inventory	1.3	1.8	0.5

Total compensation	$ 14.9	$ 17.7	$ 14.7
Related income tax benefit	$ 4.0	$ 4.3	$ 3.2

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

Cash received from options exercised under all share-based payment arrangements for the years ended October 31, 2008, 2007 and 2006 was approximately $6.3 million, $9.3 million and $3.0 million, respectively.

Details regarding the valuation and accounting for stock options follow.

The fair value of each share-based award granted after the adoption of SFAS 123R is estimated on the date of grant using the Black-Scholes option valuation model and assumptions noted in the following table. The expected life of the awards is based on the observed and expected time to post-vesting forfeiture and/or exercise. Groups of employees that have similar historical exercise behavior are considered separately for valuation purposes. The expected volatility is based on implied volatility from publicly-traded options on the Company s stock at the date of grant, historical implied volatility of the Company s publicly-traded options, historical volatility and other factors. The risk-free interest rate is based on the continuous rates provided by the U.S. Treasury with a term equal to the expected life of the option. The dividend yield is based on the projected annual dividend payment per share, divided by the stock price at the date of grant.

Years Ended October 31,	2008	2007	2006
Expected life	3.2 - 5.16 years	2.5 - 5.2 years	2.8 - 5.2 years
Expected volatility	29.1%	29.1% - 30.4%	29.5% - 30.8%
Risk-free interest rate	3.99% - 4.37%	4.4% - 4.7%	4.4% - 4.8%
Dividend yield	0.10%	0.09% - 0.10%	0.09%

The status of the Company s stock option plans at October 31, 2008, is summarized below:

	Number of Shares	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term (in Years)	Aggregate Intrinsic Value
Outstanding at October 31, 2007	5,199,534	$ 53.06		
Granted	731,216	23.47		
Exercised	(242,000)	25.82		
Forfeited or expired	(403,150)	60.64		
Outstanding at October 31, 2008	5,285,600	49.64	5.93	
Vested and exercisable at October 31, 2008	2,161,469	$ 45.20	4.97	

The weighted-average fair value of each option granted during the year ended October 31, 2008, estimated as of the grant date using the Black-Scholes option pricing model, for the 2007 LTIP was $6.60. The weighted-average fair value of each option granted during the year ended October 31, 2007, estimated as of the grant date using the Black-Scholes option pricing model, for the 2007 LTIP and 2001 LTIP was $14.38 and $10.61, respectively. For the 2006 Directors Plan, the weighted-average fair value of options granted for the years ended October 31, 2008 and 2007 were $14.23 and $20.36, respectively. The total intrinsic value of options exercised during the year ended October 31, 2008 was $3.6 million. The expected requisite service periods for options granted in the year ended October 31,

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

2008 for employees was 33 months. The periodic adjustment of the forfeiture rate resulted in a $3.2 million reduction in share-based compensation expense in our fiscal fourth quarter. Directors options and restricted stock grants are expensed on the date of grant as the 2006 Directors Plan does not contain a substantive future requisite service period.

Stock awards outstanding under the Company s current plans have been granted at prices which are either equal to or above the market value of the stock on the date of grant. Options granted under the 2007 LTIP generally vest over three and one-half to five years based on market and service conditions and expire no later than either five or ten years after the grant date. Options granted under the 2006 Directors Plan generally vest in five years or upon achievement of a market condition and expire no later than ten years after the grant date. Effective November 1, 2005, the Company generally recognizes compensation expense ratably over the vesting period. As of October 31, 2008, there was $28.0 million of total unrecognized compensation cost related to nonvested options, which is expected to be recognized over a remaining weighted-average vesting period of 2.03 years.

The Company s non-vested RSUs and activity as of and for the year ended October 31, 2008, is summarized below:

	Number of Shares	Weighted-Average Grant Date Fair Value Per Share
Non-vested RSUs at October 31, 2007	167,700	$ 42.65
Granted	215,150	23.38
Vested		
Forfeited or expired	(11,625)	42.65
Non-vested RSUs at October 31, 2008	371,225	$ 34.29

The weighted-average fair value of each RSU granted during the year ended October 31, 2008, under the 2007 LTIP was $23.38.

RSUs granted under the 2007 LTIP have been granted at prices which are either equal to or above the market value of the stock on the date of grant and generally vest over four years. The Company recognizes compensation expense ratably over the vesting period. As of October 31, 2008, there was $9.6 million of total unrecognized compensation cost related to non-vested RSUs, which is expected to be recognized over a remaining weighted-average vesting period of 2.17 years.

Note 11. Employee Benefits

Cooper s Retirement Income Plan

Cooper s Retirement Income Plan (the Plan), a defined benefit plan, covers substantially all full-time United States employees. Cooper s contributions are designed to fund normal cost on a current basis and to fund over 30 years the estimated prior service cost of benefit improvements (5 years for annual gains and losses). The unit credit actuarial cost method is used to determine the annual cost. Cooper pays the entire cost of the Plan and funds such costs as they accrue. Virtually all of the assets of the Plan are comprised of equities and participation in equity and fixed income funds.

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

The following table sets forth the Plan s benefit obligations and fair value of the Plan assets at October 31, 2008, and the funded status of the Plan and net periodic pension costs for each of the years in the three-year period ended October 31, 2008.

Retirement Income Plan

Years Ended October 31,

(In thousands)	2008	2007	2006
Change in benefit obligation			
Benefit obligation, beginning of year	$ 33,035	$ 30,562	$ 30,464
Service cost	3,001	2,980	2,942
Interest cost	2,035	1,804	1,585
Benefits paid	(828)	(1,020)	(720)
Actuarial (gain)/loss	(3,103)	(1,291)	(3,709)
Benefit obligation, end of year	$ 34,140	$ 33,035	$ 30,562
Change in plan assets			
Fair value of plan assets, beginning of year	$ 26,852	$ 19,953	$ 19,004
Actual return on plan assets	(1,426)	2,674	1,669
Employer contributions		5,245	
Benefits paid	(828)	(1,020)	(720)
Fair value of plan assets, end of year	$ 24,598	$ 26,852	$ 19,953
Funded status at end of year	$ (9,542)	$ (6,183)	$ (10,609)

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

Years Ended October 31,

(In thousands)	2008	2007	2006
Amounts recognized in the statement of financial position consist of:			
Noncurrent asset	$	$	
Current liability			
Noncurrent liabilities	(9,542)	(6,183)	
Net amount recognized at year end	$ (9,542)	$ (6,183)	
Amounts recognized in accumulated other comprehensive income consist of:			
Net transition obligation	$ 106	$ 132	
Prior service cost	189	219	
Net loss (gain)	3,927	3,231	
Accumulated other comprehensive income	$ 4,222	$ 3,582	
Information for pension plans with accumulated benefit obligations in excess of plan assets			
Projected benefit obligation	$ 34,140	$ 33,035	$ 30,562
Accumulated benefit obligation	29,431	28,339	26,199
Fair value of plan assets	24,598	26,852	19,953
Components of net periodic benefit cost and other amounts recognized in other comprehensive income			
Net periodic benefit cost:			
Service cost	$ 3,001	$ 2,980	$ 2,942
Interest cost	2,035	1,804	1,585
Expected return on plan assets	(2,374)	(1,872)	(1,678)
Amortization of transitional (asset) or obligation	26	26	26
Amortization of prior service cost	30	30	30
Recognized actuarial (gain) or loss		172	467
Net periodic pension cost	2,718	3,140	3,372
Other changes in plan assets and benefit obligations recognized in other comprehensive income for fiscal year 2008			
There was no amount recognized prior to the adoption of SFAS 158 at October 31, 2007.			
Net transition obligation			
Prior service cost			
Net loss (gain)	697		
Amortizations of net transition obligation	(26)		
Amortizations of prior service cost	(30)		
Amortizations of net loss (gain)			
Total recognized in other comprehensive income	641		
Total recognized in net periodic benefit cost and other comprehensive income	$ 3,359		

98

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

The estimated net loss, net transition obligation and prior service cost for the plan that will be amortized from accumulated other comprehensive income into net periodic benefit cost over the next fiscal year are $36,058, $25,602 and $29,828, respectively.

Years Ended October 31,	2008	2007	2006
Weighted-average assumptions used in computing the net periodic pension cost and projected benefit obligation at year end:			
Discount rate for determining net periodic pension cost	6.25%	6.00%	5.25%
Discount rate for determining benefit obligations at year end	7.00%	6.25%	6.00%
Rate of compensation increase for determining expense	4.00%	4.00%	4.00%
Rate of compensation increase for determining benefit obligations at year end	4.00%	4.00%	4.00%
Expected rate of return on plan assets for determining net periodic pension cost	9.00%	9.00%	9.00%
Measurement date for determining assets and benefit obligations at year end, August 31	2008	2007	2006

The expected rate of return on plan assets was determined based on a review of historical returns, both for this plan and for medium- to large-sized defined benefit pension funds with similar asset allocations. This review generated separate expected returns for each asset class listed below. These expected future returns were then blended based on this Plan s target asset allocation.

Plan Assets

Weighted-average asset allocations at year end, by asset category are as follows:

Years Ended October 31,	2008	2007	2006
Asset Category			
Cash and cash equivalents	2.6%	12.4%	1.1%
Corporate common stock	24.4%	21.9%	27.6%
Equity mutual funds	49.0%	46.9%	50.8%
Bond mutual funds	24.0%	18.8%	20.5%
Total	100.0%	100.0%	100.0%

The Plan invests in a diversified portfolio of assets intended to minimize risk of poor returns while maximizing expected portfolio returns. To achieve the long-term rate of return, plan assets will be invested in a mixture of instruments, including but not limited to, corporate common stock (may include employer stock), investment grade bond funds, cash, small/large cap equity funds and international equity funds. The allocation of assets will be determined by the investment manager, and will typically include 50% to 80% equities with the remainder invested in fixed income and cash. Presently, this diversified portfolio is expected to return roughly 9.00% in the long run.

99

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

Cash Flows

Contributions

The Company contributed to the pension plan $4,478,000 on July 13, 2007, and $767,000 on September 6, 2006. The Company closely monitors the funded status of the Plan with respect to legislative and accounting rules. The Company intends to make at least the minimum required contribution during the 2008-2009 fiscal year.

Estimated Future Benefit Payments

Years	(In thousands)
2008 - 2009	$ 1,084
2009 - 2010	1,183
2010 - 2011	1,287
2011 - 2012	1,475
2012 2013	1,648
2013 2018	12,208

In October 2007, we adopted the funded status provision of SFAS 158, *Employers Accounting for Defined Benefit Pension and Other Postretirement Plans an amendment of FASB Statements No. 87, 88, 106 and 132(R)* (SFAS 158), which required that we recognize the overfunded or underfunded status of our defined benefit postretirement plan as an asset or liability on our October 31, 2007 Consolidated Balance Sheet. Subsequent changes in the funded status are recognized through comprehensive income in the year in which they occur. SFAS 158 also requires that for fiscal years ending after December 15, 2008, our assumptions used to measure our annual pension expenses be determined as of the balance sheet date and all plan assets and liabilities be reported as of that date. For fiscal years ending October 31, 2008 and prior, the Company s defined benefit postretirement plan used an August 31 measurement date, and all plan assets and obligations were generally reported as of that date.

The fair value of the plan assets decreased $4.9 million from the measurement date of August 31, 2008, and the Company s fiscal yearend October 31, 2008.

The incremental effects of applying SFAS 158 on line items in our Consolidated Balance Sheet at October 31, 2007 were as follows:

(In millions)	Before Application of SFAS No. 158	Adjustments	After Application of SFAS No. 158
Intangible assets, net	$ 146.2	$ (0.4)	$ 145.8
Deferred tax assets	19.1	0.9	20.0
Total assets	2,595.7	0.5	2,596.2
Accrued pension liability and other	7.4	2.0	9.4
Total liabilities	1,134.7	2.0	1,136.7
Accumulated other comprehensive income (loss)	109.3	(1.5)	107.8
Total stockholders equity	1,461.0	(1.5)	1,459.5
Total liabilities and stockholders equity	2,595.7	0.5	2,596.2

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

Cooper s 401(k) Savings Plan

Cooper s 401(k) Savings Plan provides for the deferral of compensation as described in the Internal Revenue Code and is available to substantially all full-time United States employees of Cooper. Employees who participate in the 401(k) Plan may elect to have from 1% to 50% of their pre-tax salary or wages deferred and contributed to the trust established under the plan. Cooper s contributions on account of participating employees, net of forfeiture credits, were $2.3 million, $2.0 million and $2.0 million for the years ended October 31, 2008, 2007 and 2006, respectively.

Note 12. Commitments and Contingencies

Lease Commitments

Total minimum annual rental obligations under noncancelable operating leases (substantially all real property or equipment) in force at October 31, 2008, were payable as follows:

(In thousands)	
2009	$ 31,346
2010	30,256
2011	26,263
2012	26,078
2013	13,359
2014 and thereafter	60,362
	$ 187,664

Aggregate rental expense for both cancelable and noncancelable contracts amounted to $26.6 million, $24.9 million and $17.2 million in 2008, 2007 and 2006, respectively.

Legal Proceedings

The Company is from time to time involved in various litigation and legal matters arising in the normal course of its business operations. Management believes that the final resolution of these matters will not have a material adverse effect on the Company s consolidated financial position, cash flows or results of operations. By describing any particular matter, the Company does not intend to imply that it or its legal advisors have concluded or believe that the outcome of any of those particular matters is or is not likely to have a material adverse impact upon the Company s consolidated financial position, cash flows or results of operations.

On February 15, 2006, Alvin L. Levine filed a putative securities class action lawsuit in the United States District Court for the Central District of California, Case No. SACV-06-169 CJC, against the Company, A. Thomas Bender, its Chairman of the Board and a director, Robert S. Weiss, its Chief Executive Officer and a director, and John D. Fruth, a former director. On May 19, 2006, the Court consolidated this action and two related actions under the heading *In re Cooper Companies, Inc. Securities Litigation* and selected a lead plaintiff and lead counsel pursuant to the provisions of the Private Securities Litigation Reform Act of 1995, 15 U.S.C. § 78u-4.

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

The lead plaintiff filed a consolidated complaint on July 31, 2006. The consolidated complaint was filed on behalf of all purchasers of the Company s securities between July 28, 2004, and December 12, 2005, including persons who received Company securities in exchange for their shares of Ocular in the January 2005 merger pursuant to which the Company acquired Ocular.

In addition to the Company, Messrs. Bender, Weiss, and Fruth, the consolidated complaint named as defendants several of the Company s other current officers and directors and former officers. On July 13, 2007, the Court granted Cooper s motion to dismiss the consolidated complaint and granted the lead plaintiff leave to amend to attempt to state a valid claim.

On August 9, 2007, the lead plaintiff filed an amended consolidated complaint. In addition to the Company, the amended consolidated complaint names as defendants Messrs. Bender, Weiss, Fruth, Steven M. Neil, the Company s former Executive Vice President and Chief Financial Officer, and Gregory A. Fryling, CooperVision s former President and Chief Operating Officer.

The amended consolidated complaint purports to allege violations of Sections 10(b) and 20(a) of the Securities and Exchange Act of 1934 by, among other things, contending that the defendants made misstatements concerning the Biomedics product line, sales force integration following the merger with Ocular, the impact of silicone hydrogel lenses and financial projections. The amended consolidated complaint also alleges that the Company improperly accounted for assets acquired in the Ocular merger by improperly allocating $100 million of acquired customer relationships and manufacturing technology to goodwill (which is not amortized against earnings) instead of to intangible assets other than goodwill (which are amortized against earnings), that the Company lacked appropriate internal controls and issued false and misleading Sarbanes-Oxley Act certifications.

On October 23, 2007, the Court granted in-part and denied in-part Cooper and the individual defendants motion to dismiss. The Court dismissed the claims relating to the Sarbanes-Oxley Act certifications and the Company s accounting of assets acquired in the Ocular merger. The Court denied the motion as to the claims related to alleged false statements concerning the Biomedics product line, sales force integration, the impact of silicone hydrogel lenses and the Company s financial projections. On November 28, 2007, the Court dismissed all claims against Mr. Fruth. On December 3, 2007, the Company and Messrs. Bender, Weiss, Neil and Fryling answered the amended consolidated complaint. On April 8, 2008, the Court granted a motion by Mr. Neil for judgment on the pleadings as to him. A February 17, 2010, trial date has been set, and discovery has commenced. On December 15, 2008, the Court held a hearing on the lead plaintiffs motion for class certification and indicated that it expects to rule on the motion before the end of the year. The Company intends to defend this matter vigorously.

On March 17, 2006, Eben Brice filed a purported shareholder derivative complaint in the United States District Court for the Central District of California, Case No. 8:06-CV-00300-CJC-RNB, against several current and former officers and directors of the Company. The Company is named as a nominal defendant. Since the filing of the first purported shareholder derivative lawsuit, three similar purported shareholder derivative suits were filed in the United States District Court for the Central District of California. All four actions have been consolidated under the heading In re Cooper Companies, Inc. Derivative Litigation and the Court selected a lead plaintiff and lead counsel.

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

On September 11, 2006, plaintiffs filed a consolidated amended complaint. The consolidated amended complaint names as defendants Messrs. Bender, Weiss, Fruth and Fryling. It also names as defendants current directors Michael Kalkstein, Moses Marx, Steven Rosenberg, Stanley Zinberg, Allan Rubenstein, and one former director. The Company is a nominal defendant. The complaint purports to allege causes of action for breach of fiduciary duty, insider trading, breach of contract, and unjust enrichment, and largely repeats the allegations in the class action securities case, described above. Under the existing scheduling order, the Company has until September 12, 2009, to respond to the consolidated amended complaint.

In addition to the derivative action pending in federal court, three similar purported shareholder actions were filed in the Superior Court for the State of California for the County of Alameda. These actions have been consolidated under the heading In re Cooper Companies, Inc. Shareholder Derivative Litigation, Case Nos. RG06260748. A consolidated amended complaint was filed on September 18, 2006. The consolidated amended complaint names as defendants the same individuals that are the defendants in the federal derivative action. In addition, the complaint names Mr. Fryling, current officers Carol R. Kaufman, John J. Calcagno, Paul L. Remmell, Jeffrey Allan McLean, and Nicholas J. Pichotta and a former officer. The Company is a nominal defendant. On November 29, 2006, the Superior Court for the County of Alameda entered an order staying the consolidated action pending the resolution of the federal derivative action.

Both the state and federal derivative actions are derivative in nature and do not seek damages from the Company.

On October 5, 2004, Bausch & Lomb Incorporated (Bausch & Lomb) filed a lawsuit against Ocular Sciences, Inc. in the U.S. District Court for the Western District of New York alleging that its Biomedics toric soft contact lens and its private label equivalents infringe Bausch & Lomb s U.S. Patent No. 6,113,236 relating to toric contact lenses having optimized thickness profiles. The complaint seeks an award of damages, including multiple damages, attorneys fees and costs and an injunction preventing the alleged infringement. The parties have filed claim construction briefs for the court to consider for its Markman order, and fact discovery substantially concluded during the first quarter of fiscal 2006. On November 12, 2008, the Court issued an order construing the claims. While no trial date has been set, dispositive motions are due no later than April 15, 2009. Based on our review of the complaint and the patent, as well as other relevant information obtained in discovery, the Company believes this lawsuit is without merit and plans to continue to pursue a vigorous defense.

Note 13. Financial Information for Guarantor and Non-Guarantor Subsidiaries

On January 31, 2007, the Company issued $350 million aggregate principal amount of 7.125% Senior Notes due 2015 (the Senior Notes, see Note 7 to the consolidated financial statements). The Senior Notes are guaranteed by certain of our direct and indirect subsidiaries. The Senior Notes are our general unsecured obligations; senior in right of payment to all of our existing and any future subordinated indebtedness; pari passu in right of payment with all of our existing and any future unsecured indebtedness that is not by its terms expressly subordinated to the Senior Notes; effectively junior in right of payment to our existing and future secured indebtedness to the extent of the value of

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

the collateral securing that indebtedness; unconditionally guaranteed by all of our existing and future domestic subsidiaries, other than any excluded domestic subsidiaries; and structurally subordinated to indebtedness of our subsidiaries that are not subsidiary guarantors.

Presented below are the Consolidating Condensed Statements of Operations for the years ended October 31, 2008, 2007 and 2006, the Consolidating Condensed Balance Sheets as of October 31, 2008 and 2007 and the Consolidating Condensed Statements of Cash Flows for the years ended October 31, 2008, 2007 and 2006 for The Cooper Companies, Inc. (Parent Company), the guarantor subsidiaries (Guarantor Subsidiaries) and the subsidiaries that are not guarantors (Non-Guarantor Subsidiaries):

Consolidating Condensed Statements of Operations

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries	Consolidated Total
			(In thousands)		
Year Ended October 31, 2008					
Net sales	$	$ 510,527	$ 708,186	$ (155,537)	$ 1,063,176
Cost of sales		247,916	362,628	(157,398)	453,146
Gross profit		262,611	345,558	1,861	610,030
Operating expenses	29,082	198,446	255,539		483,067
Operating income (loss)	(29,082)	64,165	90,019	1,861	126,963
Interest expense	49,412		1,372		50,784
Other (income) expense, net	(28,160)	15,901	12,231		(28)
Income (loss) before income taxes	(50,334)	48,264	76,416	1,861	76,207
Provision for (benefit from) income taxes	(25,326)	22,212	13,845		10,731
Net income (loss)	$ (25,008)	$ 26,052	$ 62,571	$ 1,861	$ 65,476

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries	Consolidated Total
			(In thousands)		
Year Ended October 31, 2007					
Net sales	$	$ 472,291	$ 571,074	$ (92,724)	$ 950,641
Cost of sales		211,002	320,375	(100,267)	431,110
Gross profit		261,289	250,699	7,543	519,531

Operating expenses	31,485	208,029	235,484	(1,321)	473,677
Operating income (loss)	(31,485)	53,260	15,215	8,864	45,854
Interest expense	42,683				42,683
Other expense (income), net	(52,094)	34,157	20,436		2,499
Income (loss) before income taxes	(22,074)	19,103	(5,221)	8,864	672
Provision for (benefit from) income taxes	(10,489)	9,067	13,286		11,864
Net income (loss)	$ (11,585)	$ 10,036	$ (18,507)	$ 8,864	$ (11,192)

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries	Consolidated Total
			(In thousands)		
Year Ended October 31, 2006					
Net sales	$	$ 553,058	$ 564,374	$ (258,472)	$ 858,960
Cost of sales		330,222	262,725	(259,964)	332,983
Gross profit		222,836	301,649	1,492	525,977
Operating expenses	28,798	191,033	196,009	(2,763)	413,077
Operating income (loss)	(28,798)	31,803	105,640	4,255	112,900
Interest expense	37,331				37,331
Other expense (income), net	(35,405)	22,866	14,771		2,232
Income (loss) before income taxes	(30,724)	8,937	90,869	4,255	73,337
Provision for (benefit from) income taxes	(18,019)	17,259	7,863		7,103
Net income (loss)	$ (12,705)	$ (8,322)	$ 83,006	$ 4,255	$ 66,234

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

Consolidating Condensed Balance Sheets

(In thousands)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries	Consolidated Total
October 31, 2008					
ASSETS					
Current assets:					
Cash and cash equivalents	$ 20	$ (846)	$ 2,770	$	$ 1,944
Trade receivables, net		65,185	93,973		159,158
Inventories, net		150,464	180,716	(47,726)	283,454
Deferred tax asset	1,440	22,038	2,859		26,337
Other current assets	2,141	6,445	46,553		55,139
Total current assets	3,601	243,286	326,871	(47,726)	526,032
Property, plant and equipment, net	1,635	94,353	506,666		602,654
Goodwill	116	669,135	582,448		1,251,699
Other intangibles, net		77,872	52,715		130,587
Deferred tax asset	57,944	(34,277)	1,978		25,645
Other assets	1,684,549	18,570	24,548	(1,676,668)	50,999
	$ 1,747,845	$ 1,068,939	$ 1,495,226	$ (1,724,394)	$ 2,587,616
LIABILITIES AND STOCKHOLDERS EQUITY					
Current liabilities:					
Short-term debt	$ 709	$ 1,682	$ 40,622	$	$ 43,013
Other current liabilities	(3,651)	66,068	149,977		212,394
Total current liabilities	(2,942)	67,750	190,599		255,407
Long-term debt	861,400		381		861,781
Deferred tax liability		1	15,195		15,196
Intercompany and other liabilities	(72,642)	(146,431)	257,229		38,156
Total liabilities	785,816	(78,680)	463,404		1,170,540
Stockholders equity	962,029	1,147,619	1,031,822	(1,724,394)	1,417,076
	$ 1,747,845	$ 1,068,939	$ 1,495,226	$ (1,724,394)	$ 2,587,616

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

Consolidating Condensed Balance Sheets

(In thousands)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries	Consolidated Total
October 31, 2007					
ASSETS					
Current assets:					
Cash and cash equivalents	$ 83	$ 489	$ 2,654	$	$ 3,226
Trade receivables, net		68,193	96,300		164,493
Inventories, net		92,433	226,077	(50,596)	267,914
Deferred tax asset	1,601	17,178	4,616		23,395
Other current assets	3,748	15,529	39,217		58,494
Total current assets	5,432	193,822	368,864	(50,596)	517,522
Property, plant and equipment, net	783	92,343	511,404		604,530
Goodwill	116	668,648	620,820		1,289,584
Other intangibles, net		87,913	57,920		145,833
Deferred tax asset	17,950		2,065		20,015
Other assets	1,687,194	1,489	6,510	(1,676,508)	18,685
	$ 1,711,475	$ 1,044,215	$ 1,567,583	$ (1,727,104)	$ 2,596,169
LIABILITIES AND STOCKHOLDERS EQUITY					
Current liabilities:					
Short-term debt	$	$ 561	$ 45,953	$	$ 46,514
Other current liabilities	24,885	76,810	138,271		239,966
Total current liabilities	24,885	77,371	184,224		286,480
Long-term debt	829,748		368		830,116
Deferred tax liability	(33,845)	33,846	10,677		10,678
Intercompany and other liabilities	(93,384)	(176,257)	279,049		9,408
Total liabilities	727,404	(65,040)	474,318		1,136,682
Stockholders equity	984,071	1,109,255	1,093,265	(1,727,104)	1,459,487
	$ 1,711,475	$ 1,044,215	$ 1,567,583	$ (1,727,104)	$ 2,596,169

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

Consolidating Condensed Statements of Cash Flows

(In thousands)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries	Consolidated Total
Year Ended October 31, 2008					
Cash flows from operating activities:					
Net cash provided by (used in) operating activities	$ (38,322)	$ 6,611	$ 128,239	$	$ 96,528
Cash flows from investing activities:					
Purchase of property, plant and equipment	(133)	(23,037)	(101,715)		(124,885)
Acquisitions of businesses, net of cash acquired	(111)	(1,690)	(2,071)		(3,872)
Intercompany (investment in subsidiaries)	3,101			(3,101)	
Net cash (used in) provided by investing activities	2,857	(24,727)	(103,786)	(3,101)	(128,757)
Cash flows from financing activities:					
Net (repayments) proceeds of short-term debt	708	1,121	(5,334)		(3,505)
Intercompany proceeds (repayments)		15,660	(18,761)	3,101	
Net proceeds of long-term debt	29,385		15		29,400
Dividends on common stock	(2,699)				(2,699)
SFAS 123R-Excess tax benefits from share-based compensation	1,758				1,758
Proceeds from exercise of stock options	6,250				6,250
Net cash provided by (used in) financing activities	35,402	16,781	(24,080)	3,101	31,204
Effect of exchange rate changes on cash and cash equivalents			(257)		(257)
Net increase (decrease) in cash and cash equivalents	(63)	(1,335)	116		(1,282)
Cash and cash equivalents at the beginning of the period	83	489	2,654		3,226
Cash and cash equivalents at the end of the period	$ 20	$ (846)	$ 2,770	$	$ 1,944

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

Consolidating Condensed Statements of Cash Flows

(In thousands)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries	Consolidated Total
Year Ended October 31, 2007					
Cash flows from operating activities:					
Net cash provided by (used in) operating activities	$ (13,893)	$ 88,299	$ 59,578	$	$ 133,984
Cash flows from investing activities:					
Purchase of property, plant and equipment	(255)	(24,217)	(159,153)		(183,625)
Acquisitions of businesses, net of cash acquired	(536)	(71,795)	(8,638)		(80,969)
Intercompany	(90,828)			90,828	
Net cash used in investing activities	(91,619)	(96,012)	(167,791)	90,828	(264,594)
Cash flows from financing activities:					
Net proceeds (repayments) of short-term debt		(2,053)	22,873		20,820
Intercompany proceeds (repayments)		11,342	79,486	(90,828)	
Net proceeds (repayments) of long-term debt	111,700	(780)	(86)		110,834
Debt acquisition costs	(13,259)				(13,259)
Dividends on common stock	(2,681)				(2,681)
Excess tax benefit from share-based compensation arrangements	176				176
Proceeds from exercise of stock options	9,258				9,258
Net cash provided by (used in) financing activities	105,194	8,509	102,273	(90,828)	125,148
Effect of exchange rate changes on cash and cash equivalents			464		464
Net increase (decrease) in cash and cash equivalents	(318)	796	(5,476)		(4,998)
Cash and cash equivalents at the beginning of the period	401	(307)	8,130		8,224
Cash and cash equivalents at the end of the period	$ 83	$ 489	$ 2,654	$	$ 3,226

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

Consolidating Condensed Statements of Cash Flows

(In thousands)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries	Consolidated Total
Year Ended October 31, 2006					
Cash flows from operating activities:					
Net cash provided by operating activities	$ (7,290)	$ 58,325	$ 99,474	$	$ 150,509
Cash flows from investing activities:					
Purchase of property, plant and equipment	(347)	(22,146)	(120,164)		(142,657)
Acquisitions of businesses, net of cash acquired	(1,124)	(48,199)	(18,630)		(67,953)
Intercompany	(51,874)			51,874	
Net cash used in investing activities	(53,345)	(70,345)	(138,794)	51,874	(210,610)
Cash flows from financing activities:					
Net proceeds (repayments) of short-term debt		(1,289)	(9,176)		(10,465)
Intercompany proceeds (repayments)		14,151	37,723	(51,874)	
Net proceeds (repayments) of long-term debt	48,050	(336)	345		48,059
Debt acquisition costs	(625)				(625)
Dividends on common stock	(2,671)				(2,671)
Proceeds from exercise of stock options	3,020				3,020
Net cash provided by (used in) financing activities	47,774	12,526	28,892	(51,874)	37,318
Effect of exchange rate changes on cash and cash equivalents			181		181
Net increase (decrease) in cash and cash equivalents	(12,861)	506	(10,247)		(22,602)
Cash and cash equivalents at the beginning of the period	13,262	(813)	18,377		30,826
Cash and cash equivalents at the end of the period	$ 401	$ (307)	$ 8,130	$	$ 8,224

Note 14. Business Segment Information

Cooper is organized by product line for management reporting with operating income, as presented in our financial reports, the primary measure of segment profitability. We do not allocate costs from corporate functions to the segments operating income. Items below operating income are not

110

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

considered when measuring the profitability of a segment. We use the same accounting policies to generate segment results as we do for our consolidated results. Our two business segments CVI and CSI comprise Cooper s operations.

Total net sales include sales to customers as reported in our Consolidated Statements of Operations and sales between geographic areas that are priced at terms that allow for a reasonable profit for the seller. Operating income (loss) is total net sales less cost of sales, research and development expenses, selling, general and administrative expenses, restructuring costs and amortization of intangible assets. Corporate operating loss is principally corporate headquarters expense. Investment income, net; settlement of disputes, net; other income (expense), net and interest expense are not allocated to individual segments. Neither of our business segments relies on any one major customer.

Identifiable assets are those used in continuing operations except cash and cash equivalents, which we include as corporate assets. Long-lived assets are property, plant and equipment.

The following table presents a summary of our business segment net sales:

(In thousands)	2008	2007	2006
CooperVision net sales:			
Spherical soft lens	$ 530,141	$ 457,474	$ 422,229
Toric soft lens	299,138	277,069	256,487
Multifocal and other eye care products	65,560	61,313	55,441
Total CooperVision net sales	894,839	795,856	734,157
CooperSurgical net sales	168,337	154,785	124,803
Total net sales	$ 1,063,176	$ 950,641	$ 858,960

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

Information by business segment for each of the years in the three-year period ended October 31, 2008 follows:

(In thousands)	CVI	CSI	Corporate & Eliminations	Consolidated
2008				
Net sales from non-affiliates	$ 894,839	$ 168,337	$	$ 1,063,176
Operating income (loss)	$ 123,386	$ 32,659	$ (29,082)	126,963
Other income, net				28
Interest expense				(50,784)
Income before income taxes				$ 76,207
Identifiable assets	$ 2,214,609	$ 312,145	$ 60,862	$ 2,587,616
Depreciation expense	$ 62,372	$ 2,768	$ 271	$ 65,411
Amortization expense	$ 12,442	$ 4,332	$	$ 16,774
Capital expenditures	$ 135,732	$ 2,257	$ 182	$ 138,171
2007				
Net sales from non-affiliates	$ 795,856	$ 154,785	$	$ 950,641
Operating income (loss)	$ 57,206	$ 20,133	$ (31,485)	45,854
Investment income, net				474
Other expense, net				(2,973)
Interest expense				(42,683)
Income before income taxes				$ 672
Identifiable assets	$ 2,230,400	$ 310,482	$ 55,287	$ 2,596,169
Depreciation expense	$ 65,739	$ 2,355	$ 223	$ 68,317
Amortization expense	$ 12,281	$ 3,913	$	$ 16,194
Capital expenditures	$ 178,898	$ 4,472	$ 255	$ 183,625
2006				
Net sales from non-affiliates	$ 734,157	$ 124,803	$	$ 858,960

Operating income (loss)	$ 126,643	$ 15,055	$ (28,798)	112,900
Investment income, net				386
Other expense, net				(2,618)
Interest expense				(37,331)
Income before income taxes				$ 73,337
Identifiable assets	$ 2,071,554	$ 251,108	$ 54,662	$ 2,377,324
Depreciation expense	$ 45,604	$ 1,663	$ 77	$ 47,344
Amortization expense	$ 12,267	$ 2,036	$	$ 14,303
Capital expenditures	$ 139,255	$ 3,055	$ 347	$ 142,657

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

Information by geographical area by country of domicile for each of the years in the three-year period ended October 31, 2008, follows:

(In thousands)	United States	Europe	Rest of World, Other Eliminations & Corporate	Consolidated
2008				
Sales to unaffiliated customers	$ 503,145	$ 345,769	$ 214,262	$ 1,063,176
Sales between geographic areas	134,162	287,716	(421,878)	
Net sales	$ 637,307	$ 633,485	$ (207,616)	$ 1,063,176
Operating income	$ 33,203	$ 10,544	$ 83,216	$ 126,963
Long-lived assets	$ 375,642	$ 219,783	$ 7,229	$ 602,654
2007				
Sales to unaffiliated customers	$ 466,619	$ 303,671	$ 180,351	$ 950,641
Sales between geographic areas	100,833	243,612	(344,445)	
Net sales	$ 567,452	$ 547,283	$ (164,094)	$ 950,641
Operating income	$ 24,036	$ 8,400	$ 13,418	$ 45,854
Long-lived assets	$ 297,824	$ 298,296	$ 8,410	$ 604,530
2006				
Sales to unaffiliated customers	$ 427,608	$ 269,498	$ 161,854	$ 858,960
Sales between geographic areas	125,450	176,897	(302,347)	
Net sales	$ 553,058	$ 446,395	$ (140,493)	$ 858,960
Operating income	$ 5,396	$ 9,888	$ 97,616	$ 112,900
Long-lived assets	$ 217,749	$ 270,789	$ 7,819	$ 496,357

Table of Contents

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

Note 15. Selected Quarterly Financial Data (Unaudited)

(In thousands)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2008				
Net sales	$ 245,033	$ 263,451	$ 285,884	$ 268,808
Gross profit	$ 142,882	$ 150,008	$ 155,097	$ 162,043
Income before income taxes	$ 9,487	$ 15,946	$ 17,516	$ 33,258
Provision (benefit) for income taxes	2,610	4,705	(363)	3,779
Net income	$ 6,877	$ 11,241	$ 17,879	$ 29,479
Basic earnings per share	$ 0.15	$ 0.25	$ 0.40	$ 0.65
Diluted earnings per share	$ 0.15	$ 0.25	$ 0.39	$ 0.65
2007*				
Net sales	$ 219,420	$ 225,535	$ 251,862	$ 253,824
Gross profit	$ 129,912	$ 126,456	$ 145,924	$ 117,239
Income (loss) before income taxes	$ 6,789	$ (378)	$ 13,085	$ (18,824)
Provision for income taxes	1,441	149	4,905	5,369
Net income (loss)	$ 5,348	$ (527)	$ 8,180	$ (24,193)
Basic earnings (loss) per share	$ 0.12	$ (0.01)	$ 0.18	$ (0.54)
Diluted earnings (loss) per share	$ 0.12	$ (0.01)	$ 0.18	$ (0.54)
2006				
Net sales	$ 205,739	$ 211,397	$ 225,798	$ 216,026
Gross profit	$ 129,161	$ 131,363	$ 137,761	$ 127,692
Income before income taxes	$ 20,123	$ 15,593	$ 24,289	$ 13,332
Provision (benefit) for income taxes	2,169	1,892	3,312	(270)
Net income	$ 17,954	$ 13,701	$ 20,977	$ 13,602
Basic earnings per share	$ 0.40	$ 0.31	$ 0.47	$ 0.31
Diluted earnings per share	$ 0.39	$ 0.30	$ 0.45	$ 0.30

* During the fourth quarter 2007, we recorded $9.4 million of accelerated depreciation and $7.0 million of fixed asset impairments related to the Ocular integration, and a $3.2 million gain on the sale of a cardiovascular cryosurgery product line, to loss before income taxes.

Table of Contents

Item 9. ***Changes In and Disagreements With Accountants on Accounting and Financial Disclosure.***

None.

Item 9A. ***Controls and Procedures.***

Evaluation of Disclosure Controls and Procedures

The Company has established and currently maintains disclosure controls and procedures designed to ensure that information required to be disclosed in its reports filed under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission s rules and forms, and that such information is accumulated and communicated to management, including the Company s chief executive officer and chief financial officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

The Company s management, with the participation of the Company s chief executive officer and chief financial officer, evaluated the effectiveness of the Company s disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the chief executive officer and chief financial officer concluded that the Company s disclosure controls and procedures, as of the end of the period covered by this report, were designed and are functioning effectively to provide reasonable assurance that the information required to be disclosed by the Company in reports filed under the Securities Exchange Act of 1934 is (i) recorded, processed, summarized and reported within the time periods specified in the SEC s rules and forms, and (ii) accumulated and communicated to management, including the chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding disclosure.

Management s Annual Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Securities Exchange Act of 1934. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Management assessed the effectiveness of the Company s internal control over financial reporting as of October 31, 2008, based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control Integrated Framework*. Management, under the supervision and with the participation of the Company s chief executive officer and chief financial officer, assessed the effectiveness of the Company s internal control over financial reporting was effective as of October 31, 2008.

The Company s independent registered public accounting firm, KPMG LLP, has audited the effectiveness of the Company s internal control over financial reporting as of October 31, 2008, as stated in their report in Part II, Item 8 of this Form 10-K.

Table of Contents

Changes in Internal Control Over Financial Reporting

As of October 31, 2008, there had been no changes in the Company s internal control over financial reporting during the Company s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company s internal control over financial reporting.

Inherent Limitations of Internal Control Over Financial Reporting

It should be noted that, because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements, errors or fraud. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Item 9B. ***Other Information.***

None.

Table of Contents

PART III

Item 10. ***Directors and Executive Officers of the Registrant.***

The information required by this item is incorporated by reference to the subheadings, Proposal 1 Election of Directors, Executive Officers of the Company, Ownership of the Company Compliance with Section 16 Ownership Reporting Requirements, Corporate Governance The Board of Directors, Corporate Governance Ethics and Business Conduct Policy, Corporate Governance Board Committees The Audit Committee an Report of the Audit Committee of the Company s Proxy Statement for the Annual Meeting of Stockholders scheduled to be held on March 18, 2009 (the 2009 Proxy Statement).

Item 11. ***Executive Compensation.***

The information required by this item is incorporated by reference to the subheadings Compensation Discussion and Analysis, Executive Compensation Tables and Director Compensation of the 2009 Proxy Statement.

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.***

See Item 5 Market for Registrant s Common Equity and Related Stockholder Matters Equity Compensation Plan Information. Additional information required by this item is incorporated by reference to the subheadings Securities Held by Management and Principal Securityholders of the Ownership of the Company section of the 2009 Proxy Statement.

Item 13. ***Certain Relationships and Related Transactions, and Director Independence.***

The information required by this item is incorporated by reference to the subheadings Corporate Governance Related Party Transactions, Proposal 1 Election of Directors and Corporate Governance The Board of Directors of the 2009 Proxy Statement.

Item 14. ***Principal Accounting Fees and Services.***

The information required by this item is incorporated by reference to Report of the Audit Committee section of the 2009 Proxy Statement.

Table of Contents

PART IV

Item 15. ***Exhibits and Financial Statement Schedules.***

(a) 1. *Financial Statements*

The following financial statements are filed as a part of this report:

Reports of KPMG LLP, Independent Registered Public Accounting Firm Consolidated Financial Statements:
Statements of Operations for the years ended October 31, 2008, 2007 and 2006
Balance Sheets as of October 31, 2008 and 2007
Statements of Cash Flows for the years ended October 31, 2008, 2007 and 2006
Statements of Stockholders Equity and Comprehensive Income for the years ended October 31, 2008, 2007 and 2006
Notes to Consolidated Financial Statements

2. *Financial Statement Schedules of the Company*.

Schedule Number	**Description**
Schedule II	Valuation and Qualifying Accounts

(b) *Exhibits.*

The exhibits listed on the accompanying Exhibit Index are filed as part of this report.

All other schedules which are included in the applicable accounting regulations of the Securities and Exchange Commission are not required here because they are not applicable.

Table of Contents

SCHEDULE II

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

VALUATION AND QUALIFYING ACCOUNTS

Three Years Ended October 31, 2008

(In thousands)	Balance Beginning of Year	Additions Charged to Costs and Expenses	(Deductions) Recoveries/ Other[1]	Balance at End of Year
Allowance for doubtful accounts:				
Year Ended October 31, 2008	$ 6,194	$ 378	$ (2,031)	$ 4,541
Year Ended October 31, 2007	$ 5,523	$ 1,003	$ (332)	$ 6,194
Year ended October 31, 2006	$ 7,232	$ 1,233	$ (2,942)	$ 5,523

(1) Consists of additions representing acquired allowances and recoveries, less deductions representing receivables written off as uncollectible.

(In thousands)	Balance at Beginning of Year	Additions	Reductions/ Charges	Balance at End of Year
Income tax valuation allowance:				
Year Ended October 31, 2008	$	$	$	$
Year Ended October 31, 2007	$ 2,005	$	$ 2,005	$
Year ended October 31, 2006	$ 2,257	$	$ 252	$ 2,005

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on December 19, 2008.

THE COOPER COMPANIES, INC.

By: /s/ ROBERT S. WEISS
Robert S. Weiss

Chief Executive Officer and Director

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on the dates set forth opposite their respective names.

Signature	Capacity	Date
/s/ ROBERT S. WEISS **(Robert S. Weiss)**	Chief Executive Officer and Director	December 19, 2008
/s/ A. THOMAS BENDER **(A. Thomas Bender)**	Chairman of the Board	December 19, 2008
/s/ ALLAN E. RUBENSTEIN, M.D. **(Allan E. Rubenstein)**	Vice Chairman of the Board and Lead Director	December 19, 2008
/s/ EUGENE J. MIDLOCK **(Eugene J. Midlock)**	Chief Financial Officer and Senior Vice President (Principal Financial Officer)	December 19, 2008
/s/ RODNEY E. FOLDEN **(Rodney E. Folden)**	Corporate Controller (Principal Accounting Officer)	December 19, 2008
/s/ MICHAEL H. KALKSTEIN **(Michael H. Kalkstein)**	Director	December 19, 2008
/s/ JODY S. LINDELL **(Jody S. Lindell)**	Director	December 19, 2008
/s/ MOSES MARX **(Moses Marx)**	Director	December 19, 2008

/s/ Donald Press **(Donald Press)**	Director	December 19, 2008
/s/ Steven Rosenberg **(Steven Rosenberg)**	Director	December 19, 2008
/s/ Stanley Zinberg, M.D. **(Stanley Zinberg)**	Director	December 19, 2008

Table of Contents

EXHIBIT INDEX

Exhibit Number		Description of Document	Location of Exhibit in Sequential Number System
3.1	-	Second Restated Certificate of Incorporation filed with the Delaware Secretary of State, incorporated by reference to Exhibit 3.1 of the Company s Current Report on Form 8-K dated January 13, 2006	
3.2	-	Amended and Restated By-Laws, The Cooper Companies, Inc., dated October 25, 2007, incorporated by reference to Exhibit 3.1 to the Company s Current Report on Form 8-K dated October 30, 2007	
4.1	-	Amended and Restated Rights Agreement, dated as of October 29, 2007, between the Company and American Stock Transfer & Trust Company, as Rights Agent, incorporated by reference to Exhibit 4.1 to the Company s Current Report on Form 8-K dated October 30, 2007	
4.2	-	Indenture, dated as of June 25, 2003, between The Cooper Companies, Inc. and Wells Fargo Bank, National Association, incorporated by reference to Exhibit 4.1 of the Company s Current Report on Form 8-K filed on June 25, 2003	
4.3	-	Indenture, dated as of January 31, 2007, by and among The Cooper Companies, Inc., the Subsidiary Guarantors listed on the signatures pages thereto, and HSBC Bank USA, National Association, including the form of 7.125% Senior Notes due 2015, incorporated by reference to Exhibit 4.1 to the Company s Current Report on Form 8-K filed on February 6, 2007	
4.4	-	Registration Rights Agreement, dated as of January 31, 2007, by and among The Cooper Companies, Inc., Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC, J.P. Morgan Securities Inc. and KeyBanc Capital Markets, a division of McDonald Investments, Inc., incorporated by reference to Exhibit 4.2 to the Company s Current Report on Form 8-K filed on February 6, 2007	
10.1	-	Severance Agreement entered into as of August 21, 1989, by and between Robert S. Weiss and the Company, incorporated by reference to Exhibit 10.28 to Amendment No. 1 to the Company s Annual Report on Form 10-K for the fiscal year ended October 31, 1992	
10.2	-	Change in Control Agreement dated as of June 8, 2007, between The Cooper Companies, Inc. and Carol R. Kaufman	
10.3	-	The Cooper Companies, Inc. Change in Control Severance Plan, dated May 21, 2007, incorporated by reference to Exhibit 10.1 to the Company s Quarterly Report on Form 10-Q for the fiscal quarter ended July 31, 2007	
10.4	-	Change in Control Agreement entered into as of September 6, 2007, by and between The Cooper Companies, Inc. and Steven M. Neil, incorporated by reference to Exhibit 10.2 to the Company s Quarterly Report on Form 10-Q for the fiscal quarter ended July 31, 2007	

Table of Contents

Exhibit Number		Description of Document	Location of Exhibit in Sequential Number System
10.5	-	Change in Control Agreement entered into as of June 8, 2007, by and between The Cooper Companies, Inc. and Eugene J. Midlock, incorporated by reference to Exhibit 10.8 to the Company s Annual Report on Form 10-K for the fiscal year ended October 31, 2007	
10.6	-	Change in Control Agreement dated as of June 8, 2007, by and between The Cooper Companies, Inc. and John A. Weber	
10.7	-	Change in Control Agreement dated as of June 8, 2007, by and between The Cooper Companies, Inc. and Paul L. Remmell	
10.8	-	1996 Long-term Incentive Plan for Non-Employee Directors of The Cooper Companies, Inc., incorporated by reference to Appendix A to the Company s Proxy Statement for its 1996 Annual Meeting of Stockholders	
10.9	-	Amendment No. 1 to 1996 Long-term Incentive Plan for Non-Employee Directors of The Cooper Companies, Inc., dated October 10, 1996, incorporated by reference to Exhibit 10.14 to the Company s Annual Report on Form 10-K for the fiscal year ended October 31, 1996	
10.10	-	Amendment No. 2 to 1996 Long-term Incentive Plan for Non-Employee Directors of The Cooper Companies, Inc., dated October 29, 1997, incorporated by reference to Exhibit 10.15 to the Company s Annual Report on Form 10-K for the fiscal year ended October 31, 1997	
10.11	-	Amendment No. 3 to 1996 Long-term Incentive Plan for Non-Employee Directors of The Cooper Companies, Inc., dated October 29, 1999, incorporated by reference to Exhibit 10.15 to the Company s Annual Report on Form 10-K for the fiscal year ended October 31, 2001	
10.12	-	Amendment No. 4 to 1996 Long-term Incentive Plan for Non-Employee Directors of The Cooper Companies, Inc., dated October 24, 2000, incorporated by reference to Exhibit 10.16 to the Company s Annual Report on Form 10-K for the fiscal year ended October 31, 2001	
10.13	-	Amendment No. 5 to the 1996 Long-term Incentive Plan for Non-employee Directors of The Cooper Companies, Inc., incorporated by reference to Exhibit 10.17 to the Company s Annual Report on Form 10-K for the fiscal year ended October 31, 2001	
10.14	-	Amendment No. 6 to the 1996 Long-term Incentive Plan for Non-employee Directors of The Cooper Companies, Inc., incorporated by reference to Exhibit 4.15 to the Company s Registration Statement on form S-8 dated November 21, 2002	
10.15	-	Amendment No. 7 to the 1996 Long-term Incentive Plan for Non-employee Directors of The Cooper Companies, Inc. dated November 4, 2002, incorporated by reference to Exhibit 10.16 to the Company s Annual Report on Form 10-K for the fiscal year ended October 31, 2002	

Table of Contents

Exhibit Number		Description of Document	Location of Exhibit in Sequential Number System
10.16	-	Amendment No. 8 to 1996 Long-term Incentive Plan for Non-Employee Directors of The Cooper Companies, Inc. dated October 29, 2003, incorporated by reference to Exhibit 10.16 to the Company s Annual Report on Form 10-K for the fiscal year ended October 31, 2003	
10.17	-	Amendment No. 9 to 1996 Long-term Incentive Plan for Non-Employee Directors of The Cooper Companies, Inc. dated November 9, 2005, incorporated by reference to Exhibit 10.17 to the Company s Annual Report on Form 10-K for the fiscal year ended October 31, 2006	
10.18	-	Form of Non-Qualified Stock Option Agreement Pursuant to The Cooper Companies, Inc. 1996 Long Term Incentive Plan for Non-Employee Directors, incorporated by reference to the Company s Current Report on Form 8-K dated December 13, 2004	
10.19	-	Form of Restricted Stock Agreement Pursuant to The Cooper Companies, Inc. 1996 Long Term Incentive Plan for Non-Employee Directors, incorporated by reference to the Company s Current Report on Form 8-K dated December 13, 2004	
10.20	-	2006 Long Term Incentive Plan for Non-Employee Directors of The Cooper Companies, Inc., incorporated by reference to Appendix 10.2 to the Company s Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2006	
10.21	-	Amendment #1 to the 2006 Long-term Incentive Plan for Non-Employee Directors of The Cooper Companies, Inc., incorporated by reference to Exhibit 10.2 of the Company s Current Report on Form 8-K filed on March 6, 2007.	
10.22	-	Amendment #2 to the 2006 Long Term Incentive Plan for Non-Employee Directors of The Cooper Companies, Inc., incorporated by reference to Exhibit 10.24 of the Company s Annual Report on Form 10-K for the fiscal year ended October 31, 2007	
10.23	-	Amendment #3 to the 2006 Long Term Incentive Plan for Non-Employee Directors of The Cooper Companies, Inc.	
10.24	-	Amendment #4 to the 2006 Long-Term Incentive Plan for Non-Employee Directors of The Cooper Companies, Inc.	
10.25	-	Form of Non-Qualified Stock Option Agreement Pursuant to The Cooper Companies, Inc. 2006 Long Term Incentive Plan for Non-Employee Directors, incorporated by reference to Exhibit 10.25 of the Company s Annual Report on Form 10-K for the fiscal year ended October 31, 2007	
10.26	-	Form of Restricted Stock Agreement Pursuant to The Cooper Companies, Inc. 2006 Long Term Incentive Plan for Non-Employee Directors, incorporated by reference to Exhibit 10.26 of the Company s Annual Report on Form 10-K for the fiscal year ended October 31, 2007	

Table of Contents

Exhibit Number		Description of Document	Location of Exhibit in Sequential Number System
10.27	-	Second Amended and Restated 2001 Long-Term Incentive Plan, incorporated by reference to Appendix 10.2 to the Company s Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2006	
10.28	-	Form of Incentive Stock Option Agreement Pursuant to The Cooper Companies, Inc. 2001 Long Term Incentive Plan, incorporated by reference to the Company s Current Report on Form 8-K dated December 13, 2004	
10.29	-	The 2007 Long-Term Incentive Plan of The Cooper Companies, Inc., incorporated by reference to Exhibit B to the Company s Proxy Statement for the 2007 Annual Meeting of Stockholders filed on February 6, 2007	
10.30	-	Amendment #1 to the 2007 Long-Term Incentive Plan of The Cooper Companies, Inc., incorporated by reference to Exhibit 10.1 of the Company s Current Report on Form 8-K filed on March 6, 2007	
10.31	-	Amendment #2 to the 2007 Long-Term Incentive Plan of The Cooper Companies, Inc., incorporated by reference to Exhibit 10.31 of the Company s Annual Report on Form 10-K for the fiscal year ended October 31, 2007	
10.32	-	Form of Non-Qualified Stock Option Agreement Pursuant to the 2007 Long-Term Incentive Plan of The Cooper Companies, Inc., incorporated by reference to Exhibit 10.32 of the Company s Annual Report on Form 10-K for the fiscal year ended October 31, 2007	
10.33	-	Form of UK Tax Approved Stock Option Agreement Pursuant to the 2007 Long-Term Incentive Plan of The Cooper Companies, Inc., incorporated by reference to Exhibit 10.33 of the Company s Annual Report on Form 10-K for the fiscal year ended October 31, 2007	
10.34	-	Form of Deferred Stock Agreement Pursuant to the 2007 Long-Term Incentive Plan of The Cooper Companies, Inc., incorporated by reference to Exhibit 10.34 of the Company s Annual Report on Form 10-K for the fiscal year ended October 31, 2007	
10.35	-	The Cooper Companies, Inc. 2008 Incentive Payment Plan, incorporated by reference to Exhibit 10.1 of the Company s Current Report on Form 8-K filed on February 1, 2008	
10.36 [(a)]	-	Patent License Agreement dated February 13, 2002 between Geoffrey H. Galley and others and CooperVision, Inc., incorporated by reference to Exhibit 10.11 of the Company s Quarterly Report on Form 10-Q for the fiscal quarter ended January 31, 2002	
10.37	-	Patent and Trade Mark License Agreement dated February 28, 2002 between Biocompatibles Limited and CooperVision International Holding Company LP and The Cooper Companies, Inc., incorporated by reference to Exhibit 10.20 to the Company s Annual Report on Form 10-K for the fiscal year ended October 31, 2003	

Table of Contents

Exhibit Number		Description of Document	Location of Exhibit in Sequential Number System
10.38	-	Patent and Trade Mark License Agreement dated February 28, 2002 between Biocompatibles Limited and CooperVision Technology Inc. and The Cooper Companies, Inc., incorporated by reference to Exhibit 10.21 to the Company s Annual Report on Form 10-K for the fiscal year ended October 31, 2003.	
10.39	-	Deed of Novation dated March 3, 2003 between Abbott Vascular Devices Limited (formerly known as Biocompatibles Limited) and CooperVision International Holding Company LP and The Cooper Companies, Inc. and Biocompatibles UK Limited, incorporated by reference to Exhibit 10.22 to the Company s Annual Report on Form 10-K for the fiscal year ended October 31, 2003	
10.40	-	Deed of Novation dated March 3, 2003 between Abbott Vascular Devices Limited (formerly known as Biocompatibles Limited) and CooperVision Technology, Inc. and The Cooper Companies, Inc. and Biocompatibles UK Limited, incorporated by reference to Exhibit 10.23 to the Company s Annual Report on Form 10-K for the fiscal year ended October 31, 2003	
10.41 [(b)]	-	License Agreement dated as of November 19, 2007, by and among CIBA Vision AG, CIBA Vision Corporate and CooperVision, Inc.	
10.42	-	Lease Contract dated as of November 6, 2003 by and between The Puerto Rico Industrial Development Company and Ocular Sciences Puerto Rico, Inc., incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K dated January 11, 2005.	
10.43	-	First Supplement and Amendment to Lease Contract dated as of December 30, 2003 by and between The Puerto Rico Industrial Development Company and Ocular Sciences Puerto Rico, Inc., incorporated by reference to Exhibit 10.2 to the Company s Current Report on Form 8-K dated January 11, 2005.	
10.44	-	Assignment of Lease Agreement dated as of June 29, 2004 by and among Ocular Sciences Puerto Rico, Inc., Ocular Sciences Cayman Islands Corporation and The Puerto Rico Industrial Development Company, incorporated by reference to Exhibit 10.3 to the Company s Current Report on Form 8-K dated January 11, 2005	
10.45	-	Credit Agreement, dated as of January 31, 2007, among The Cooper Companies, Inc., the lenders from time to time party thereto, KeyBank National Association, as sole bookrunner, a lead arranger, administrative agent, swing line lender and an LC issuer, Citigroup Global Markets Inc., as a lead arranger, JPMorgan Chase Bank, N.A., as syndication agent, Union Bank of California, N.A. and BMO Capital Markets Financing Inc., as co-documentation agents, and BNP Paribas, The Royal Bank of Scotland PLC and SunTrust Bank, as managing agents, incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K filed on February 6, 2007	

Table of Contents

Exhibit Number		Description of Document	Location of Exhibit in Sequential Number System
10.46	-	The Cooper Companies, Inc. 2009 Incentive Payment Plan, incorporated by reference to Exhibit 10.1 of the Company s Current Report on Form 8-K filed on December 15, 2008	
11 [(c)]	-	Calculation of earnings per share	
21	-	Subsidiaries	
23	-	Consent and Report on Schedule of Independent Registered Public Accounting Firm	
31.1	-	Certification of the Chief Executive Officer, pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934	
31.2	-	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934	
32.1	-	Certification of the Chief Executive Officer, pursuant to 18 U.S.C. Section 1350	
32.2	-	Certification of the Chief Financial Officer, pursuant to 18 U.S.C. Section 1350	

[(a)] The agreement received confidential treatment from the Securities and Exchange Commission with respect to certain portions of this exhibit. Omitted portions have been filed separately with the Commission.

[(b)] Confidential treatment has been requested from the Securities and Exchange Commission with respect to certain portions of this exhibit. Omitted portions have been filed separately with the Commission.

[(c)] The information required in this exhibit is provided in Note 5, Earnings per Share, in this report.

Table of Contents

CORPORATE INFORMATION

BOARD OF DIRECTORS

A. Thomas Bender

Chairman of the Board

Allan E. Rubenstein, M.D.

Vice Chairman

Lead Director and Chief Executive Officer, NexGenix Pharmaceuticals

Michael H. Kalkstein

Of Counsel, Palo Alto Office, Dechert LLP

Jody S. Lindell

President and Chief Executive Officer,

S.G. Management, Inc.

Moses Marx

General Partner, United Equities

Donald Press

Executive Vice President,

Broadway Management Co., Inc.

Steven Rosenberg

President, Chief Executive Officer

and Chief Financial Officer,

Berkshire Bancorp Inc.

Robert S. Weiss

President, Chief Executive Officer and Director

Stanley Zinberg, M.D.

Director

COMMITTEES OF THE BOARD

Audit Committee

Steven Rosenberg (Chairman)

Michael H. Kalkstein

Jody S. Lindell

Corporate Governance Committee

Donald Press (Chairman)

Steven Rosenberg

Allan E. Rubenstein, M.D.

Stanley Zinberg, M.D.

Nominating Committee

Moses Marx (Chairman)

Allan E. Rubenstein, M.D.

Stanley Zinberg, M.D.

Organization and Compensation Committee

Michael H. Kalkstein (Chairman)

Jody S. Lindell

Donald Press

Allan E. Rubenstein, M.D.

Science and Technology Committee

Stanley Zinberg, M.D. (Chairman)

A. Thomas Bender

Allan E. Rubenstein, M.D.

Robert S. Weiss

EXECUTIVE OFFICERS

Robert S. Weiss

President and Chief Executive Officer

Elizabeth Adair

Vice President of Tax and

Financial Planning and Analysis

Juan Carlos Aragon

President - Asia Pacific, CooperVision, Inc.

Rodney E. Folden

Corporate Controller

Carol R. Kaufman

Senior Vice President of Legal

Affairs, Secretary and Chief

Administrative Officer

Daniel G. McBride, Esq.

Vice President and General Counsel

Eugene J. Midlock

Chief Financial Officer and

Senior Vice President

Jeffrey A. McLean

Executive Vice President, Commercial Strategies, CooperVision, Inc.

Dennis Murphy

President - Americas, CooperVision, Inc.

Nicholas J. Pichotta

Chief Executive Officer,

CooperSurgical, Inc.

Paul Remmell

President and Chief Operating Officer, CooperSurgical, Inc.

Andrew Sedgwick

President - EMEA, CooperVision, Inc.

John A. Weber

President, CooperVision, Inc.

Albert G. White III

Vice President, Investor Relations

and Treasurer

PRINCIPAL SUBSIDIARIES

CooperVision, Inc.

370 Woodcliff Drive, Suite 200

Fairport, NY 14450

Voice: 585-385-6810

Fax: 585-385-6145

www.coopervision.com

CooperSurgical, Inc.

95 Corporate Drive

Trumbull, CT 06611

Voice: 203-601-5200

Fax: 203-601-1007

www.coopersurgical.com

CORPORATE OFFICES

The Cooper Companies, Inc.

6140 Stoneridge Mall Road

Suite 590

Pleasanton, CA 94588

Voice: 925-460-3600

Fax: 925-460-3648

www.coopercos.com

INVESTOR INFORMATION

To access without charge our current share price, recent news releases and annual report on Securities and Exchange Commission Form 10-K without exhibits, call 1-800-334-1986 at any time. Information about the Company s corporate governance program, recent investor presentations, replays of quarterly conference calls and historical stock quotes are available on the World Wide Web at www.coopercos.com.

INVESTOR RELATIONS CONTACT

Albert G. White, III

Vice President, Investor Relations and Treasurer

6140 Stoneridge Mall Road, Suite 590

Pleasanton, CA 94588

Voice: 925-460-3663

Fax: 925-460-3648

E-mail: ir@coopercompanies.com

ANNUAL MEETING

The Cooper Companies will hold its Annual Stockholders Meeting

on Wednesday, March 18, 2009, at the offices of Latham & Watkins, LLP, 885 Third Avenue, New York, NY

TRANSFER AGENT

American Stock Transfer & Trust Company

59 Maiden Lane Plaza Level

New York, NY 10038

800-937-5449

TRADEMARKS

The Cooper Companies, Inc., its subsidiaries or affiliates own, license or distribute the registered trademarks, common law trademarks and trade names referenced in this report.

INDEPENDENT AUDITORS

KPMG LLP

STOCK EXCHANGE LISTING

The New York Stock Exchange

Ticker Symbol COO