

FINAL TRANSCRIPT

Thomson StreetEventsSM

C00 - The Cooper Companies Inc at Wells Fargo Securities Healthcare Conference

Event Date/Time: Jun. 22. 2011 / 6:00PM GMT



Jun. 22. 2011 / 6:00PM, COO - The Cooper Companies Inc at Wells Fargo Securities Healthcare Conference

CORPORATE PARTICIPANTS

Al White

The Cooper Companies, Inc. - VP, Treasurer, IR

Bob Auerbach

The Cooper Companies, Inc. - Chief Medical Officer CooperSurgical

CONFERENCE CALL PARTICIPANTS

Larry Biegelsen

Wells Fargo Securities - Analyst

PRESENTATION

Larry Biegelsen - *Wells Fargo Securities - Analyst*

Good afternoon, everyone. I am Larry Biegelsen, and it's my pleasure to introduce The Cooper Companies. With us this afternoon, we have Al White, who is the Vice President of Treasury and Investor Relations, and Bob Auerbach -- I hope I didn't get that wrong -- Bob Auerbach, who is the Chief Medical Officer for CooperSurgical.

The format of this session is going to be all Q&A. Bob and Al, thanks for joining us. So let's just start with kind of a big big-picture question, Al. Cooper has gone through a major turnaround over the past couple of years. Can you provide us with an update on the status of the business and the outlook from your perspective? What are the major opportunities you see ahead for the Company over the next two to three years and how do you keep the momentum going?

Al White - *The Cooper Companies, Inc. - VP, Treasurer, IR*

Yes, we've had a lot of things happen over the last several years, as you know. Multiple product launches. We got into the market on the silicone hydrogel side with Biofinity, Avaira, and different products. So we've got a lot of momentum from that side in terms of product launches.

When you look over the next two to three years, I would say it's also driven, again, by product launches. If you look at -- just recently, I know on the questions side we can walk through some of this, but we've got the Biofinity Multifocal that's being launched this month. Pretty excited about that. There's some nice opportunity with that.

We've got the Biofinity Sphere going in Japan. That's got some nice opportunity associated with it, and Avaira Toric, which is our two-week silicone hydrogel lens, that has some nice potential. Those three products, which are basically coming out right now, will help drive growth for the next several years, in conjunction with the fact that we still have several products, Biofinity Toric being one of the lead products, that's still in a rollout stage right now.

So, I could walk through each of those individually, if you want, or I know you had some questions on it.

Larry Biegelsen - *Wells Fargo Securities - Analyst*

That's a great start. I definitely want to drill down on some of those product launches. But before that, remind us of what your share is of the global soft contact lens market is today and where do you think that can go over the next couple of years?



Jun. 22, 2011 / 6:00PM, COO - The Cooper Companies Inc at Wells Fargo Securities Healthcare Conference

Al White - *The Cooper Companies, Inc. - VP, Treasurer, IR*

Sure. We're approximately 17% of the global market when you look at the big competitors in the soft contact lens market.

So you have J&J in the mid-40s and CIBA in the mid-20s, us at about 17%, Bausch & Lomb at about 13%. It's very difficult to move those percentages. Obviously, you have to take a pretty significant market share to move that. We moved from 16% to 17% this past year.

Over the next two to three years, I'd say we're what you might call like a weaker 17% right now. We should continue to take market share. It should push us to a strong 17%; maybe we get up towards 18%.

But if you look at it, the contact lens market is growing about 5% a year is the way to look at it. And I will preface that by also saying that's in the short term. The contact lens market grew about 9% a year through the 2000s. It came back a little bit with the economic turmoil. Never went negative, never went too low, but it's about 5% now. It's probably going to grow about 6% a year if you look at it on a CAGR over the next five years.

We continue to grow faster than the market. If you look at it on a general basis, you would say our focus remains to grow 1.2, 1.3 times the market. We've grown significantly faster than that in several quarters. This last quarter, we were actually a touch less. But if you look at it on a trailing 12-month basis, we grew 8% versus the market that grew 5%, and that's probably not a bad way to look at it.

Larry Biegelsen - *Wells Fargo Securities - Analyst*

Silicone hydrogel has accounted for about 40% of the global soft contact lens market in 2010, I think, and 42% in the first quarter of 2011. How much higher can that go, and when do you think you'll catch up with the market? You're at about 29%, 30% right now.

Al White - *The Cooper Companies, Inc. - VP, Treasurer, IR*

Yes, that's right. Well, if you look at the market, the market is a little bit over one-third single use, and there is a very small percentage of single-use siliconees in the market.

So when you look at a 42% type number, that's really of 65% of the market or something, so it's fairly highly penetrated there. That will probably continue. The silicone market continues to grow nicely. There's no reason to believe that won't continue to move in that direction.

We're growing much, much faster than the market in siliconee. We're around 29% of our sales in CooperVision are associated with siliconee. That will move up towards the market. So we'll reach where the market is over the coming years.

I think the real -- the point on that is when you look at how big siliconees can be as a percentage of the market, it's going to link back to single use. If the single-use market shifts to any great degree or even a partial degree toward siliconees, you'll see that percentage go up. I mean, it could hit 60% or so.

Larry Biegelsen - *Wells Fargo Securities - Analyst*

Let me just push a little bit on the share, your market share and where you can go. It sounded a little conservative to me. Why not have a higher goal? Why do you think you can't get to 20% with your product -- right now with your product lineup?

Jun. 22. 2011 / 6:00PM, COO - The Cooper Companies Inc at Wells Fargo Securities Healthcare Conference

Al White - *The Cooper Companies, Inc. - VP, Treasurer, IR*

Well, I think it's just a matter of pure percentages because if you look at it and say the top four guys have around 95%, 96% of the market share, you're not taking market share from someone else. You're taking market share from someone competing in this space.

So if you look at Bausch, who is still out there, who's lost some market share but who is still out there actively selling and promoting their product, you can only grow so fast. So even if we were growing twice the market, it's still hard to move, on a percentage basis, up.

We would certainly -- when we look long term, we talk strategically about where we want to be, and you get into geographic expansion and different opportunities out there. We feel very, very good with our product portfolio and with the products rolling out. Just when you do the math on a percentage basis, it's very difficult to move up to 20%.

Larry Biegelsen - *Wells Fargo Securities - Analyst*

So, on the competition, you touched upon Bausch. CIBA and Alcon are going through integration right now. How much of an opportunity is that for you? We've anecdotally heard about some sales reps from CIBA moving to Cooper. What are you seeing there in terms of disruptions?

Al White - *The Cooper Companies, Inc. - VP, Treasurer, IR*

I would say -- kind of finish on Bausch. Bausch is losing some market share in the contact lens space. I'm not sure they're necessarily doing bad as a company, and I wouldn't want to say that because they've got a certain focus on other business units.

And from what I've heard, they're actually doing fairly well on the Pharma side. So they've got the surgical side also. They've got Solutions. They've lost a little bit of market share mainly because of the product side on the contact lens side.

If you look at CIBA, the CIBA and the Alcon merger and those two entities coming together, if there is opportunity there, it would be short-term opportunity created because of disruption associated with exactly what you're saying. As we try to expand and we add sales force and we continue to grow, our ability to go out and hire some of those salespeople who are already embedded in certain markets is very advantageous.

So, I think Alcon is a great company. Novartis is a great company. CIBA is a great company. No matter how you want to do it, you put them together, they're going to be okay on a longer-term basis.

Larry Biegelsen - *Wells Fargo Securities - Analyst*

I forgot to mention if anyone in the audience has a question, just raise your hand. Maybe we'll just pause here to see if anybody has a question.

Let's drill down a little bit more on CooperVision. In calendar-year 2000 -- Q1 2011, your growth rate was slightly below the market growth. I think you grew 4%. Constant currency and the market was 5%. You said some of that was due to inventory building for new product launches, and on the Q2 -- fiscal Q2 call a couple of weeks ago, you said you built \$10 million in inventory. By my math, that would be about a 4% hit to your growth rate. Is that the right way to think about it?

Jun. 22, 2011 / 6:00PM, COO - The Cooper Companies Inc at Wells Fargo Securities Healthcare Conference

Al White - *The Cooper Companies, Inc. - VP, Treasurer, IR*

Yes, that's probably oversimplifying it to some degree of just kind of taking that inventory build and putting it right to sales, but having said that, fundamentally it's looking at it the right way.

We decided to launch Biofinity Multifocal and we wanted to have a nice launch out there. That's going to be a really nice product. We're really excited about it, so we did take a line down. We did target some inventory build associated with that.

We kind of did the same thing of building some inventory for the launch of Biofinity Sphere in Japan and, again, the Avaira launch we were talking about. But fundamentally, thinking about it that way makes sense.

One of the things you always have to be careful on when you're looking at the market data is looking at any individual quarter. It was kind of the same way with HPR data, which is new fit data. You get out and you talk about that kind of stuff, and sometimes you get a little too excited one way or the other. When we grew 12% one quarter, according to the market data, against a market that grew 5%, and that wasn't necessarily a picture, a correct picture of what was going on.

Us growing 4% against a market that's growing 5%, I would argue, is kind of the same way. I think it's much better. You look at that on a trailing 12-month basis, 8% growth for us, 5% for the market. You get little things whether it's us or whether it's our competitors who are doing certain pushes or pulls associated with manufacturing or distribution and sales programs and so forth.

Larry Biegelsen - *Wells Fargo Securities - Analyst*

Are you raising prices on your legacy products to drive patients to the newer silicone hydrogel products, and how has that gone?

Al White - *The Cooper Companies, Inc. - VP, Treasurer, IR*

As an industry, we have a tendency to do that. You look at the legacy products and you raise prices on those, and it's almost a strategy to say we're going to keep raising prices on it until people don't want to pay anymore, and then they move, they transition to the newer products.

So, we do do that. That is part of our strategy. I wouldn't necessarily highlight it and pull it out and say it's something new or unique because it's something that we've done historically, but that's going fine. That part of the business is fine.

Larry Biegelsen - *Wells Fargo Securities - Analyst*

Biofinity Multifocal, you've touched upon it a couple of times. You talked about how excited the Company is about that. So you're launching in the U.S. and Europe, I think, in the second half of June. Can you talk about the market opportunity there? I think you have 50% of the non-silicone hydrogel multifocal segment, a 50% share. Do you think you can get to that share level in the silicone hydrogel segment?

Al White - *The Cooper Companies, Inc. - VP, Treasurer, IR*

That would be pretty aggressive. If you look at the silicone market, it's about \$300 million. So the contact lens market in total is about \$6.6 billion.

Jun. 22. 2011 / 6:00PM, COO - The Cooper Companies Inc at Wells Fargo Securities Healthcare Conference

So, you get the multifocal market at about \$300 million, and you're correct, if you split it down the middle, about half of it is siliconees and half of it is traditional hydrogels. We have a great product. Proclear Multifocal is a great product, and we've always done really well in the multifocal space because of that product.

Now we've got Biofinity coming into the \$150 million silicone piece that we're not currently competing in. I think that product is going to do really well. It's got a lot of potential. It's a very similar design to the Proclear Multifocal that we have, and that's the key when you're looking at that space, it's kind of the design is the driver of that.

So now you've got a great design with arguably the best silicone lens out in the marketplace. So, it should clearly do well. You've got Oasys. J&J's products are already there. Bausch is there. CIBA is there. So it is kind of the late entrant. It needs to take some market share, but there's no reason to believe that's not going to be a nicely successful product.

Larry Biegelsen - Wells Fargo Securities - Analyst

Fast or slow ramp?

Al White - The Cooper Companies, Inc. - VP, Treasurer, IR

Relatively slow because -- well, let me put it this way. Relatively slow from a revenue standpoint because you don't get channel fill.

So when you look at Torics, you look at multifocals, you have a patient who's coming in. That patient is getting fitted for the lenses. Maybe you give the patients some free lenses. They try them, they like them, then they buy.

It's similar to Toric, so because of that you don't get a big channel fill like you could with a Sphere where all of a sudden you're selling it to a retailer, they're taking a lot of inventory to put on the shelf, and it hits the P&L right away. Having said that, it's usually good, solid, consistent growth over 12 months, 18 months [and onward frame].

Larry Biegelsen - Wells Fargo Securities - Analyst

The other major launch that you talked about was Biofinity Toric. Biofinity -- in Japan, I'm sorry. And that's going to be your entrant into about a \$400 million silicone hydrogel market. What's the market opportunity there? What kind of share metrics can you give us about what's reasonable for you guys to expect?

Al White - The Cooper Companies, Inc. - VP, Treasurer, IR

Yes, that one is different than a lot of the other markets we've gone into recently. When you look at Biofinity Multifocal, we'll cannibalize some of our existing Proclear Multifocal.

When you look at the Japanese market, that's around a \$400 million silicone market that we are not participating in, and we are -- when it comes to Japan, we are basically a single-use shop there.

So, \$400 million market, very nice growth. Our product is coming in. That product, Biofinity Sphere, has been very successful around the world. We're entering a new market. It's a market that's dominated by J&J, so we'll see how successful we are there. But that's one that has some pretty good potential.

Jun. 22, 2011 / 6:00PM, COO - The Cooper Companies Inc at Wells Fargo Securities Healthcare Conference

We do a lot of business with large retailers over there. So, we're still capacity constrained on Biofinity, and that remains an issue for us and that will remain an issue for a little while. But having said that, we'll be able to do a decent launch in Japan and support that product.

So, what kind of market share can we get? How fast can we get there? If you look at it and say we're kind of upper teens market share for single use, if we can get to that eventually, I think that would be fantastic.

Larry Biegelsen - Wells Fargo Securities - Analyst

That sounds good. Switching gears to the gross margin, I think the CooperVision gross margin for the first half was 60%. It was 61.5% in the second quarter. The Norfolk savings, you add about 130 basis points in the second half, all else being equal. So CooperVision's gross margin in the second half should be closer to 62.5%, by our math. Is this reasonable, or are there some offsets like new product inefficiencies that we should expect in the second half that put pressure on the gross margin a little bit?

Al White - The Cooper Companies, Inc. - VP, Treasurer, IR

I would agree fundamentally with what you're saying. You look at the improvements coming from the Norfolk plant closure, which we recently closed. We had about 7% of our global manufacturing in Norfolk. We moved that business to Puerto Rico and the UK, and basically eliminated almost 500 positions and didn't have to add people. So, those savings are going to start working their way through the P&L here in the third quarter.

What you're looking at is correct. A lot of things can move gross margins in the short term. Probably more than anything, it's just going to be currency moving will have an effect on the gross margin percentage. But you're looking at it correctly, especially if you're looking at it in the shorter term.

Larry Biegelsen - Wells Fargo Securities - Analyst

And the aspirational goals for the gross margin over the next three to five years? On the last call, I think you talked about 65%, but that's more of a five-year goal, is that correct?

Al White - The Cooper Companies, Inc. - VP, Treasurer, IR

Yes, we pay a royalty on our silicone hydrogel lenses, and -- people still, I don't think, have really grabbed that and taken that into consideration. It's probably because of the timeframe, which, in September of 2014, that royalty rolls off in the U.S. and it's 8% on our silicone lens sales. And then in March of 2016, that royalty rolls off OUS.

So that's a fairly large number. When you look at anyone's model and you're talking about the silicone growth that we are seeing, and to your earlier question, if we get to 40% -- 40%-plus silicone sales as part of our business, that's a large number to be paying 8% on.

So, when you look at gross margins, there's a lot of positives within gross margins, manufacturing efficiencies being one of the keys. We're just making literally more lenses on the same platform. That's what -- when we talk about manufacturing efficiencies, that's what we're driving that towards, unit cost improvements, cycle time improvements, yield, and so forth.

So you have that kind of stuff going on to drive gross margins higher in the shorter term. You've also got product mix. The silicone hydrogel lenses carry higher gross margins. So as you get a shift toward silicones, you get an increase in gross margins. And then as you get towards 2014, 2015, 2016, you actually pick up the royalty rolling off.

Jun. 22. 2011 / 6:00PM, COO - The Cooper Companies Inc at Wells Fargo Securities Healthcare Conference

The flipside of that is there is some stuff there. There's inefficiencies associated with ramping up manufacturing at times. I would highlight that -- and single use being a bigger issue. For us, we have about 21% of our vision business is associated with single-use lenses, which are about 50% gross margins. As that grows and that grows faster than other pieces of the business, that is a drag on our gross margins.

Now, it doesn't bother us from an operating margin standpoint. It's fine. And it's just more dollars going through the P&L. So it's a positive and we certainly look at as a positive. But on the gross margin percentage basis, it potentially puts some pressure on there.

And then, single-use silicone we talked about. It would be interesting to see how that develops over the coming years. But the more successful that is, the more that we end up kind of pushing towards the single-use silicone that potentially puts pressure on margins also.

Larry Biegelsen - Wells Fargo Securities - Analyst

So on single use, how is TruEye doing in the market? I don't -- I think it was recalled in Japan. I think you said on the last call -- I might be wrong, but I think you said it's not back on the market yet. Generally, how is that product doing? Better or worse than you expected in the U.S. and other markets where it's been launched?

Al White - The Cooper Companies, Inc. - VP, Treasurer, IR

About as expected. They launched that in Japan. They had the recall fairly quickly. A different kind of TruEye lens in the U.S. and in Europe. You have to keep in mind that the U.S. market is only, call it, 13%, 14%, maybe 15% single use versus the Japanese market that is as high as 55% of the market being single use.

So the lens has done okay. There is a certain segment of the population that's willing to pay for a true premium single-use lens, you know, and the question is how many people are willing to pay a true premium to get a lens that you're not going to sleep in, that has minimal clinical recognition, for lack of a better word, for wearing for a one-day lens?

Larry Biegelsen - Wells Fargo Securities - Analyst

Market-share numbers. J&J provided some about a year ago. Any kind of metrics -- U.S. share of dailies? Do you have any sense?

Al White - The Cooper Companies, Inc. - VP, Treasurer, IR

We don't have a sense on that, other than who we're talking to. And you see some secondary data and so forth out there, but I wouldn't quote anything. We don't have good hard data on that yet.

Larry Biegelsen - Wells Fargo Securities - Analyst

Where are you guys with your silicone hydrogel daily disposable lens? I know you were pursuing it. In the past, you talked about two different pathways, one with and one without, I think, alcohol, is it? And one you could get out more quickly than the other. Where are you today?

Jun. 22, 2011 / 6:00PM, COO - The Cooper Companies Inc at Wells Fargo Securities Healthcare Conference

Al White - *The Cooper Companies, Inc. - VP, Treasurer, IR*

We're still in a little bit of a wait-and-see mode on how that market is going to develop because there's a big question mark. If that market really develops and moves toward silicone very quickly, we might go down one road. If it turns into more of a niche market, maybe we go down a little bit of a different road.

So we've done a lot of work on that from the R&D standpoint, so that's mainly what it is now is looking at it from an R&D standpoint and being a fast follower down the correct road rather than being a leader potentially down an incorrect road on that.

So, we've made a lot of progress on that internally. The recall by J&J TruEyes in Japan helped give us a little bit of time. We just had so much going on, all good stuff with product launches and driving share gains and so forth, that we might not have necessarily had as much time as we wanted to do R&D on that. So, we have done some work on that. We've made some nice progress on that.

But it's still nothing we would announce now. It's a little bit more of a wait-and-see mode.

Larry Biegelsen - *Wells Fargo Securities - Analyst*

So, no rough timing estimate for that from you guys?

Al White - *The Cooper Companies, Inc. - VP, Treasurer, IR*

It'll be highly dependent upon how that launch goes.

Larry Biegelsen - *Wells Fargo Securities - Analyst*

We talked about the gross margin. And so, maybe that's a good segue to CooperSurgical. 65% gross margin in the first quarter, I think -- or second quarter, I apologize -- fiscal second quarter, which you reported earlier this month. How sustainable is that gross margin, and where do you see that going, let's just say, over the next few years?

Bob Auerbach - *The Cooper Companies, Inc. - Chief Medical Officer CooperSurgical*

I believe that the CooperSurgical margin of 65% is sustainable. Where it goes from here has a little bit to do with product mix. As we move into more and more disposables to support the capital that's out there, you may see a little bit of upside, but the 65% was due to a lot of effort and efficiencies at CooperSurgical.

Larry Biegelsen - *Wells Fargo Securities - Analyst*

Any guesses how high that can go over the next few years?

Bob Auerbach - *The Cooper Companies, Inc. - Chief Medical Officer CooperSurgical*

I'd be pretty hard pressed to put a number out there. I know that there are continuing projects to try to improve that, but I do believe that the 65% is sustainable.

Jun. 22, 2011 / 6:00PM, COO - The Cooper Companies Inc at Wells Fargo Securities Healthcare Conference

Larry Biegelsen - Wells Fargo Securities - Analyst

On the tax rate, that came up on the call. I think the guidance is the low end is 10% to 12%, but you feel you can come in on the low end in fiscal 2011. How sustainable is that range for the next few years, assuming that profits in Japan increases, which is, I think, a high tax market?

Al White - The Cooper Companies, Inc. - VP, Treasurer, IR

Correct. That is a high tax market. When you look at it, we come out with guidance of an effective tax rate of the 8% to 10% range. Move that up to 10% to 12% this quarter.

Japan did better than we were anticipating it was going to do, and that market's actually holding up fine.

The 10% to 12% is pretty sustainable, and the low end of that is sustainable. Now, there's a lot of questions about tax reform and what happens with tax reform and what are the dynamics and so forth. That would obviously change it and that will impact it depending upon what happens, if anything happens. But assuming business as usual, that 10% to 12% is a good number.

And then it gets highly dependent upon things like Japan. Higher sales, higher profits in higher tax jurisdictions would move that tax rate up a little bit. Higher profits in low tax jurisdictions has the opposite effect, can actually bring it down a little bit. But I think thinking of it in that 10% to 12% range over the next several years is a pretty good way to look at it.

Larry Biegelsen - Wells Fargo Securities - Analyst

Back to CooperSurgical, you talked a little bit about management's intention for that business. Are you going to continue to basically do tuck-in acquisitions? Management interested in doing anything bigger? As a percent of sales, it's about 15% of Cooper's total sales. How do you expect that to change over the next few years?

Bob Auerbach - The Cooper Companies, Inc. - Chief Medical Officer CooperSurgical

I think we'll continue the strategy, which has been trying to bring in companies that can leverage the infrastructure that we have both in manufacturing and the sales group.

Traditionally, we have done mostly tuck-ins where we're able to leverage potentially a company that was using a third-party manufacturer, was fairly niche-y in where their products were offered, and we can bring in, take over the manufacturing, and then leverage the sales organization that's been built over time. I think that that will continue.

As far as larger acquisitions, I think we'll look at new products and new offerings when they're out there. And if they make sense, we would bring it to corporate to have them consider it. But at this point, I believe that we'll continue along the same strategy that we've been doing.

Larry Biegelsen - Wells Fargo Securities - Analyst

Let me pause here and see if there are any questions from the audience. One thing we didn't touch upon was FX. Al, maybe you can walk us through how to think about FX for the remainder of the year and the puts and takes on the P&L.

Jun. 22. 2011 / 6:00PM, COO - The Cooper Companies Inc at Wells Fargo Securities Healthcare Conference

Al White - *The Cooper Companies, Inc. - VP, Treasurer, IR*

Sure. Currency was a big conversation in the past for us because of hedging. We pulled way back and basically don't do cash flow hedging right now.

So if you look at it, probably the easiest and the pure way to look at would be look at our fiscal quarter. We're an October year-end. So if you look at our fiscal Q3, fiscal Q4, you would just compare that against the average rate basically out there for euro, yen, pound, more euro, yen certainly for the top line. So, a weak dollar is a positive for us, clearly a positive for us. Significant offshore sales.

We manufacture half our product in the UK. So, the pound will definitely be an offset to that. So you get the upside, obviously, from the sales. You get higher cost of goods associated with the pound moving higher, and then you get higher expenses, just SG&A, that's completed offshore.

If you look at it, if you try to net all that stuff out, it would probably be fair to say about a 1% move in currency would result in somewhere kind of a \$0.03 to \$0.04 EPS move, meaning positive or negative. So it's either going to be accretive or dilutive as currency moves is a fair way to look at it.

Larry Biegelsen - *Wells Fargo Securities - Analyst*

So every dollar to revenue from FX benefit, how much -- what percent falls through to the bottom line?

Al White - *The Cooper Companies, Inc. - VP, Treasurer, IR*

If you did it very generically and you said, okay, one, I'm going to say currency moves just universally, globally, all currencies move 1% against the dollar, you would see the 3% to 4% move -- \$0.03 to \$0.04 move in EPS associated with that. So currency strengthening would be a \$0.03 to \$0.04 improvement in EPS.

So currency has been a little bit of a positive. Obviously in Q2, you saw that within the business as a whole, within CooperVision, where there was a significant positive FX with that.

Larry Biegelsen - *Wells Fargo Securities - Analyst*

And the inventory build we saw in the second quarter, does that continue in subsequent quarters this year?

Al White - *The Cooper Companies, Inc. - VP, Treasurer, IR*

The inventory build we had in Q1 and Q2 associated with some of these launches and associated with some of the expansion of parameters we have in a few of the products after a big drawdown in inventory last year, I think that you'll see that flatten out. Could it go up a little bit? Yes. Could it actually go down a little bit? But it's not going to be really a positive or negative associated with free cash flow generation.

Larry Biegelsen - *Wells Fargo Securities - Analyst*

I think we're just about out of time. If there is one question, we could probably fit it in. If not, I will thank Al and Bob for joining us today.

Jun. 22. 2011 / 6:00PM, COO - The Cooper Companies Inc at Wells Fargo Securities Healthcare Conference

Al White - *The Cooper Companies, Inc. - VP, Treasurer, IR*

Absolutely.

Bob Auerbach - *The Cooper Companies, Inc. - Chief Medical Officer CooperSurgical*

Thank you.

DISCLAIMER

Thomson Reuters reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES THOMSON REUTERS OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2011, Thomson Reuters. All Rights Reserved.

