

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For Quarterly Period Ended April 30, 2009

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission File Number 1-8597

The Cooper Companies, Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

94-2657368
(I.R.S. Employer
Identification No.)

6140 Stoneridge Mall Road, Suite 590, Pleasanton, CA 94588
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (925) 460-3600

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 (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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 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

Indicate the number of shares outstanding of each of issuer's classes of common stock, as of the latest practicable date.

Common Stock, \$.10 par value
Class

45,180,444 Shares
Outstanding at May 31, 2009

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION
Item 1. Financial Statements
THE COOPER COMPANIES, INC. AND SUBSIDIARIES
Consolidated Statements of Income
(In thousands, except for earnings per share)
(Unaudited)

	<u>Three Months Ended</u> <u>April 30,</u>		<u>Six Months Ended</u> <u>April 30,</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Net sales	\$ 260,594	\$ 259,248	\$ 511,736	\$ 502,020
Cost of sales	111,537	109,240	220,545	209,130
Gross profit	149,057	150,008	291,191	292,890
Selling, general and administrative expense	93,705	107,529	188,697	217,409
Research and development expense	10,065	9,116	17,295	17,248
Restructuring costs	—	526	2,954	1,349
Amortization of intangibles	4,080	4,371	8,257	8,467
Operating income	41,207	28,466	73,988	48,417
Interest expense	10,830	12,070	22,287	23,176
Other income (expense), net	260	(450)	8,404	192
Income before income taxes	30,637	15,946	60,105	25,433
Provision for income taxes	5,988	4,705	11,583	7,315
Net income	<u>\$ 24,649</u>	<u>\$ 11,241</u>	<u>\$ 48,522</u>	<u>\$ 18,118</u>
Basic earnings per share	<u>\$ 0.55</u>	<u>\$ 0.25</u>	<u>\$ 1.07</u>	<u>\$ 0.40</u>
Diluted earnings per share	<u>\$ 0.54</u>	<u>\$ 0.25</u>	<u>\$ 1.07</u>	<u>\$ 0.40</u>
Number of shares used to compute earnings per share:				
Basic	<u>45,170</u>	<u>44,989</u>	<u>45,155</u>	<u>44,965</u>
Diluted	<u>45,523</u>	<u>47,740</u>	<u>45,204</u>	<u>47,759</u>

See accompanying notes.

THE COOPER COMPANIES, INC. AND SUBSIDIARIES
Consolidated Balance Sheets
(In thousands)
(Unaudited)

	<u>April 30, 2009</u>	<u>October 31, 2008</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,472	\$ 1,944
Trade accounts receivable, net of allowance for doubtful accounts of \$4,631 at April 30, 2009 and \$4,541 at October 31, 2008	156,409	159,158
Inventories	288,196	283,454
Deferred tax assets	25,640	26,337
Prepaid expense and other current assets	49,815	55,139
Total current assets	<u>524,532</u>	<u>526,032</u>
Property, plant and equipment, at cost	834,303	822,354
Less: accumulated depreciation and amortization	245,913	219,700
	<u>588,390</u>	<u>602,654</u>
Goodwill	1,244,965	1,251,699
Other intangibles, net	123,760	130,587
Deferred tax assets	26,442	25,645
Other assets	38,242	50,999
	<u>\$2,546,331</u>	<u>\$2,587,616</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	\$ 47,214	\$ 43,013
Accounts payable	47,136	63,636
Employee compensation and benefits	27,132	34,915
Accrued acquisition costs	3,895	6,318
Accrued income taxes	12,819	4,378
Other current liabilities	73,844	103,147
Total current liabilities	<u>212,040</u>	<u>255,407</u>
Long-term debt	848,379	861,781
Deferred tax liability	12,974	15,196
Accrued pension liability and other	44,377	38,156
Total liabilities	<u>1,117,770</u>	<u>1,170,540</u>
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 45,524 at April 30, 2009 and 45,482 at October 31, 2008	4,552	4,548
Additional paid-in capital	1,048,714	1,040,945
Accumulated other comprehensive loss	(68,847)	(25,240)
Retained earnings	449,407	402,242
Treasury stock at cost: 343 and 353 shares at April 30, 2009 and October 31, 2008, respectively	(5,265)	(5,419)
Stockholders' equity	<u>1,428,561</u>	<u>1,417,076</u>
	<u>\$2,546,331</u>	<u>\$2,587,616</u>

See accompanying notes.

THE COOPER COMPANIES, INC. AND SUBSIDIARIES
Consolidated Condensed Statements of Cash Flows
(In thousands)
(Unaudited)

	Six Months Ended	
	April 30,	
	2009	2008
Cash flows from operating activities:		
Net income	\$ 48,522	\$ 18,118
Depreciation and amortization	46,006	41,128
Increase in operating capital	(39,859)	(54,068)
Other non-cash items	14,070	6,314
Net cash provided by operating activities	<u>68,739</u>	<u>11,492</u>
Cash flows from investing activities:		
Purchases of property, plant and equipment	(54,061)	(76,874)
Acquisitions of businesses, net of cash acquired, and other	(3,705)	(3,062)
Net cash used in investing activities	<u>(57,766)</u>	<u>(79,936)</u>
Cash flows from financing activities:		
Net proceeds (repayments) of short-term debt	4,203	(7,260)
Repayments and repurchase of long-term debt	(494,360)	(221,870)
Proceeds from long-term debt	482,998	293,470
Dividends on common stock	(1,355)	(1,349)
Excess tax benefit from share-based compensation arrangements	135	1,758
Issuance of common stock for employee stock plans	(30)	2,372
Net cash (used in) provided by financing activities	<u>(8,409)</u>	<u>67,121</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(36)</u>	<u>8</u>
Net increase (decrease) in cash and cash equivalents	2,528	(1,315)
Cash and cash equivalents - beginning of period	1,944	3,226
Cash and cash equivalents - end of period	<u>\$ 4,472</u>	<u>\$ 1,911</u>

See accompanying notes.

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THE COOPER COMPANIES, INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income (Loss)
(In thousands)
(Unaudited)

	<u>Three Months Ended</u> <u>April 30,</u>		<u>Six Months Ended</u> <u>April 30,</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Net income	\$24,649	\$11,241	\$ 48,522	\$ 18,118
Other comprehensive income (loss):				
Foreign currency translation adjustment	9,518	5,586	(29,788)	(14,389)
Change in value of derivative instruments, net of tax	10,647	(1,682)	(13,819)	(15,786)
Other comprehensive income (loss)	<u>20,165</u>	<u>3,904</u>	<u>(43,607)</u>	<u>(30,175)</u>
Comprehensive income (loss)	<u>\$44,814</u>	<u>\$15,145</u>	<u>\$ 4,915</u>	<u>\$(12,057)</u>

See accompanying notes.

THE COOPER COMPANIES, INC. AND SUBSIDIARIES
Notes to Consolidated Condensed Financial Statements
(Unaudited)

Note 1. General

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

- CooperVision (CVI) develops, manufactures and markets a broad range of contact lenses for the worldwide vision care market. Its leading products are disposable and planned replacement lenses.
- CooperSurgical (CSI) develops, manufactures and markets medical devices, diagnostic products and surgical instruments and accessories used primarily by gynecologists and obstetricians.

The unaudited consolidated financial statements presented in this report contain all adjustments necessary to present fairly Cooper's consolidated financial position at April 30, 2009 and October 31, 2008, the consolidated results of its operations for the three and six months ended April 30, 2009 and 2008 and its consolidated condensed cash flows for the six months ended April 30, 2009 and 2008. Most of these adjustments are normal and recurring. However, certain adjustments associated with acquisitions and the related financial arrangements are of a nonrecurring nature. Readers should not assume that the results reported here either indicate or guarantee future performance.

During interim periods, we follow the accounting policies described in our Annual Report on Form 10-K for the fiscal year ended October 31, 2008. Please refer to this when reviewing this Quarterly Report on Form 10-Q.

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 listed below 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. The accounting policies that reflect our more significant estimates, judgments and assumptions and which we believe are the most critical to aid in fully understanding and evaluating our reported financial results are:

- Revenue recognition
- Allowance for doubtful accounts
- Net realizable value of inventory
- Valuation of goodwill
- Business combinations
- Income taxes
- Share-based compensation

THE COOPER COMPANIES, INC. AND SUBSIDIARIES
Notes to Consolidated Condensed Financial Statements, Continued
(Unaudited)

During the fiscal first half of 2009, there were no significant changes in our estimates and critical accounting policies. Please refer to Management's Discussion and Analysis of Financial Condition and Results of Operations in Part II, Item 7 of our Annual Report on Form 10-K for the fiscal year ended October 31, 2008, for a more complete discussion of our estimates and critical accounting policies.

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

We have recorded a reclassification in our net sales and cost of sales in our Consolidated Statements of Income, revising the amounts originally reported in our Annual Report on Form 10-K for the fiscal year ended October 31, 2008, and our Quarterly Reports on Form 10-Q for the periods ended January 31, 2008, April 30, 2008 and July 31, 2008. The reclassification, which does not impact our gross profit, conforms the prior period net sales and cost of sales to the current period's presentation, in which the gains and losses from derivatives designed as effective hedges are recorded in net sales and cost of sales, depending on the nature of the underlying transaction, as compared to previously, when these gains and losses were designated to be recorded in cost of sales.

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 believe that the counterparties with which we enter into foreign currency forward contracts and interest rate swap agreements are financially sound and that the credit risk of these contracts is not significant. See Note 6. Derivative Instruments and Fair Value Measurements.

New Accounting Pronouncements

On February 1, 2009, the Company adopted the required portions of Statement of Financial Accounting Standards (SFAS) No. 161, *Disclosures about Derivative Instruments and Hedging Activities* (SFAS 161), with no material impact to the consolidated condensed financial statements. 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. See Note 6 for disclosures of the Company's derivative instruments.

In April 2009, the Financial Standards Board (FASB) issued FASB Staff Position (FSP) FAS 157-4, *Determining Fair Value When Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly* (FSP 157-4). FSP 157-4 provides guidance on how to determine the fair value of assets and liabilities when

THE COOPER COMPANIES, INC. AND SUBSIDIARIES
Notes to Consolidated Condensed Financial Statements, Continued
(Unaudited)

the volume and level of activity for the asset/liability has significantly decreased. FSP 157-4 also provides guidance on identifying circumstances that indicate a transaction is not orderly. In addition, FSP 157-4 requires disclosure in interim and annual periods of the inputs and valuation techniques used to measure fair value and a discussion of changes in valuation techniques. FSP 157-4 is effective for the Company beginning in the fiscal third quarter of 2009. The Company does not expect a significant impact from the adoption of this statement on our consolidated financial statements.

In April 2009, the FASB issued FSP FAS 107-1 and APB 28-1, *Interim Disclosure about Fair Value of Financial Instruments* (FSP 107-1/APB 28-1). FSP 107-1/APB 28-1 requires interim disclosures regarding the fair values of financial instruments that are within the scope of FAS 107, *Disclosures about the Fair Value of Financial Instruments*. Additionally, FSP 107-1/APB 28-1 requires disclosure of the methods and significant assumptions used to estimate the fair value of financial instruments on an interim basis as well as changes of the methods and significant assumptions from prior periods. FSP 107-1/APB 28-1 is effective for the Company beginning in the fiscal third quarter of 2009. The Company is currently evaluating the impact the application of this FSP will have on its consolidated financial statements.

In April 2009, the FASB issued FSP FAS 141(R)-1, *Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies* (FSP 141(R)-1). FSP 141(R)-1 requires that assets acquired and liabilities assumed in a business combination that arise from contingencies be recognized at fair value if fair value can be reasonably estimated. If fair value of such an asset or liability cannot be reasonably estimated, the asset or liability would generally be recognized in accordance with SFAS No. 5, *Accounting for Contingencies*, and FASB Interpretation (FIN) No. 14, *Reasonable Estimation of the Amount of a Loss*. FSP 141(R)-1 eliminates the requirement to disclose an estimate of the range of outcomes of recognized contingencies at the acquisition date but requires that contingent consideration arrangements of an acquiree assumed by the acquirer in a business combination be treated as contingent consideration of the acquirer and should be initially and subsequently measured at fair value in accordance with Statement 141R. This FSP will be adopted by the Company in its consolidated financial statements for the fiscal year beginning on November 1, 2009.

Note 2. Acquisition and Restructuring Costs

Restructuring Costs

In the fiscal first quarter of 2009, CooperVision began a global restructuring plan to focus the organization on our most critical activities, refine our work processes and align costs with prevailing market conditions (Critical Activity restructuring plan). The restructuring plan involves the assessment of all locations' activities, exclusive of direct manufacturing, and changes to streamline work processes. As a result of the Critical Activity restructuring plan, a number of positions are being eliminated across certain business functions and geographic regions. The Company anticipates the Critical Activity restructuring plan will be completed in our fiscal third quarter of 2009.

THE COOPER COMPANIES, INC. AND SUBSIDIARIES
Notes to Consolidated Condensed Financial Statements, Continued
(Unaudited)

We estimate that the total restructuring costs under this plan will be approximately \$3.8 million, primarily severance and benefit costs, and will be reported as cost of sales or restructuring costs in our Consolidated Statements of Income. In the six-month period ended April 30, 2009, we reported \$0.6 million in cost of sales and \$3.0 million in restructuring costs.

Restructuring costs:

	<u>Balance at Beginning of Period</u>	<u>Additions Charged to Costs and Expenses</u> (In millions)	<u>Payments</u>	<u>Balance at end of Period</u>
Three-month period ended January 31, 2009	\$ —	\$ 3.6	\$ —	\$ 3.6
Three-month period ended April 30, 2009	\$ 3.6	\$ —	\$ 1.0	\$ 2.6

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*, 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.

Below is a summary of activity related to accrued acquisition costs for the six months ended April 30, 2009. Net additions include \$0.8 million from a recent acquisition offset by a \$1.9 million reduction to our accrued legal costs related to our acquisition of Ocular Sciences, Inc. based on a settlement agreement reached in our fiscal second quarter of 2009. This adjustment was included in the determination of net income as an increase for the three months ended April 30, 2009.

<u>Description</u>	<u>Balance October 31, 2008</u>	<u>Net Additions</u> (In thousands)	<u>Payments</u>	<u>Balance April 30, 2009</u>
Severance	\$ 2,683	\$ —	\$ 552	\$ 2,131
Plant shutdown, legal and other	3,635	(1,054)	817	1,764
	<u>\$ 6,318</u>	<u>\$ (1,054)</u>	<u>\$ 1,369</u>	<u>\$ 3,895</u>

THE COOPER COMPANIES, INC. AND SUBSIDIARIES
Notes to Consolidated Condensed Financial Statements, Continued
(Unaudited)

Note 3. Inventories

	<u>April 30,</u> <u>2009</u>	<u>October 31,</u> <u>2008</u>
	(In thousands)	
Raw materials	\$ 50,343	\$ 45,377
Work-in-process	8,023	8,399
Finished goods	229,830	229,678
	<u>\$288,196</u>	<u>\$283,454</u>

Inventories are stated at the lower of cost or market. Cost is computed using standard cost that approximates actual cost, on a first-in, first-out basis.

Note 4. Intangible Assets**Goodwill**

	<u>CVI</u>	<u>CSI</u> (In thousands)	<u>Total</u>
Balance as of November 1, 2007	\$1,081,291	\$ 208,293	\$1,289,584
Net reductions during the year ended October 31, 2008	(409)	(542)	(951)
Translation	(36,820)	(114)	(36,934)
Balance as of October 31, 2008	1,044,062	207,637	1,251,699
Net additions during the six-month period ended April 30, 2009	288	(10)	278
Translation	(7,044)	32	(7,012)
Balance as of April 30, 2009	<u>\$1,037,306</u>	<u>\$ 207,659</u>	<u>\$1,244,965</u>

THE COOPER COMPANIES, INC. AND SUBSIDIARIES
Notes to Consolidated Condensed Financial Statements, Continued
(Unaudited)

Other Intangible Assets

	<u>As of April 30, 2009</u>		<u>As of October 31, 2008</u>	
	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization & Translation</u>	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization & Translation</u>
	(In thousands)			
Trademarks	\$ 2,907	\$ 900	\$ 2,907	\$ 821
Technology	90,769	39,887	90,337	36,006
Shelf space and market share	87,866	26,576	87,177	22,909
Licenses, distribution rights and other	17,485	7,904	17,178	7,276
	<u>199,027</u>	<u>\$ 75,267</u>	<u>197,599</u>	<u>\$ 67,012</u>
Less accumulated amortization and translation	75,267		67,012	
Other intangible assets, net	<u>\$123,760</u>		<u>\$130,587</u>	

We estimate that amortization expense will be about \$15.9 million per year in the five-year period ending October 31, 2013.

Note 5. Debt

	<u>April 30, 2009</u>	<u>October 31, 2008</u>
	(In thousands)	
Short-term:		
Overdraft and other credit facilities	<u>\$ 47,214</u>	<u>\$ 43,013</u>
Long-term:		
Senior unsecured revolving line of credit	\$499,000	\$511,400
7.125% senior notes	339,000	350,000
Capital lease and other	10,379	381
	<u>\$848,379</u>	<u>\$861,781</u>

In December 2008, we purchased through the open market, in a privately negotiated transaction, \$11.0 million in aggregate principal amount of our 7.125% Senior Notes at a discounted price of approximately \$9.0 million plus accrued and unpaid interest. We wrote off about \$0.2 million of unamortized costs related to the Senior Notes and recorded a gain on the repurchase in other income on our Consolidated Statements of Income. The Company paid the aggregate purchase price from borrowings under its \$650 million revolving line of credit.

THE COOPER COMPANIES, INC. AND SUBSIDIARIES
Notes to Consolidated Condensed Financial Statements, Continued
(Unaudited)

Note 6. Derivative Instruments and Fair Value Measurements

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.

The Company recognizes that through the normal course of its business activities, the Company is exposed to foreign exchange risks. Our primary objective is to protect the USD value of future cash flows and minimize the volatility of reported earnings while strictly adhering to accounting principles generally accepted in the United States. To meet this objective, business exposures to foreign exchange risks must be identified, measured and minimized using the most effective and efficient methods to eliminate, reduce or transfer such exposures.

Exposures are reduced whenever possible by taking advantage of offsetting payable and receivable balances and netting revenues against expenses, also referred to as natural hedges. Management employs the use of foreign currency derivative instruments to manage a portion of the remaining foreign exchange risk. Foreign currency derivatives may be used to protect against exposures resulting from forecasted non-functional currency denominated revenues and expenses. Our risk management objectives and the strategies for achieving those objectives depend on the type of exposure being hedged.

The Company is 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. To mitigate this risk, we hedge portions of our variable rate debt by swapping those portions to fixed rates.

The Company only enters into derivative financial instruments with institutions that have an International Swap Dealers Association agreement in place. Our derivative financial instruments do not contain credit risk related contingent features or requirements to post collateral. On an ongoing basis, the Company monitors counterparty credit ratings. The Company considers our credit non-performance risk to be minimal because we award and disperse derivatives business between multiple commercial institutions that have at least an investment grade credit rating.

THE COOPER COMPANIES, INC. AND SUBSIDIARIES
Notes to Consolidated Condensed Financial Statements, Continued
(Unaudited)

Cash Flow Hedging

The Company is exposed to the effects of foreign exchange movements. Our strategy is to minimize enterprise risk by locking in all or a portion of the anticipated cash flows that are linked to accounting exposures such as non-functional currency intercompany payables/receivables, through derivative instruments. To execute this strategy, we hedge the specific identified foreign exchange risk exposure, thereby locking in the rate at which these forecasted transactions will be recorded and ultimately reduce earnings volatility related to the enterprise risk.

SFAS 133 cash flow hedge accounting allows for the gains or losses on the change in fair value of the derivatives related to forecasted transactions to be recorded in Other Comprehensive Income (OCI) until the underlying forecasted transaction occurs. However, this accounting treatment is limited to hedging specific transactions that can be clearly defined and specifically create risk to functional currency cash flow.

All sales and expenses with unrelated third parties not denominated in USD subject the Company to economic risk. We typically designate and document qualifying foreign exchange forward contracts related to forecasted cost of sales, and certain intercompany sales and purchases associated with third party transactions, as cash flow hedges. To reduce foreign currency exposure related to forecasted foreign currency denominated sales and purchases of product, the Company entered into foreign currency forward contracts of approximately \$250 million in the fiscal second quarter of 2009, none in the first quarter, \$147 million in the fiscal fourth quarter of 2008, \$307 million in the fiscal third quarter of 2008, and \$16 million in the fiscal second quarter of 2008. These derivatives were accounted for as cash flow hedges under SFAS 133 and were expected to be effective through their maturities.

Typical currencies traded are those which represent the largest risk for the Company, including but not limited to the British pound sterling, euro, Japanese yen and Canadian dollar. Hedge amounts vary by currency but typically fall below \$10.0 million per month per currency. Hedges for each currency mature monthly to correspond with the payment cycles of the hedged relationships. To maintain a layered hedged position, additional hedges are placed consistently throughout the year.

Each month during any given period, adjustments are made to the existing hedges by matching them with the actual cash flows that occurred in that month. Each hedge, therefore, will require that compensating trades be adjusted to match the actual flows of the underlying exposure.

THE COOPER COMPANIES, INC. AND SUBSIDIARIES
Notes to Consolidated Condensed Financial Statements, Continued
(Unaudited)

As of April 30, 2009, all outstanding cash flow hedging derivatives had maturities of less than 24 months. 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 OCI in stockholder's equity until the underlying hedged item is reflected in our Consolidated Statements of Income, at which time the effective amount in OCI is reclassified to either net sales or cost of sales in our Consolidated Statements of Income. Over the next twelve months, we expect to reclassify losses of approximately \$11.5 million to our Consolidated Statements of Income.

We record any ineffectiveness and any excluded components of the hedge immediately to other income or expense in our Consolidated Statements of Income. 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 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 reclassified at that time from OCI to other income or expense in our Consolidated Statements of Income.

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. As of April 30, 2009, 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.

Monthly adjustments to the cash flow hedging program explained above require non-designated hedges to be placed when cash flow hedges are utilized faster or earlier than planned. This occurs regularly, and hedge amounts tend to be less than a few million dollars per affected relationship.

Other common exposures hedged are intercompany related borrowings between entities. Such obligations are generally short-term in nature, often outstanding for less than 90 days. These types of exposures are hedged monthly and are typically less than \$10.0 million per hedge.

These derivative instruments do not subject the Company to material balance sheet risk due to exchange rate movements because gains and losses on these derivatives are intended to offset gains and losses on the non-functional currency assets and liabilities being hedged.

THE COOPER COMPANIES, INC. AND SUBSIDIARIES
Notes to Consolidated Condensed Financial Statements, Continued
(Unaudited)

Interest Rate Swaps

On January 31, 2007, the Company refinanced its syndicated bank 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 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 the fiscal first half of 2009, approximately \$33 thousand of effective gains were amortized from OCI to interest expense related to the termination of the swap. Of which, \$3 thousand of effective gains was amortized from OCI to interest expense in the fiscal second quarter of 2009. Effective amounts are amortized to interest expense as the related hedged expense is incurred.

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 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 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%.

THE COOPER COMPANIES, INC. AND SUBSIDIARIES
Notes to Consolidated Condensed Financial Statements, Continued
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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 April 30, 2009, the fair value of the eight outstanding swaps, approximately \$15.2 million, was recorded as a liability, and the effective offset was recorded in OCI in our Consolidated Balance Sheet. We expect to reclassify \$12.0 million from OCI to interest expense in our Consolidated Statements of Income over the next 12 months.

The fair value of derivative instruments in our Consolidated Balance Sheet as of April 30, 2009, was as follows:

	Fair Values of Derivative Instruments			
	Derivative Assets		Derivative Liabilities	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
		(In millions)		
Derivatives designated as hedging instruments under SFAS 133				
Interest rate contracts	Prepaid expense and other current assets	\$ —	Other current liabilities	\$ 2.6
Interest rate contracts	Other assets	—	Accrued pension liability and other	12.6
Foreign exchange contracts	Prepaid expense and other current assets	13.2	Other current liabilities	12.1
Foreign exchange contracts	Other assets	2.1	Accrued pension liability and other	1.5
Total derivatives designated as hedging instruments under SFAS 133		<u>\$15.3</u>		<u>\$28.8</u>
Derivatives not designated as hedging instruments under SFAS 133				
Foreign exchange contracts	Prepaid expense and other current assets	\$ 3.7	Other current liabilities	\$ 0.9
Foreign exchange contracts	Other assets	0.1	Accrued pension liability and other	—
Total derivatives not designated as hedging instruments under SFAS 133		<u>\$ 3.8</u>		<u>\$ 0.9</u>
Total derivatives		<u>\$19.1</u>		<u>\$29.7</u>

THE COOPER COMPANIES, INC. AND SUBSIDIARIES
Notes to Consolidated Condensed Financial Statements, Continued
(Unaudited)

The Effect of Derivative Instruments on the Consolidated Statement of Income
For the Six Months Ended April 30, 2009

<u>Derivatives in SFAS 133 Cash Flow Hedging Relationships</u>	<u>Amount of Gain or (Loss) Recognized in OCI on Derivative (Effective Portion) 2009</u>	<u>Location of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)</u>	<u>Amount of Gain Reclassified from Accumulated OCI into Income (Effective Portion) 2009</u>	<u>Location of Gain or (Loss) Recognized in Income on Derivative Ineffectiveness</u>	<u>Amount of Gain or (Loss) Recognized in Income Due to Ineffectiveness 2009</u>	<u>Location of Gain or (Loss) Recognized in Income and Excluded from Effectiveness Testing</u>	<u>Amount of Gain or (Loss) Recognized in Income and Excluded from Effectiveness Testing 2009</u>
			(In millions)				
Interest rate contracts	\$ (10.4)	Interest expense	\$ (5.5)	Other income/ (expense)	\$ —	Other income/ (expense)	\$ —
Foreign exchange contracts	(12.5)	Net sales	\$ 15.9	Other income/ (expense)	\$ (0.1)	Other income/ (expense)	\$ 1.1
Foreign exchange contracts	—	Cost of sales	\$ (17.4)	Other income/ (expense)	\$ —	Other income/ (expense)	\$ —
Total	<u>\$ (22.9)</u>		<u>\$ (7.0)</u>		<u>\$ (0.1)</u>		<u>\$ 1.1</u>

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THE COOPER COMPANIES, INC. AND SUBSIDIARIES
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(Unaudited)

<u>Derivatives Not Designated as Hedging Instruments Under SFAS 133</u>	<u>Location of Gain or (Loss) Recognized in Income on Derivative</u>	<u>Amount of Gain or (Loss) Recognized in Income on Derivative 2009 (In millions)</u>
Interest rate contracts	Interest income/(expense)	\$ —
Foreign exchange contracts	Foreign currency gain/(loss)	(1.5)
Total		<u>\$ (1.5)</u>

On November 1, 2008, the Company adopted the required portions of SFAS No. 157, *Fair Value Measurements* (SFAS 157). SFAS 157 applies to all assets and liabilities that are being measured and reported at fair value. SFAS 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, and SFAS 157 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. An asset's or liability's level is based on the lowest level of input that is significant to the fair value measurement. This Statement requires that assets and liabilities carried at fair value be valued and disclosed in one of the following three levels of the valuation hierarchy:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs reflecting the reporting entity's own assumptions.

The Company has derivative assets and liabilities, which include interest rate swaps, cross currency swaps and foreign currency forward contracts. The impact of the counterparty's creditworthiness when in an asset position and the Company's creditworthiness when in a liability position has also been factored into the fair value measurement of the derivative instruments. Both the counterparty and the Company are expected to continue to perform under the contractual terms of the instruments.

We use interest rate swaps to maintain our desired mix of fixed-rate and variable-rate debt. The swaps exchange fixed and variable rate payments without exchanging the notional principal amount of the debt. The Company has elected to use the income approach to value the derivatives using observable Level 2 market expectations at the measurement date and standard valuation techniques to convert future amounts to a single present amount assuming that participants are motivated, but not compelled to transact. Level 2 inputs are limited to quoted prices for similar assets or liabilities in active markets, specifically euro dollar futures contracts up to three years, and inputs other than quoted prices that are observable for the asset or liability - specifically LIBOR cash and swap rates, credit risk at commonly quoted intervals. Mid-market pricing is used as a practical expedient for fair value measurements.

We use foreign exchange forward contracts to minimize, to the extent reasonable and practical, our exposure to the impact of changing foreign currency fluctuations. The Company has elected to use the income approach to value the derivatives, using observable Level 2 market

THE COOPER COMPANIES, INC. AND SUBSIDIARIES
Notes to Consolidated Condensed Financial Statements, Continued
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expectations at the measurement date and standard valuation techniques to convert future amounts to a single present amount assuming that participants are motivated but not compelled to transact. Level 2 inputs for the valuations are limited to quoted prices for similar assets or liabilities in active markets and inputs other than quoted prices that are observable for the asset or liability - specifically LIBOR cash rates, credit risk at commonly quoted intervals, foreign exchange spot rates and forward points. Mid-market pricing is used as a practical expedient for fair value measurements.

The following table sets forth the Company's financial assets and liabilities that were measured at fair value on a recurring basis during the fiscal first half of 2009, within the fair value hierarchy at April 30, 2009:

	Level 2
	(In thousands)
Assets:	
Foreign exchange contracts	\$ 19,070
Liabilities:	
Interest rate swaps	\$ 15,207
Foreign exchange contracts	14,531
	\$ 29,738

Note 7. Earnings Per Share

	Three Months Ended		Six Months Ended	
	April 30,		April 30,	
	2009	2008	2009	2008
	(In thousands, except per share amounts)			
Net income	\$24,649	\$11,241	\$48,522	\$18,118
Add interest charge applicable to convertible debt, net of tax	—	523	—	1,046
Income for calculating diluted earnings per common share	\$24,649	\$11,764	\$48,522	\$19,164
Basic:				
Weighted average common shares	45,170	44,989	45,155	44,965
Basic earnings per common share	\$ 0.55	\$ 0.25	\$ 1.07	\$ 0.40
Diluted:				
Weighted average common shares	45,170	44,989	45,155	44,965
Effect of dilutive stock options	353	161	49	204
Shares applicable to convertible debt	—	2,590	—	2,590
Diluted weighted average common shares	45,523	47,740	45,204	47,759
Diluted earnings per common share	\$ 0.54	\$ 0.25	\$ 1.07	\$ 0.40

THE COOPER COMPANIES, INC. AND SUBSIDIARIES
Notes to Consolidated Condensed Financial Statements, Continued
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The following table sets forth stock options to purchase Cooper's common stock, 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 antidilutive for the periods presented:

	Three Months Ended April 30,		Six Months Ended April 30,	
	2009	2008	2009	2008
	(In thousands, except exercise prices)			
Numbers of stock option shares excluded	4,514	4,228	4,579	4,058
Range of exercise prices	\$24.40-\$80.51	\$35.69-\$80.51	\$22.08-\$80.51	\$37.90-\$80.51
Number of restricted stock units excluded	330	264	330	264

Note 8. Share-Based Compensation Plans

The Company has several share-based compensation plans that are described in the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 2008. The compensation and related income tax benefit recognized in the Company's consolidated financial statements for share-based awards were as follows:

	Three Months Ended April 30,		Six Months Ended April 30,	
	2009	2008	2009	2008
	(In millions)			
Selling, general and administrative expense	\$ 4.0	\$ 1.8	\$ 7.0	\$ 7.0
Cost of sales	0.2	0.4	0.6	0.8
Research and development expense	0.2	0.2	0.4	(0.2)
Capitalized in inventory	0.2	0.4	0.6	0.8
Total compensation expense	<u>\$ 4.6</u>	<u>\$ 2.8</u>	<u>\$ 8.6</u>	<u>\$ 8.4</u>
Related income tax benefit	<u>\$ 1.6</u>	<u>\$ 0.6</u>	<u>\$ 2.8</u>	<u>\$ 2.3</u>

THE COOPER COMPANIES, INC. AND SUBSIDIARIES
Notes to Consolidated Condensed Financial Statements, Continued
(Unaudited)

Note 9. Income Taxes

Cooper's effective tax rate (ETR) (provision for income taxes divided by pretax income) for the fiscal first half of 2009 was 19.3%. GAAP requires that the projected fiscal year ETR, plus any discrete items, be included in the year-to-date results. The ETR used to record the provision for income taxes for the six-month period ended April 30, 2008, was 28.8%. The decrease in the 2009 ETR reflects the shift in the geographic mix of income during the period.

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. As a result, in fiscal 2008, the Company reduced its net liability for unrecognized tax benefits by \$5.3 million, which was accounted for as an increase to retained earnings. As of November 1, 2008, the Company had total gross unrecognized tax benefits of \$19.4 million. If recognized, \$16.7 million of unrecognized tax benefits would impact the Company's effective tax rate. For the six-month period ended April 30, 2009, there were no material changes to the total amount of unrecognized tax benefits. 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.

Interest and penalties of \$2.1 million have been reflected as a component of the total liability as of November 1, 2008. It is the Company's policy to recognize as additional income tax expense, the items of interest and penalties directly related to income taxes.

Included in the balance of unrecognized tax benefits at November 1, 2008, is \$2 million to \$3.8 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 is comprised of transfer pricing and other items.

As of April 30, 2009, 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, Germany and Australia for the tax years 2004 through 2007.

Note 10. Employee Benefits

Cooper's Retirement Income Plan (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 continue to be comprised of equity and fixed income funds.

THE COOPER COMPANIES, INC. AND SUBSIDIARIES
Notes to Consolidated Condensed Financial Statements, Continued
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In October 2007, we adopted the funded status provision of SFAS No. 158, which requires 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 No. 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.

Cooper's results of operations for the three and six months ended April 30, 2009 and 2008 reflect the following pension costs.

	<u>Three Months Ended</u> <u>April 30,</u>		<u>Six Months Ended</u> <u>April 30,</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	(In thousands)			
Components of net periodic pension cost:				
Service cost	\$ 766	\$ 750	\$ 1,532	\$ 1,501
Interest cost	586	509	1,172	1,018
Expected returns on assets	(577)	(593)	(1,154)	(1,187)
Amortization of prior service cost	8	8	15	15
Amortization of transition obligation	6	6	13	13
Recognized net actuarial loss	9	—	18	—
Net periodic pension cost	<u>\$ 798</u>	<u>\$ 680</u>	<u>\$ 1,596</u>	<u>\$ 1,360</u>

The Company contributed to the pension plan \$0.9 million and \$1.4 million for the three and six months ended April 30, 2009, respectively, and expects to contribute an additional \$3.7 million in fiscal 2009. No pension contributions were made during the first half of 2008.

Note 11. Cash Dividends

We paid a semiannual dividend of approximately \$1.4 million or 3 cents per share on February 5, 2009, to stockholders of record on January 19, 2009.

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Note 12. Contingencies

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.

THE COOPER COMPANIES, INC. AND SUBSIDIARIES
Notes to Consolidated Condensed Financial Statements, Continued
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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 January 6, 2009, the Court granted plaintiffs' motion for class certification. The certified class consists of those persons who purchased or otherwise acquired Cooper common stock between July 28, 2004 and November 21, 2005. The Company intends to defend this matter vigorously.

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.

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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. Following an order on claim construction, the parties reached a settlement resolving all claims on February 25, 2009. Pursuant to this settlement, Bausch & Lomb dismissed its complaint with prejudice and provided CVI a perpetual and fully paid up royalty-free license to the '236 patent.

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 (Senior Notes), of which \$339 million are outstanding at April 30, 2009. The Senior Notes are guaranteed by certain of our direct and indirect subsidiaries. The Senior Notes represent 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 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 three and six months ended April 30, 2009 and 2008, the Consolidating Condensed Balance Sheets as of April 30, 2009 and October 31, 2008 and the Consolidating Condensed Statements of Cash Flows for the six months ended April 30, 2009 and 2008 for The Cooper Companies, Inc. (Parent Company), the guarantor subsidiaries (Guarantor Subsidiaries) and the subsidiaries that are not guarantors (Non-Guarantor Subsidiaries).

THE COOPER COMPANIES, INC. AND SUBSIDIARIES
Notes to Consolidated Condensed Financial Statements, Continued
(Unaudited)

Consolidating Condensed Statements of Operations

	<u>Parent Company</u>	<u>Guarantor Subsidiaries</u>	<u>Non-Guarantor Subsidiaries</u> (In thousands)	<u>Consolidating Entries</u>	<u>Consolidated Total</u>
Three Months Ended April 30, 2009					
Net sales	\$ —	\$ 129,879	\$ 173,926	\$ (43,211)	\$ 260,594
Cost of sales	—	59,665	98,410	(46,538)	111,537
Gross profit	—	70,214	75,516	3,327	149,057
Operating expenses	5,214	45,989	56,647	—	107,850
Operating income (loss)	(5,214)	24,225	18,869	3,327	41,207
Interest expense	10,527	—	303	—	10,830
Other income (expense), net	7,513	(4,427)	(2,826)	—	260
Income (loss) before income taxes	(8,228)	19,798	15,740	3,327	30,637
Provision for (benefit from) income taxes	(5,191)	8,146	3,033	—	5,988
Net income (loss)	<u>\$ (3,037)</u>	<u>\$ 11,652</u>	<u>\$ 12,707</u>	<u>\$ 3,327</u>	<u>\$ 24,649</u>
Six Months Ended April 30, 2009					
Net sales	\$ —	\$ 247,855	\$ 326,561	\$ (62,680)	\$ 511,736
Cost of sales	—	112,622	171,638	(63,715)	220,545
Gross profit	—	135,233	154,923	1,035	291,191
Operating expenses	13,384	90,239	113,580	—	217,203
Operating income (loss)	(13,384)	44,994	41,343	1,035	73,988
Interest expense	21,748	—	539	—	22,287
Other income (expense), net	17,604	(9,623)	423	—	8,404
Income (loss) before income taxes	(17,528)	35,371	41,227	1,035	60,105
Provision for (benefit from) income taxes	(9,697)	14,823	6,457	—	11,583
Net income (loss)	<u>\$ (7,831)</u>	<u>\$ 20,548</u>	<u>\$ 34,770</u>	<u>\$ 1,035</u>	<u>\$ 48,522</u>

THE COOPER COMPANIES, INC. AND SUBSIDIARIES
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Consolidating Condensed Statements of Operations

	<u>Parent Company</u>	<u>Guarantor Subsidiaries</u>	<u>Non-Guarantor Subsidiaries</u>	<u>Consolidating Entries</u>	<u>Consolidated Total</u>
(In thousands)					
<u>Three Months Ended April 30, 2008</u>					
Net sales	\$ —	\$ 122,668	\$ 178,748	\$ (42,168)	\$ 259,248
Cost of sales	—	51,621	97,019	(39,400)	109,240
Gross profit	—	71,047	81,729	(2,768)	150,008
Operating expenses	5,847	51,086	64,759	(150)	121,542
Operating income (loss)	(5,847)	19,961	16,970	(2,618)	28,466
Interest expense	11,685	—	385	—	12,070
Other (expense) income, net	6,465	(3,398)	(3,519)	2	(450)
Income (loss) before income taxes	(11,067)	16,563	13,066	(2,616)	15,946
Provision for (benefit from) income taxes	(5,252)	7,460	2,497	—	4,705
Net income (loss)	<u>\$ (5,815)</u>	<u>\$ 9,103</u>	<u>\$ 10,569</u>	<u>\$ (2,616)</u>	<u>\$ 11,241</u>
(In thousands)					
<u>Six Months Ended April 30, 2008</u>					
Net sales	\$ —	\$ 238,406	\$ 336,667	\$ (73,053)	\$ 502,020
Cost of sales	—	106,183	164,822	(61,875)	209,130
Gross profit	—	132,223	171,845	(11,178)	292,890
Operating expenses	15,155	99,475	130,129	(286)	244,473
Operating income (loss)	(15,155)	32,748	41,716	(10,892)	48,417
Interest expense	22,427	—	749	—	23,176
Other income (expense), net	11,870	(5,601)	(6,076)	(1)	192
Income (loss) before income taxes	(25,712)	27,147	34,891	(10,893)	25,433
Provision for (benefit from) income taxes	(13,866)	14,061	7,120	—	7,315
Net income (loss)	<u>\$ (11,846)</u>	<u>\$ 13,086</u>	<u>\$ 27,771</u>	<u>\$ (10,893)</u>	<u>\$ 18,118</u>

THE COOPER COMPANIES, INC. AND SUBSIDIARIES
Notes to Consolidated Condensed Financial Statements, Continued
(Unaudited)

Consolidating Condensed Balance Sheets

	<u>Parent Company</u>	<u>Guarantor Subsidiaries</u>	<u>Non-Guarantor Subsidiaries</u> (In thousands)	<u>Consolidating Entries</u>	<u>Consolidated Total</u>
April 30, 2009					
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 882	\$ 358	\$ 3,232	\$ —	\$ 4,472
Trade receivables, net	—	64,714	91,695	—	156,409
Inventories	—	151,190	183,452	(46,446)	288,196
Deferred tax asset	941	20,791	3,908	—	25,640
Other current assets	2,721	5,650	41,700	(256)	49,815
Total current assets	<u>4,544</u>	<u>242,703</u>	<u>323,987</u>	<u>(46,702)</u>	<u>524,532</u>
Property, plant and equipment, net	1,525	97,498	489,367	—	588,390
Goodwill	116	669,125	575,724	—	1,244,965
Other intangibles, net	—	73,516	50,244	—	123,760
Deferred tax asset	59,731	(35,473)	2,184	—	26,442
Other assets	1,683,356	18,917	12,637	(1,676,668)	38,242
	<u>\$1,749,272</u>	<u>\$1,066,286</u>	<u>\$ 1,454,143</u>	<u>\$(1,723,370)</u>	<u>\$2,546,331</u>
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities:					
Short-term debt	\$ —	\$ 907	\$ 46,307	\$ —	\$ 47,214
Other current liabilities	15,681	41,742	107,403	—	164,826
Total current liabilities	<u>15,681</u>	<u>42,649</u>	<u>153,710</u>	<u>—</u>	<u>212,040</u>
Long-term debt	838,000	—	10,379	—	848,379
Deferred tax liability	—	—	12,974	—	12,974
Intercompany and other liabilities	(62,219)	(147,024)	253,620	—	44,377
Total liabilities	<u>791,462</u>	<u>(104,375)</u>	<u>430,683</u>	<u>—</u>	<u>1,117,770</u>
Stockholders' equity	957,810	1,170,661	1,023,460	(1,723,370)	1,428,561
	<u>\$1,749,272</u>	<u>\$1,066,286</u>	<u>\$ 1,454,143</u>	<u>\$(1,723,370)</u>	<u>\$2,546,331</u>

THE COOPER COMPANIES, INC. AND SUBSIDIARIES
Notes to Consolidated Condensed Financial Statements, Continued
(Unaudited)

Consolidating Condensed Balance Sheets

	<u>Parent Company</u>	<u>Guarantor Subsidiaries</u>	<u>Non-Guarantor Subsidiaries</u> (In thousands)	<u>Consolidating Entries</u>	<u>Consolidated Total</u>
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	—	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
	<u>\$1,747,845</u>	<u>\$1,068,939</u>	<u>\$ 1,495,226</u>	<u>\$(1,724,394)</u>	<u>\$2,587,616</u>
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities:					
Short-term debt	\$ 709	\$ 1,682	\$ 40,622	\$ —	\$ 43,013
Other current liabilities	19,074	43,856	149,464	—	212,394
Total current liabilities	19,783	45,538	190,086	—	255,407
Long-term debt	861,400	—	381	—	861,781
Deferred tax liability	—	1	15,195	—	15,196
Intercompany and other liabilities	(95,367)	(124,219)	257,742	—	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
	<u>\$1,747,845</u>	<u>\$1,068,939</u>	<u>\$ 1,495,226</u>	<u>\$(1,724,394)</u>	<u>\$2,587,616</u>

THE COOPER COMPANIES, INC. AND SUBSIDIARIES
Notes to Consolidated Condensed Financial Statements, Continued
(Unaudited)

Consolidating Condensed Statements of Cash Flows

	<u>Parent Company</u>	<u>Guarantor Subsidiaries</u>	<u>Non-Guarantor Subsidiaries</u> (In thousands)	<u>Consolidating Entries</u>	<u>Consolidated Total</u>
Six Months Ended April 30, 2009					
Cash flows from operating activities:					
Net cash provided by (used in) operating activities	\$ (9,027)	\$ 37,396	\$ 40,370	\$ —	\$ 68,739
Cash flows from investing activities:					
Purchase of property, plant and equipment	(3)	(10,751)	(43,307)	—	(54,061)
Acquisitions of businesses, net of cash acquired	(435)	(813)	(2,457)	—	(3,705)
Intercompany (investments in subsidiaries)	33,644	—	—	(33,644)	—
Net cash (used in) provided by investing activities	33,206	(11,564)	(45,764)	(33,644)	(57,766)
Cash flows from financing activities:					
Net proceeds (repayments) of short-term debt	(707)	(775)	5,685	—	4,203
Intercompany proceeds (repayments)	—	(23,853)	(9,791)	33,644	—
Net proceeds (repayments) of long-term debt	(21,360)	—	9,998	—	(11,362)
Dividends on common stock	(1,355)	—	—	—	(1,355)
Excess tax benefit from share-based compensation arrangements	135	—	—	—	135
Proceeds from exercise of stock options	(30)	—	—	—	(30)
Net cash provided by (used in) financing activities	(23,317)	(24,628)	5,892	33,644	(8,409)
Effect of exchange rate changes on cash and cash equivalents	—	—	(36)	—	(36)
Net increase in cash and cash equivalents	862	1,204	462	—	2,528
Cash and cash equivalents at the beginning of the period	20	(846)	2,770	—	1,944
Cash and cash equivalents at the end of the period	<u>\$ 882</u>	<u>\$ 358</u>	<u>\$ 3,232</u>	<u>\$ —</u>	<u>\$ 4,472</u>

THE COOPER COMPANIES, INC. AND SUBSIDIARIES
Notes to Consolidated Condensed Financial Statements, Continued
(Unaudited)

Consolidating Condensed Statements of Cash Flows

	<u>Parent Company</u>	<u>Guarantor Subsidiaries</u>	<u>Non-Guarantor Subsidiaries</u> (In thousands)	<u>Consolidating Entries</u>	<u>Consolidated Total</u>
Six Months Ended April 30, 2008					
Cash flows from operating activities:					
Net cash provided by (used in) operating activities	\$ (39,229)	\$ (16,428)	\$ 67,149	\$ —	\$ 11,492
Cash flows from investing activities:					
Purchase of property, plant and equipment	(18)	(11,525)	(65,331)	—	(76,874)
Acquisitions of businesses, net of cash acquired	(97)	(1,398)	(1,567)	—	(3,062)
Intercompany (investment in subsidiaries)	(35,090)	—	(1)	35,091	—
Net cash (used in) provided by investing activities	(35,205)	(12,923)	(66,899)	35,091	(79,936)
Cash flows from financing activities:					
Net (repayments) proceeds of short-term debt	—	(235)	(7,025)	—	(7,260)
Intercompany proceeds (repayments)	—	28,849	6,242	(35,091)	—
Net proceeds from long-term debt	71,600	—	—	—	71,600
Dividends on common stock	(1,349)	—	—	—	(1,349)
Excess tax benefit from share-based compensation arrangements	1,758	—	—	—	1,758
Proceeds from exercise of stock options	2,372	—	—	—	2,372
Net cash provided by (used in) financing activities	74,381	28,614	(783)	(35,091)	67,121
Effect of exchange rate changes on cash and cash equivalents	—	—	8	—	8
Net decrease in cash and cash equivalents	(53)	(737)	(525)	—	(1,315)
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	<u>\$ 30</u>	<u>\$ (248)</u>	<u>\$ 2,129</u>	<u>\$ —</u>	<u>\$ 1,911</u>

THE COOPER COMPANIES, INC. AND SUBSIDIARIES
Notes to Consolidated Condensed Financial Statements, Continued
(Unaudited)

Note 14. Business Segment Information

Cooper uses operating income, as presented in our financial reports, as the primary measure of segment profitability. We do not allocate costs from corporate functions to segment operating income. Items below operating income are not 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.

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.

Segment information:

	Three Months Ended		Six Months Ended	
	April 30,		April 30,	
	2009	2008	2009	2008
	(In thousands)			
Net sales to external customers:				
CooperVision net sales:				
Spherical soft lens	\$ 129,552	\$ 133,258	\$ 253,434	\$ 252,323
Toric soft lens	65,393	73,359	127,997	143,837
Multifocal soft lens	14,601	13,724	28,534	26,451
Other eye care products and other	8,272	(2,523)	19,061	(1,505)
Total CooperVision net sales	<u>217,818</u>	<u>217,818</u>	<u>429,026</u>	<u>421,106</u>
CooperSurgical net sales	<u>42,776</u>	<u>41,430</u>	<u>82,710</u>	<u>80,914</u>
Total net sales to external customers	<u>\$260,594</u>	<u>\$259,248</u>	<u>\$511,736</u>	<u>\$502,020</u>
Operating income (loss):				
CVI	\$ 35,348	\$ 26,319	\$ 66,989	\$ 49,047
CSI	11,073	7,994	20,383	14,525
Corporate	(5,214)	(5,847)	(13,384)	(15,155)
Total operating income	41,207	28,466	73,988	48,417
Interest expense	10,830	12,070	22,287	23,176
Other income (expense), net	260	(450)	8,404	192
Income before income taxes	<u>\$ 30,637</u>	<u>\$ 15,946</u>	<u>\$ 60,105</u>	<u>\$ 25,433</u>

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	<u>April 30,</u> <u>2009</u>	<u>October 31,</u> <u>2008</u>
	(In thousands)	
Identifiable assets:		
CVI	\$2,170,704	\$ 2,214,609
CSI	314,115	312,145
Headquarters	61,512	60,862
Total	<u>\$2,546,331</u>	<u>\$ 2,587,616</u>

Geographic information:

	<u>Three Months Ended</u> <u>April 30,</u>		<u>Six Months Ended</u> <u>April 30,</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	(In thousands)			
Net sales to external customers by country of domicile:				
United States	\$ 128,995	\$ 123,594	\$ 245,257	\$ 237,177
Europe	80,958	84,170	162,874	164,322
Rest of world	50,641	51,484	103,605	100,521
Total	<u>\$ 260,594</u>	<u>\$ 259,248</u>	<u>\$ 511,736</u>	<u>\$ 502,020</u>

	<u>April 30,</u> <u>2009</u>	<u>October 31,</u> <u>2008</u>
	(In thousands)	
Long-lived assets by country of domicile:		
United States	\$ 383,508	\$ 375,642
Europe	197,744	219,783
Rest of world	7,138	7,229
Total	<u>\$ 588,390</u>	<u>\$ 602,654</u>

THE COOPER COMPANIES, INC. AND SUBSIDIARIES
Item 2. Management's Discussion and Analysis of Financial Condition
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Note numbers refer to "Notes to Consolidated Condensed Financial Statements" in Item 1. Financial Statements.

Forward-Looking Statements

This Quarterly Report on Form 10-Q 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 words or phrases. 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.
- Limitations on sales following new product introductions due to poor market acceptance.
- 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 COOPER COMPANIES, INC. AND SUBSIDIARIES
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- 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.
- The requirement to provide for a significant liability or to write off, or accelerate depreciation on, a significant asset, including goodwill.
- 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.
- Other events described in our Securities and Exchange Commission filings, including the "Business" and "Risk Factors" sections in the 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.

THE COOPER COMPANIES, INC. AND SUBSIDIARIES
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Results of Operations

In this section we discuss the results of our operations for the fiscal second quarter of 2009 and compare them with the same period of fiscal 2008. We discuss our cash flows and current financial condition under "Capital Resources and Liquidity."

Second Quarter Highlights

- Net sales of \$260.6 million, up 1%, 4% in constant currency.
- Gross margin 57% of revenue down from 58%.
- Operating income up 45% to \$41.2 million.
- Diluted earnings per share of 54 cents, up from 25 cents per share.

Six-Month Highlights

- Net sales of \$511.7 million, up 2%, 4% in constant currency.
- Gross margin 57% of revenue down from 58%.
- Operating income up 53% to \$74.0 million.
- Diluted earnings per share of \$1.07, up from 40 cents per share.

Outlook

We believe that CVI will continue to compete successfully in the worldwide contact lens market with its disposable spherical, toric and multifocal contact lenses offered in a variety of materials including using phosphorylcholine (PC) Technology™ and silicone hydrogel Aquaform™ technology. 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 over the next two decades. CVI expects greater market penetration in Europe and Asia as we roll out new products and expand our presence in those regions.

Sales of contact lenses utilizing silicone hydrogel materials, a major product material in the industry, have grown significantly. The Company launched Biofinity® sphere in 2007 and Avaira® sphere in 2008, both silicone hydrogel contact lens products. While initial customer reaction for these products has been favorable, our future growth may be limited by our late entry into the silicone hydrogel market. In addition to spheres, competitive silicone hydrogel toric products are making substantial gains in market share and represent a risk to our toric business. We launched a monthly silicone hydrogel toric lens, under the Biofinity label, in the first calendar quarter of 2009 and plan to launch a two-week silicone hydrogel toric, under the Avaira label, in fiscal year 2010 that will allow us to compete in this market shift to silicone hydrogel torics. Our ability to succeed with silicone hydrogel products is an important factor to achieving our projected future levels of sales growth and profitability.

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We launched Proclear® 1 Day in Japan in the first calendar quarter of 2009. We are also in the process of developing a number of new contact lens products to enhance CVI's broad and competitive worldwide 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.

As to the Company overall, we remain optimistic about the long-term prospects for the worldwide contact lens and women's healthcare markets. Recent events affecting the economy as a whole, including the uncertainty and instability of the United States and international credit markets and ongoing recessionary pressures in the United States and globally, continue to represent a risk to our forecasted performance for fiscal year 2009 and beyond.

Regarding capital resources, we believe that cash and cash equivalents on hand of \$4.5 million plus cash from operating activities and existing credit facilities will fund future operations, capital expenditures, cash dividends and small acquisitions.

Selected Statistical Information – Percentage of Sales and Growth

	Percent of Sales Three Months Ended April 30,			Percent of Sales Six Months Ended April 30,		
	2009	2008	% Change	2009	2008	% Change
Net sales	100%	100%	1%	100%	100%	2%
Cost of sales	43%	42%	2%	43%	42%	5%
Gross profit	57%	58%	(1%)	57%	58%	(1%)
Selling, general and administrative expense	36%	41%	(13%)	37%	43%	(13%)
Research and development expense	3%	4%	10%	3%	3%	— %
Restructuring costs	— %	— %	— %	1%	— %	119%
Amortization of intangibles	2%	2%	(7%)	2%	2%	(2%)
Operating income	<u>16%</u>	<u>11%</u>	45%	<u>14%</u>	<u>10%</u>	53%

THE COOPER COMPANIES, INC. AND SUBSIDIARIES
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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.

Our consolidated net sales grew \$1.4 million or 1% and \$9.7 million or 2% in the three and six months ended April 30, 2009:

	Three Months Ended April 30,			Six Months Ended April 30,		
	2009	2008	% Change	2009	2008	% Change
	(\$ in millions)					
CVI	\$217.8	\$217.8	— %	\$429.0	\$421.1	2%
CSI	42.8	41.4	3%	82.7	80.9	2%
	<u>\$260.6</u>	<u>\$259.2</u>	1%	<u>\$511.7</u>	<u>\$502.0</u>	2%

CVI Net Sales

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

- 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.
- Commodity lenses to toric and multifocal.
- 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.

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These shifts generally favor CVI's product lines of toric and multifocal lenses, PC Technology brand spherical lenses, silicone hydrogel spherical lenses and single-use spherical lenses. CVI's silicone hydrogel spherical lens products, Biofinity and Avaira are marketed in the United States, Europe and Asia Pacific, excluding Japan. However, it is important that CVI develop a full range of toric and multifocal silicone hydrogel products due to increased pressure from the launch of silicone hydrogel toric products by its major competitors. CVI launched Biofinity toric, a silicone hydrogel toric lens in the first calendar quarter of 2009. CVI also plans to launch a second silicone hydrogel toric lens, Avaira toric, in fiscal year 2010.

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

- Proclear aspheric, toric and multifocal lenses, manufactured using proprietary phosphorylcholine (PC) Technology, help enhance tissue/device compatibility and offer improved lens comfort.
- 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 lenses correct astigmatism by adding the additional optical properties of cylinder and axis, which correct for irregularities in the shape of the cornea.
- Multifocal lens designs correct presbyopia.
- Cosmetic lenses are opaque and color enhancing lenses that alter the natural appearance of the eye.

CVI Net Sales by Market

	Three Months Ended April 30,			Six Months Ended April 30,		
	2009	2008	% Change	2009	2008	% Change
	(\$ in millions)					
Americas	\$ 97.8	\$ 95.2	3%	\$ 183.9	\$ 181.9	1%
Europe	81.5	84.4	(4%)	163.8	164.9	(1%)
Asia Pacific	38.5	38.2	1%	81.3	74.3	9%
	<u>\$ 217.8</u>	<u>\$ 217.8</u>	— %	<u>\$ 429.0</u>	<u>\$ 421.1</u>	2%

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CVI's worldwide net sales were flat in the three-month period and grew 2% in the six-month period, with 4% growth in constant currency for both periods. Americas net sales grew 3% and 1% in the three- and six-months periods, 4% and 3% in constant currency, primarily due to market gains of CVI's silicone hydrogel lenses, Biofinity and Avaira, PC Technology lenses and single-use lenses. Europe net sales declined 4% and 1% in the three- and six-month periods, but grew 4% and 5% in constant currency, driven by increases in sales of Biofinity and Proclear 1 Day lenses. Net sales to the Asia Pacific region grew 1% and 9% in the three- and six-month periods, 5% and 7% 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 11%, at \$43.9 million, all disposable spheres down 2% and total spheres down 3%. Silicone hydrogel spheres had sales of \$23.3 million primarily in Europe and the United States. Single-use torics grew 69% to \$2.7 million but total toric sales declined 11% due primarily to a continuing trend in the market toward silicone hydrogel toric lenses. Disposable multifocal sales grew 8% to \$14.4 million. Older conventional lens products declined 19%, and cosmetic lenses declined 8%. Proclear products continued global market share gains as Proclear toric sales increased 4% to \$18.3 million, Proclear 1 Day spheres increased 53% to \$10.7 million and Proclear multifocal lenses, including Biomedics XC, increased 15% to \$12.2 million.

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

CSI Net Sales

CSI's net sales increased 3% and 2% in the three- and six-month periods to \$42.8 million and \$82.7 million, respectively. Sales of products marketed directly to hospitals grew 18% and now represent 34% of CSI's net sales. Women's healthcare products used primarily by obstetricians and gynecologists generate 96% of CSI's net 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 net sales growth, average realized prices by product have not materially influenced net sales growth.

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Cost of Sales/Gross Profit

Gross profit as a percentage of net sales (margin) was:

	Margin Three Months Ended April 30,		Margin Six Months Ended April 30,	
	2009	2008	2009	2008
CVI	56%	58%	56%	58%
CSI	61%	59%	61%	59%
Consolidated	57%	58%	57%	58%

CVI's margin was 56% for both the three- and six-month periods of fiscal 2009 compared with 58% for the same periods last year. The decline resulted from changing product mix and accelerated depreciation for manufacturing equipment associated with equipment upgrades offset by improvements in manufacturing efficiencies. The changing product mix included a shift to lower margin sphere products, including single-use spheres that represented 21% of lens sales in the current period compared to 18% in the second quarter of 2008.

CSI's margin was 61% for the three- and six-month periods of fiscal 2009 compared with 59% for the same periods last year. The increase is a result of manufacturing efficiencies and a changing product mix including higher margin products marketed directly to hospitals that represent 34% of net sales in the current period compared to 29% in the same period of 2008.

Selling, General and Administrative Expense (SGA)

	Three Months Ended April 30,					Six Months Ended April 30,				
	2009	% Net Sales	2008	% Net Sales	% Change	2009	% Net Sales	2008	% Net Sales	% Change
	(\$ in millions)									
CVI	\$75.3	35%	\$ 87.5	40%	(14%)	\$149.0	35%	\$173.7	41%	(14%)
CSI	13.2	31%	14.2	34%	(7%)	26.3	32%	28.6	35%	(8%)
Headquarters	5.2	—	5.8	—	(11%)	13.4	—	15.1	—	(12%)
	<u>\$93.7</u>	36%	<u>\$107.5</u>	41%	(13%)	<u>\$188.7</u>	37%	<u>\$217.4</u>	43%	(13%)

In the fiscal second quarter of 2009, consolidated SGA decreased by 13% and as a percentage of net sales, decreased to 36% from 41% in the second quarter of 2008 and decreased to 37% from 43% for the six-month period.

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CVI's SGA decreased 14% in the fiscal second quarter, primarily due to increased efficiencies as a result of the rationalization of distribution centers completed in fiscal 2008 and decreased marketing expenses from the prior year that included several new product launches. SGA costs also decreased as a result of the Critical Activity restructuring plan, discussed below, initiated in the fiscal first quarter of 2009. SGA as a percentage of net sales decreased to 35% in the period from 40% in 2008.

CSI's SGA decreased 7% at 31% of net sales and 8% at 32% of net sales in the three- and six-month periods of fiscal 2009, respectively, from 34% of net sales and 35% of net sales in the same periods last year. Marketing, distribution and other general and administration costs decreased primarily due to improved efficiencies from a recent acquisition and decreased legal and stock-based compensation expenses.

Corporate headquarters' expenses decreased 11% to \$5.2 million and 12% to \$13.4 million in the three- and six-month period of fiscal 2009, primarily due to the \$1.9 million reduction of accrued legal costs related to our acquisition of Ocular Sciences, Inc. based on a settlement agreement reached in our fiscal second quarter of 2009.

Research and Development Expense

In the fiscal second quarter of 2009, CVI recorded a \$3.0 million in-process research and development charge related to the acquisition of certain distribution rights. During the three- and six-month periods ended April 30, 2009, excluding the charge, CVI's research and development expenditures were 3% of net sales at \$6.1 million, down 24% and \$12.3 million, down 16% over the same periods of fiscal 2008. 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 2% of net sales for the three- and six-month periods, at \$1.0 million and \$2.0 million, respectively, compared to 3% of net sales in both periods of fiscal 2008. CSI's research and development activities include the upgrade and redesign of many CSI in-vitro fertilization, incontinence and assisted reproductive technology products and other obstetrical and gynecological product development activities.

Restructuring Costs

In the fiscal first quarter of 2009, CooperVision began a global restructuring plan to focus the organization on our most critical activities, refine our work processes and align costs with prevailing market conditions (Critical Activity restructuring plan). The restructuring plan involves the assessment of all locations' activities, exclusive of direct manufacturing, and changes to streamline work processes. As a result of the Critical Activity restructuring plan, a number of positions are being eliminated across certain business functions and geographic regions. The Company anticipates the Critical Activity restructuring plan will be completed in our fiscal third quarter of 2009.

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We estimate that the total restructuring costs under this plan will be approximately \$3.8 million, primarily severance and benefit costs, and will be reported as cost of sales or restructuring costs in our Consolidated Statements of Income. In the six-month period ended April 30, 2009, we reported \$0.6 million in cost of sales and \$3.0 million in restructuring costs and the total accrued restructuring liability as of April 30, 2009, was \$2.6 million.

Operating Income

Operating income increased by \$12.7 million or 45% and \$25.6 or 53% in the three- and six-month periods, respectively:

	Three Months Ended April 30,					Six Months Ended April 30,				
	2009	% Net Sales	2008	% Net Sales	% Change	2009	% Net Sales	2008	% Net Sales	% Change
	(\$ in millions)									
CVI	\$35.3	16%	\$26.3	12%	34%	\$ 67.0	16%	\$ 49.0	12%	37%
CSI	11.1	26%	8.0	19%	39%	20.4	25%	14.5	18%	40%
Headquarters	(5.2)	—	(5.8)	—	11%	(13.4)	—	(15.1)	—	12%
	<u>\$41.2</u>	16%	<u>\$28.5</u>	11%	45%	<u>\$ 74.0</u>	14%	<u>\$ 48.4</u>	10%	53%

Interest Expense

Interest expense in the fiscal second quarter decreased by \$1.2 million or 10% to 4% of net sales from 5% in the prior year, primarily reflecting a decrease in our long-term borrowings used for capital expenditures and lower interest rates.

Other Income (Expense), Net

	Three Months Ended April 30,		Six Months Ended April 30,	
	2009	2008	2009	2008
	(In millions)			
Interest income	\$ —	\$ 0.1	\$ —	\$ 0.2
Gain on extinguishment of debt	—	—	1.8	—
Foreign exchange gain (loss)	0.3	(0.4)	6.8	0.4
Other	—	(0.2)	(0.2)	(0.4)
	<u>\$ 0.3</u>	<u>\$ (0.5)</u>	<u>\$ 8.4</u>	<u>\$ 0.2</u>

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In December 2008, we purchased through the open market, in a privately negotiated transaction, \$11.0 million in aggregate principal amount of our 7.125% Senior Notes at a discounted price of approximately \$9.0 million plus accrued and unpaid interest. We also wrote off about \$0.2 million of unamortized costs related to the Senior Notes and recorded a gain on the repurchase in other income on our Consolidated Statements of Income. The Company paid the aggregate purchase price from borrowings under its \$650 million revolving line of credit.

In the fiscal first quarter of 2009, we recognized a foreign exchange net gain of \$6.5 million, primarily due to the U.S. dollar strengthening against other currencies and an initiative we completed in the first quarter related to intercompany transactions.

Provision for Income Taxes

We recorded tax expense of \$11.6 million in the fiscal first half of 2009 compared to \$7.3 million in the fiscal first half of 2008. Cooper's effective tax rate (ETR) (provision for income taxes divided by pretax income) for the fiscal first half of 2009 was 19.3%. GAAP requires that the projected fiscal year ETR, plus any discrete items, be included in the year-to-date results. The ETR used to record the provision for income taxes for the six-month period ended April 30, 2008, was 28.8%.

Share-Based Compensation Plans

The Company has several share-based compensation plans that are described in the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 2008. The compensation and related income tax benefit recognized in the Company's consolidated financial statements for share-based awards were as follows:

	Three Months Ended April 30,		Six Months Ended April 30,	
	2009	2008	2009	2008
	(In millions)			
Selling, general and administrative expenses	\$ 4.0	\$ 1.8	\$ 7.0	\$ 7.0
Cost of sales	0.2	0.4	0.6	0.8
Research and development expense	0.2	0.2	0.4	(0.2)
Capitalized in inventory	0.2	0.4	0.6	0.8
Total compensation expense	<u>\$ 4.6</u>	<u>\$ 2.8</u>	<u>\$ 8.6</u>	<u>\$ 8.4</u>
Related income tax benefit	<u>\$ 1.6</u>	<u>\$ 0.6</u>	<u>\$ 2.8</u>	<u>\$ 2.3</u>

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Capital Resources and Liquidity

Second Quarter Highlights

- Operating cash flow \$43.8 million vs. \$17.1 million in the fiscal second quarter of 2008.
- Expenditures for purchases of property, plant and equipment (PP&E) \$20.0 million vs. \$34.1 million in last year's second quarter.

Six-Month Highlights

- Operating cash flow \$68.7 million vs. \$11.5 million in the fiscal first half of 2008.
- Expenditures for purchases of PP&E \$54.1 million vs. \$76.9 million last year.
- Cash payments for acquisitions totaled \$3.7 million vs. \$3.0 million last year.

Comparative Statistics

	<u>April 30, 2009</u>	<u>October 31, 2008</u>
	(\$ in millions)	
Cash and cash equivalents	\$ 4.5	\$ 1.9
Total assets	\$ 2,546.3	\$ 2,587.6
Working capital	\$ 312.5	\$ 270.6
Total debt	\$ 895.6	\$ 904.8
Stockholders' equity	\$ 1,428.6	\$ 1,417.1
Ratio of debt to equity	0.63:1	0.64:1
Debt as a percentage of total capitalization	39%	39%
Operating cash flow - twelve months ended	\$ 153.8	\$ 96.5

Working Capital

The increase in working capital in the fiscal first half of 2009 was primarily due to a decrease in accounts payable and the building of inventories to support new product launches. Increases in our long-term borrowings also contribute to the increase. The increase in working capital was partially offset by cash used to pay for capital equipment, an increase in our short-term borrowings and an increase in income taxes payable.

Operating Cash Flow

Cash flow provided by operating activities totaled \$68.7 million in the fiscal first half of 2009 and \$153.8 million over the twelve-month period ended April 30, 2009. Operating cash flow increased primarily due to higher net income, the improved collection of trade receivables and timing of income tax payments, as we have utilized cash to build inventory in support of new product launches, including lenses for use in marketing programs, to pay income taxes and to reduce accounts payable, net of accounts payable related to capital expenditures.

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At the end of the fiscal first half of 2009, Cooper's inventory months on hand (MOH) decreased to 7.8 from 8.0 in last year's first half and 8.1 at October 31, 2008. Our days sales outstanding (DSO) decreased to 54 days from 59 days in last year's first half. 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.

Investing Cash Flow

The cash outflow of \$57.8 million from investing activities was for capital expenditures of \$54.1 million primarily to improve manufacturing efficiency and payments of \$3.7 million related to acquisitions.

Financing Cash Flow

The cash outflow of \$8.4 million from financing activities was driven by net repayments of long-term debt of \$11.3 million and dividends paid on our common stock of \$1.3 million partially offset by net proceeds from short-term debt of \$4.2 million.

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 British pound sterling, euro, Japanese yen and Canadian dollar-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 Sciences, Inc. 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.

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 due 2015, of which \$339 million are outstanding. 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.

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For additional detail on debt and derivative instruments, please refer to Part I, Item 1. Notes 5 and 6 of the consolidated condensed financial statement in this Quarterly Report on Form 10-Q; and Part I, Item 1A. Risk Factors and Part II, Item 8. Note 1 and Note 7 to consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended October 31, 2008.

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 into the first half of 2009. For our fiscal first half ended April 30, 2009, continued concerns about the systemic impact of inflation, energy costs, geopolitical issues, the availability and cost of credit, bank failures and a 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 declining business and consumer confidence and increased unemployment, have 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.

We believe that cash and cash equivalents on hand of \$4.5 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. Over the past two fiscal years, the Company has made a significant investment in manufacturing capacity to support our silicone hydrogel and daily disposable contact lens product lines. We now have sufficient manufacturing capacity in production and reserve to satisfy our current demand projections for these products. Therefore, we plan to reduce overall capital expenditures related to manufacturing. 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 April 30, 2009, we had \$150.8 million available under our \$650 million syndicated bank credit facility.

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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 listed below 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. The accounting policies that reflect our more significant estimates, judgments and assumptions and which we believe are the most critical to aid in fully understanding and evaluating our reported financial results are:

- Revenue recognition
- Allowance for doubtful accounts
- Net realizable value of inventory
- Valuation of goodwill
- Business combinations
- Income taxes
- Share-based compensation

During the fiscal first half of 2009, there were no significant changes in our estimates and critical accounting policies. Please refer to Management's Discussion and Analysis of Financial Condition and Results of Operations in Part II, Item 7 of our Annual Report on Form 10-K for the fiscal year ended October 31, 2008, for a more complete discussion of our estimates and critical accounting policies.

New Accounting Pronouncements

On February 1, 2009, the Company adopted the required portions of Statement of Financial Accounting Standards (SFAS) No. 161, *Disclosures about Derivative Instruments and Hedging Activities* (SFAS 161), with no material impact to the consolidated condensed financial statements. 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. See Note 6 for disclosures of the Company's derivative instruments.

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In April 2009, the Financial Standards Board (FASB) issued FASB Staff Position (FSP) FAS 157-4, *Determining Fair Value When Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly* (FSP 157-4). FSP 157-4 provides guidance on how to determine the fair value of assets and liabilities when the volume and level of activity for the asset/liability has significantly decreased. FSP 157-4 also provides guidance on identifying circumstances that indicate a transaction is not orderly. In addition, FSP 157-4 requires disclosure in interim and annual periods of the inputs and valuation techniques used to measure fair value and a discussion of changes in valuation techniques. FSP 157-4 is effective for the Company beginning in the fiscal third quarter of 2009. The Company does not expect a significant impact from the adoption of this statement on our consolidated financial statements.

In April 2009, the FASB issued FSP FAS 107-1 and APB 28-1, *Interim Disclosure about Fair Value of Financial Instruments* (FSP 107-1/APB 28-1). FSP 107-1/APB 28-1 requires interim disclosures regarding the fair values of financial instruments that are within the scope of FAS 107, *Disclosures about the Fair Value of Financial Instruments*. Additionally, FSP 107-1/APB 28-1 requires disclosure of the methods and significant assumptions used to estimate the fair value of financial instruments on an interim basis as well as changes of the methods and significant assumptions from prior periods. FSP 107-1/APB 28-1 is effective for the Company beginning in the fiscal third quarter of 2009. The Company is currently evaluating the impact the application of this FSP will have on its consolidated financial statements

In April 2009, the FASB issued FSP FAS 141(R)-1, *Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies* (FSP 141(R)-1). FSP 141(R)-1 requires that assets acquired and liabilities assumed in a business combination that arise from contingencies be recognized at fair value if fair value can be reasonably estimated. If fair value of such an asset or liability cannot be reasonably estimated, the asset or liability would generally be recognized in accordance with SFAS No. 5, *Accounting for Contingencies*, and FASB Interpretation (FIN) No. 14, *Reasonable Estimation of the Amount of a Loss*. FSP 141(R)-1 eliminates the requirement to disclose an estimate of the range of outcomes of recognized contingencies at the acquisition date but requires that contingent consideration arrangements of an acquiree assumed by the acquirer in a business combination be treated as contingent consideration of the acquirer and should be initially and subsequently measured at fair value in accordance with Statement 141R. This FSP will be adopted by the Company in its consolidated financial statements for the fiscal year beginning on November 1, 2009.

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Trademarks

Avaira, Biofinity, Biomedics and Proclear are registered trademarks of The Cooper Companies, Inc., its affiliates and/or subsidiaries. Aquaform and PC Technology are trademarks of The Cooper Companies, Inc., its affiliates and/or subsidiaries.

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Item 3. Quantitative and Qualitative Disclosure About Market Risk

See “Risk Management” under Capital Resources and Liquidity in Item 2 of this report.

Item 4. Controls and Procedures

The Company has established and currently maintains disclosure controls and procedures designed to ensure that material 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 by the Securities and Exchange Commission and that any material information relating to the Company is recorded, processed, summarized and reported to its principal officers to allow timely decisions regarding required disclosures. In designing and evaluating the disclosure controls and procedures, management recognizes that controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving desired control objectives. In reaching a reasonable level of assurance, management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

In conjunction with the close of each fiscal quarter, the Company conducts a review and evaluation, under the supervision and with the participation of the Company’s management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company’s disclosure controls and procedures. The Company’s Chief Executive Officer and Chief Financial Officer, based upon their evaluation as of April 30, 2009, the end of the fiscal quarter covered in this report, concluded that the Company’s disclosure controls and procedures were effective at the reasonable assurance level.

As of April 30, 2009, there has been no change 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.

PART II - OTHER INFORMATION

Item 1. 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. 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.

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.

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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 January 6, 2009, the Court granted plaintiffs' motion for class certification. The certified class consists of those persons who purchased or otherwise acquired Cooper common stock between July 28, 2004 and November 21, 2005. The Company intends to defend this matter vigorously.

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.

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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. Following an order on claim construction, the parties reached a settlement resolving all claims on February 25, 2009. Pursuant to this settlement, Bausch & Lomb dismissed its complaint with prejudice and provided CVI a perpetual and fully paid up royalty-free license to the '236 patent.

Item 1A. Risk Factors

There have been no material changes in the Company's risk factors from those disclosed in our Annual Report on Form 10-K for fiscal year ended October 31, 2008.

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

The 2009 Annual Meeting of Stockholders was held on March 18, 2009.

Each of the nine individuals nominated to serve as directors of the Company was elected:

<u>Director</u>	<u>Votes For</u>	<u>Votes Withheld</u>
A. Thomas Bender	31,155,409	11,676,442
Michael H. Kalkstein	31,221,996	11,609,855
Jody S. Lindell	31,224,662	11,607,189
Moses Marx	24,193,970	18,637,881
Donald Press	31,219,101	11,612,750
Steven Rosenberg	31,228,370	11,603,481
Allan E. Rubenstein, M.D.	25,583,256	17,248,595
Robert S. Weiss	31,228,017	11,603,834
Stanley Zinberg, M.D.	24,881,261	17,950,590

Stockholders ratified the appointment of KPMG LLP as Cooper's independent registered public accounting firm for the fiscal year ending October 31, 2009. A total of 42,448,636 shares were voted in favor of the ratification, 359,456 shares were voted against it and 23,760 shares abstained.

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Stockholders approved the amendment and restatement of the Amended 2007 Long-Term Incentive Plan. A total of 31,773,639 shares were voted in favor of the adoption, 8,479,286 shares were voted against it and 31,842 shares abstained.

Stockholders also approved the amendment and restatement of the Amended 2006 Long-Term Incentive Plan for Non-Employee Directors. A total of 37,095,937 shares were voted in favor of the adoption, 3,158,733 shares were voted against it and 30,097 shares abstained.

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Item 6. Exhibits

Exhibit Number	Description
10.1	Form of Long-Term Performance Share Award Agreement pursuant to The Cooper Companies, Inc. Amended 2007 Long-Term Incentive Plan as incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed on February 13, 2009.
10.2	Amended and Restated 2007 Long-Term Incentive Plan of The Cooper Companies, Inc.
10.3	Amended and Restated 2006 Long-Term Incentive Plan for Non-Employee Directors of The Cooper Companies, Inc.
11*	Calculation of Earnings Per Share
31.1	Certification of the Chief Executive Officer, pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) under 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

* The information called for in this Exhibit is provided in Footnote 7, "Earnings per Share," to the Consolidated Condensed Financial Statements in this report.

SIGNATURE

Pursuant to the requirements 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.

The Cooper Companies, Inc.
(Registrant)

Date: June 5, 2009

/s/ Rodney E. Folden

Rodney E. Folden
Vice President and Corporate Controller
(Principal Accounting Officer)

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Index of Exhibits

<u>Exhibit No.</u>		<u>Page No.</u>
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The Cooper Companies, Inc.

Amended and Restated 2007 Long-Term Incentive Plan

As Approved by Stockholders: March 18, 2009

The Cooper Companies, Inc.**Amended and Restated 2007 Long-Term Incentive Plan**

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The Cooper Companies, Inc.
Amended and Restated 2007 Long-Term Incentive Plan

Section 1. Purpose; Definitions.

The purpose of The Cooper Companies, Inc. 2007 Long-Term Incentive Plan (the 'Plan') is to enable the Company to attract, retain and reward key employees and consultants to the Company and its Subsidiaries and Affiliates, and strengthen the mutuality of interests between such key employees and consultants and the Company's stockholders, by offering such key employees and consultants performance-based incentive equity interests in the Company.

For purposes of the Plan, the following terms shall be defined as set forth below:

- (a) "*Affiliate*" means any entity other than the Company and its Subsidiaries that is designated by the Board as an entity for which the Company has a legitimate business interest in allowing such entity to be a participating employer under the Plan, provided that the Company directly or indirectly owns at least 20% of the combined voting power of all classes of stock of such entity or at least 20% of the ownership interests in such entity.
- (b) "*Board*" means the Board of Directors of the Company.
- (c) "*Book Value*" means, as of any given date, on a per share basis (i) the Stockholders' Equity in the Company as of the end of the immediately preceding fiscal year as reflected in the Company's consolidated balance sheet, subject to such adjustments as the Committee shall specify at or after grant, divided by (ii) the number of then outstanding shares of Stock as of such year-end date (as adjusted by the Committee for subsequent events).
- (d) "*Code*" means the Internal Revenue Code of 1986, as amended from time to time, and any successor thereto.
- (e) "*Committee*" shall mean the Board or, if the Board delegates its power and authority to administer this Plan to a committee of the Board described in this Section 2 of the Plan, such committee.
- (f) "*Company*" means The Cooper Companies, Inc., a corporation organized under the laws of the State of Delaware, or any successor corporation.
- (g) "*Deferred Stock*" or "*Deferred Stock Award*" means an award made pursuant to Section 8 below of the right to receive Stock at the end of a specified deferral period.
- (h) "*Disability*" means disability as determined under procedures established by the Committee for purposes of this Plan.
- (i) "*Early Retirement*" means retirement from consulting or active employment with the Company and any Subsidiary or Affiliate after satisfying the requirements for early retirement under the provisions of the applicable pension plan of such entity, and receiving the consent of the Company prior to such retirement under the terms of this Plan.
- (j) "*Exchange Act*" means the Securities Exchange Act of 1934, as amended.
- (k) "*Fair Market Value*" means, as of any given date, unless otherwise determined by the Committee in good faith, the closing price of the Stock on the New York Stock Exchange as reported on <http://finance.yahoo.com> or, if no such sale of Stock occurs on the New York Stock Exchange on such date, the fair market value of the Stock as determined by the Committee in good faith.
- (l) "*Full Value Award*" means any Grant other than an Option or other Grant for which the Participant pays the intrinsic value (whether directly or by forgoing a right to receive a payment from the Company).

(m) “Grant” means an instrument or agreement evidencing an option, SAR, etc granted hereunder, which may, but need not be, acknowledged by the recipient thereof.

(n) “Incentive Stock Option” or “ISO” means any Stock Option intended to be and designated as an ‘Incentive Stock Option’ within the meaning of Section 422 of the Code.

(o) “Long-term Performance Award” means an award under Section 10 below that is valued in whole or in part based on the achievement of Company, Subsidiary, Affiliate, or individual performance factors or criteria as the Committee may deem appropriate.

(p) “Non-Employee Director” shall have the meaning set forth in Rule 16b-3 as promulgated by the Securities and Exchange Commission under the Exchange Act, or any successor definition adopted by the Commission.

(q) “Non-Qualified Stock Option” or “NQSO” means any Stock Option that is not an Incentive Stock Option.

(r) “Normal Retirement” means retirement from consulting or active employment with the Company and any Subsidiary or Affiliate on or after age 65.

(s) “Performance Criteria” means any one or more of the following: net earnings (either before or after interest, taxes, depreciation and amortization), economic value-added, sales or revenue, net income (either before or after taxes), operating earnings, cash flow (including, but not limited to, operating cash flow and free cash flow), cash flow return on capital, return on net assets, return on stockholders’ equity, return on assets, return on capital, stockholder returns, return on sales, gross or net profit margin, productivity, expense, margins, operating efficiency, customer satisfaction, working capital, earnings per share, price per share of Stock, and market share, any of which may be measured either in absolute terms or as compared to any incremental increase or as compared to results of a peer group.

(t) “Plan” means this 2007 Long-Term Incentive Plan, as hereinafter amended from time to time.

(u) “Restricted Stock” means an award of shares of Stock that is subject to restrictions under Section 7 below.

(v) “Retirement” means Normal or Early Retirement.

(w) “Stock” means the Common Stock, \$0.10 par value per share, of the Company.

(x) “Stock Appreciation Right” or “SAR” means the right pursuant to an award granted under Section 6 below to receive from the Company an amount of cash or shares of Stock with a Fair Market Value equal to the excess, if any, of the Fair Market Value of a number of shares of Stock specified in such award at the time of exercise of the right over the Fair Market Value of such number of shares of Stock on the date the right was granted.

(y) “Stock Option” or “Option” means any option to purchase shares of Stock (including Restricted Stock and Deferred Stock, if the Committee so determines) granted pursuant to Section 5 below.

(z) “Stock Purchase Right” means the right to purchase Stock pursuant to Section 9.

(aa) “Subsidiary” means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company if each of the corporations (other than the last corporation in the unbroken chain) owns stock possessing 50%, or more of the total combined voting power of all classes of stock in one of the other corporations in the chain.

In addition, the term “Cause” shall have the meaning set forth in Section 5(i) below.

Section 2. Administration.

The Plan shall be administered by the Board or, if the Board delegates its power and authority to administer this Plan to a committee of the Board, such committee. Any such committee shall consist solely of two or more directors appointed by and holding office at the pleasure of the Board, each of whom is a "Non-Employee Director" of the Company as defined in Rule 16b-3 of the Exchange Act and an "outside director" for purposes of Section 162(m) of the Code. If the Board delegates its power and authority to administer this Plan to a committee, the members of such committee shall serve at the pleasure of the Board, such committee members may resign at any time by delivering written notice to the Board and vacancies in the committee may be filled by the Board.

The Committee shall have full authority to grant, pursuant to the terms of the Plan, to officers, consultants and other key employees eligible under Section 4: (i) Stock Options, (ii) Stock Appreciation Rights, (iii) Restricted Stock, (iv) Deferred Stock, (v) Stock Purchase Rights, and/or (vi) Long-term Performance Awards.

In particular, the Committee shall have the authority:

(i) to select the officers, consultants and other key employees of the Company and its Subsidiaries and Affiliates to whom Stock Options, Stock Appreciation Rights, Restricted Stock, Deferred Stock, Stock Purchase Rights, and/or Long-term Performance Awards may from time to time be granted hereunder;

(ii) to determine whether and to what extent Incentive Stock Options, Non-Qualified Stock Options, Stock Appreciation Rights, Restricted Stock, Deferred Stock, Stock Purchase Rights, and/or Long-term Performance Awards, or any combination thereof, are to be granted hereunder to one or more eligible employees;

(iii) to determine the number of shares, if applicable, to be covered by each such award granted hereunder;

(iv) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any award granted hereunder (including, but not limited to, the share price and any restriction or limitation, or any vesting acceleration or waiver of forfeiture restrictions regarding any Stock Option or other award and/or the shares of Stock relating thereto, based in each case on such factors as the Committee shall determine, in its sole discretion);

(v) to determine whether and under what circumstances a Stock Option may be settled in cash, Restricted Stock and/or Deferred Stock under Section 5(k) or (1), as applicable, instead of Stock;

(vi) to determine whether, to what extent and under what circumstances Option grants and/or other awards under the Plan and/or other cash awards made by the Company are to be made, and operate, on a tandem basis vis à vis other awards under the Plan and/or cash awards made outside of the Plan, or on an additive basis;

(vii) to determine whether, to what extent and under what circumstances Stock and other amounts, payable with respect to an award under this Plan shall be deferred either automatically or at the election of the participant (including providing for and determining the amount (if any) of any deemed earnings on any deferred amount during any deferral period); and

(viii) to determine the terms and restrictions applicable to Stock Purchase Rights and the Stock purchased by exercising such Rights.

(ix) to interpret the Plan and remedy any inconsistencies and ambiguities herein and between any agreement evidencing an award thereunder.

The Committee shall have the authority to adopt, alter and repeal such rules, guidelines and practices governing the Plan as it shall, from time to time, deem advisable; to interpret the terms and provisions of the Plan and any award issued under the Plan (and any agreements relating thereto); and to otherwise supervise the administration of the Plan.

All decisions made by the Committee pursuant to the provisions of the Plan shall be made in the Committee's sole discretion and shall be final and binding on all persons, including the Company and Plan participants.

Section 3. Stock Subject To Plan.

The total number of shares of Stock reserved and available for distribution pursuant to stock options or other awards relating to Stock made under the Plan shall be 3,700,000 shares. Such shares may consist, in whole or in part, of authorized and unissued shares or treasury shares. The maximum number of shares with respect to which an employee may be granted awards under this Plan during any fiscal year is 250,000.

Subject to Section 6(b)(iv) below, if any shares of Stock that have been optioned cease to be subject to a Stock Option, or if any such shares of Stock that are subject to any Restricted Stock or Deferred Stock Award, Stock Purchase Right, or Long-term Performance Award granted hereunder are forfeited or any such award otherwise terminates without a payment being made to the participant in the form of Stock, such shares shall again be available for distribution in connection with future awards under the Plan.

In the event of any merger, reorganization, consolidation, recapitalization, Stock dividend, Stock split or other change in corporate structure affecting the Stock, an equitable and appropriate substitution or adjustment shall be made in the aggregate number of shares reserved for issuance under the Plan, in the number and option or base price of shares subject to outstanding Options and SARs granted under the Plan, in the number and purchase price of shares subject to outstanding Stock Purchase Rights under the Plan, and in the number of shares subject to other outstanding awards granted under the Plan, provided that the number of shares subject to any Grant shall always be a whole number. The right to have such substitutions and adjustments made is nondiscretionary, but how such substitutions and adjustments are made shall be determined in the discretion of the Committee. In addition, in the event of any merger or other corporate transaction or event which results in shares of Stock being purchased for cash, or being exchanged for or converted into cash or the right to receive cash, the Committee, in its sole discretion, and on such terms and conditions as it deems appropriate, may provide that any Stock Option, Stock Appreciation Right, Restricted Stock or Deferred Stock Award, Stock Purchase Right, or Long-term Performance Award shall be converted into the right to receive an amount of cash equal to the amount of cash, if any, that would have been received, in the event of such merger or corporate transaction or event, if such Stock Option, Stock Appreciation Right, Restricted Stock or Deferred Stock Award, Stock Purchase Right, or Long-term Performance Award had been fully exercisable or payable, or vested and had been exercised or paid immediately prior to such merger or other corporate transaction or event to the extent of the cash value thereof, and, upon such conversion, such Stock Option, Stock Appreciation Right, Restricted Stock or Deferred Stock Award, Stock Purchase Right, or Long-term Performance Award (including any such Stock Option, Stock Appreciation Right, Restricted Stock or Deferred Stock Award, Stock Purchase Right, or Long-term Performance Award which, under the terms of such merger or other corporate transaction or event, would have no cash value) shall be cancelled.

Section 4. Eligibility.

Officers, consultants and such employees of the Company and its Subsidiaries and Affiliates (but excluding members of the Committee and any person who serves only as a director) whom the Committee determines is responsible for or contributes to the management, growth and/or profitability of the business of the Company and/or its Subsidiaries and Affiliates are eligible to be granted awards under the Plan.

Section 5. Stock Options.

Stock Options may be granted alone, in addition to or in tandem with other awards granted under the Plan and/or cash awards made outside of the Plan. Any Stock Option granted under the Plan shall be in such form as the Committee may from time to time approve.

Stock Options granted under the Plan may be of two types: (i) Incentive Stock Options and (ii) Non-Qualified Stock Options.

The Committee shall have the authority to grant to any optionee Incentive Stock Options, Non-Qualified Stock Options, or both types of Stock Options (in each case with or without Stock Appreciation Rights); provided, however that Incentive Stock Options shall only be granted to an individual who, at the time of grant, is an employee of the Company or a Subsidiary.

Options granted under the Plan shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of the Plan, as the Committee shall deem desirable:

(a) *Option Price.* The option price per share of Stock purchasable under a Stock Option shall be determined by the Committee at the time of grant but shall not be less than the Fair Market Value on the date of grant.

(b) *Option Term.* The term of each Stock Option shall be fixed by the Committee, but no Stock Option shall be exercisable more than ten years after the date the Option is granted. No Incentive Stock Option shall be granted more than ten years after the date this Plan is approved by the stockholders of the Company under Section 14.

(c) *Exercisability.* Stock Options shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Committee in its sole discretion at or after grant.

(d) *Method of Exercise.* Subject to whatever exercise provisions apply under Section 5(c), Stock Options may be exercised in whole or in part at any time during the option period, by giving written notice of exercise to the Company specifying the number of shares to be purchased. Such notice shall be accompanied by payment in full of the purchase price, either by check, note or such other instrument as the Committee may accept. Except as otherwise prohibited by law, as determined by the Committee, in its sole discretion, at or after grant, payment in full or in part may also be made (i) in the form of Stock subject to an award (based, in each case, on the Fair Market Value of the Stock on the date the option is exercised, as determined by the Committee); provided, however, that, in the case of an Incentive Stock Option, the right to make a payment in the form of already owned shares may be authorized only at the time the option is granted; or (ii) through the delivery of a notice that the optionee has placed a market sell order with a broker with respect to shares of Stock then issuable upon exercise of the Option, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the Option exercise price, provided that payment of such proceeds is made to the Company prior to the delivery of any shares of Stock by the Company. No shares of Stock shall be issued until full payment therefor has been made. An optionee shall generally have the rights to dividends or other rights of a stockholder with respect to shares subject to the Option when the optionee has given written notice of exercise, has paid in full for such shares, and, if requested, has given the representation described in Section 13(a).

(e) *Transferability of Options.* No Stock Option shall be transferable by the optionee otherwise than by will or by the laws of descent and distribution, and all Stock Options shall be exercisable, during the optionee's lifetime, only by the optionee or by his guardian or legal representative. Notwithstanding the foregoing, a Non-Qualified Stock Option may be transferred to, exercised by and paid to a trust in which the optionee has a fifty percent or more interest or a foundation which the optionee controls the management of the assets, provided that (i) the optionee receives no consideration for such transfer, and (ii) the transferee receives the Non-Qualified Stock Option subject to the same restrictions imposed upon the transferor and pursuant to such conditions and procedures as the Committee may establish. Any permitted transfer shall be subject to the condition that the Committee receives evidence satisfactory to it that the trust is and shall remain under the control of the optionee and that the transfer is being made for estate and/or tax planning purposes and on a basis consistent with the Company's lawful issue of securities.

(f) *Termination by Death.* Subject to Section 5(j), if an optionee's employment by or consultancy with the Company and any Subsidiary or Affiliate terminates by reason of death, any Stock Option held by such optionee may thereafter be exercised, to the extent such option was exercisable at the time of death or on such accelerated basis as the Committee may determine at or after grant (or as may be determined in accordance with procedures established by the Committee), by the legal representative of the estate or by the legatee of the optionee under the will of the optionee, for a period of three years (or such other period as the Committee may specify at grant) from the date of such death or until the expiration of the stated term of such Stock Option, whichever period is the shorter.

(g) *Termination by Reason of Disability.* Subject to Section 5(j), if an optionee's employment by or consultancy with the Company and any Subsidiary or Affiliate terminates by reason of Disability, any Stock Option held by such optionee may thereafter be exercised by the optionee, to the extent it was exercisable at the time of termination or on such accelerated basis as the Committee may determine at or after grant (or as may be determined in accordance with procedures established by the Committee), for a period of three years (or such other period as the Committee may specify at grant) from the date of such termination of employment or consultancy or until the expiration of the stated term of such Stock Option, whichever period is the shorter; provided, however, that, if the optionee dies within such three-year period (or such other period as the Committee shall specify at grant), any unexercised Stock Option held by such optionee shall thereafter be exercisable to the extent to which it was exercisable at the time of death for a period of twelve months from the date of such death or until the expiration of the stated term of such Stock Option, whichever period is the shorter. In the event of termination of employment by reason of Disability, if an Incentive Stock Option is exercised after the expiration of the exercise periods that apply for purposes of Section 422 of the Code, such Stock Option will thereafter be treated as a Non-Qualified Stock Option.

(h) *Termination by Reason of Retirement.* Subject to Section 5(j), if an optionee's employment by or consultancy with the Company and any Subsidiary or Affiliate terminates by reason of Normal or Early Retirement, any Stock Option held by such optionee may thereafter be exercised by the optionee, to the extent it was exercisable at the time of such Retirement or on such accelerated basis as the Committee may determine at or after grant (or as may be, determined in accordance with procedures established by the Committee), for a period of three years (or such other period as the Committee may specify at grant) from the date of such termination of employment or consultancy or the expiration of the stated term of such Stock Option, whichever period is the shorter; provided, however, that, if the optionee dies within such three-year period (or such other period as the Committee may specify at grant), any unexercised Stock Option held by such optionee shall thereafter be exercisable, to the extent to which it was exercisable at the time of death, for a period of twelve months from the date of such death or until the expiration of the stated term of such Stock Option, whichever period is the shorter. In the event of termination of employment by reason of Retirement, if an Incentive Stock Option is exercised after the expiration of the exercise periods that apply for purposes of Section 422 of the Code, the option will thereafter be treated as a Non-Qualified Stock Option.

(i) *Other Termination.* Unless otherwise determined by the Committee (or pursuant to procedures established by the Committee) at or after grant, if an optionee's employment by or consultancy with the Company and any Subsidiary or Affiliate terminates for any reason other than death, Disability or Normal or Early Retirement, the Stock Option shall thereupon terminate, except that such Stock Option may be exercised for the lesser of three months or the balance of such Stock Option's term if the optionee is involuntarily terminated by the Company and any Subsidiary or Affiliate without Cause. For purposes of this Plan, "Cause" means the conviction of, or plea of nolo contendere to a felony by the participant, or a participant's willful misconduct or dishonesty, any of which is directly and materially harmful to the business or reputation of the Company or any Subsidiary or Affiliate.

(j) *Incentive Stock Options.* Anything in the Plan to the contrary notwithstanding, no term of this Plan relating to Incentive Stock Options shall be interpreted, amended or altered, nor shall any discretion or authority granted under the Plan be so exercised, so as to disqualify the Plan under Section 422 of the Code, or, without the consent of the optionee(s) affected, to disqualify any Incentive Stock Option under such Section 422.

To the extent required for 'incentive stock option' status under Section 422(b)(7) of the Code (taking into account applicable Internal Revenue Service regulations and pronouncements), the Plan shall be deemed to provide that the aggregate Fair Market Value (determined as of the time of grant) of the stock with respect to which Incentive Stock Options are exercisable for the first time by the optionee during any calendar year under the Plan and/or any other stock option plan of the Company or any Subsidiary or parent corporation (within the meaning of Section 424 of the Code) after 1986 shall not exceed \$100,000. If the aggregate Fair Market Value exceeds \$100,000, then those options in excess of \$100,000 will not be treated as ISOs. Those shares not treated as ISOs will be taxed at ordinary income rates on exercise. If Section 422 is hereafter amended to delete the requirement now in Section 422(b)(7) that the plan text expressly provide for the \$100,000 limitation set forth in Section 422(b)(7), then this paragraph of Section 5(j) shall no longer be operative.

(k) *Buyout Provisions.* The Committee may at any time offer to buy out for a payment in cash, Stock or Restricted Stock an option previously granted, based on such terms and conditions as the Committee shall establish and communicate to the optionee at the time that such offer is made; provided, however, that unless stockholder approval is obtained, the Committee shall not offer to buy out any Option having a per share exercise price greater than the per share Fair Market Value of a share of Stock at the time of such offer. In no event may the Company buyout any Stock Option with the grant of another Stock Option, without shareholder approval.

(l) *Settlement Provisions.* If the option agreement so provides at grant, or is amended after grant and prior to exercise to so provide (with the optionee's consent), the Committee may require that all or part of the shares to be issued with respect to the spread value of an exercised Option take the form of Restricted Stock, which shall be valued on the date of exercise on the basis of the Fair Market Value (as determined by the Committee) of such Restricted Stock determined without regard to the forfeiture restrictions involved.

(m) *10% Stockholders.* No Incentive Stock Option may be granted under this Plan to any employee who, at the time the Incentive Stock Option is granted, owns, or is considered as owning, within the meaning of Section 422 of the Internal Revenue Code, shares possessing more than ten percent (10%) of the total combined voting power or value of all classes of stock of the Company, a Subsidiary or a parent corporation (within the meaning of Section 424 of the Code) unless the option price under such Option is at one hundred ten percent (110%) of the Fair Market Value of a share of Stock on the date such Option is granted and the duration of such Option is no more than five (5) years.

Section 6. Stock Appreciation Rights.

(a) *Exercise.* A Stock Appreciation Right may be exercised by a recipient, subject to Section 6(b), in accordance with the procedures established by the Committee for such purpose. Upon such exercise, the recipient shall be entitled to receive an amount determined in the manner prescribed in Section 6(b).

(b) *Terms and Conditions.* Stock Appreciation Rights shall be subject to such terms and conditions, not inconsistent with the provisions of the Plan, as shall be determined from time to time by the Committee, including the following:

(i) Upon the exercise of a Stock Appreciation Right, a recipient shall be entitled to receive an amount in cash and/or shares of Stock with a Fair Market Value, as the Committee in its sole discretion shall determine, equal to the excess of the Fair Market Value of a number of shares of Stock specified in the award at the date of exercise of the Stock Appreciation Right over the Fair Market Value of such number of shares of Stock at the date of grant of the Stock Appreciation Right. When payment is to be made in shares, the number of shares to be paid shall be calculated on the basis of the Fair Market Value of the shares on the date of exercise.

(ii) Stock Appreciation Rights shall not be transferable by the recipient thereof otherwise than by will or by the laws of descent and distribution, and all Stock Appreciation Rights shall be exercisable, during the recipient's lifetime, only by the recipient.

Section 7. Restricted Stock.

(a) *Administration.* Shares of Restricted Stock may be issued either alone, in addition to or in tandem with other awards granted under the Plan and/or cash awards made outside of the Plan. The Committee shall determine the eligible persons to whom, and the time or times at which, grants of Restricted Stock will be made, the number of shares to be awarded, the price to be paid by the recipient of Restricted Stock (subject to Section 7(b)), the time or times within which such awards may be subject to forfeiture, and all other terms and conditions of the awards.

The Committee may condition the grant of Restricted Stock upon the attainment of specified performance goals (including goals based on the Performance Criteria) or such other factors as the Committee may determine, in its sole discretion.

The provisions of Restricted Stock awards need not be the same with respect to each recipient.

(b) *Awards and Certificates.* The prospective recipient of a Restricted Stock Award shall not have any rights with respect to such award, unless and until such recipient has executed an agreement evidencing the award and has delivered a fully executed copy thereof to the Company, and has otherwise complied with the applicable terms and conditions of such award. Each award shall be subject to the following terms and conditions:

(i) Unless the Committee determines that no purchase price is required by law, then the purchase price for shares of Restricted Stock shall be equal to or greater than their par value.

(ii) Awards of Restricted Stock must be accepted within a period of 60 days (or such shorter period as the Committee may specify at grant) after the award date, by executing a Restricted Stock Award agreement and paying whatever price is required under Section 7(b)(i).

(iii) Each participant receiving a Restricted Stock Award shall be issued shares of Stock, either in book form or electronically, evidencing the grant of the Restricted Stock, registered in the name of such participant, noting the terms, conditions and restrictions applicable to such award. The Committee in its sole discretion may issue stock certificates to evidence the Restricted Stock Award. If a stock certificate is issued, it shall bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such award.

(iv) The Committee shall require that any stock certificates evidencing such shares issued be held in custody by the Company until the restrictions, if any, thereon shall have lapsed, and that, as a condition of any Restricted Stock Award, the participant shall have delivered a stock power, endorsed in blank, relating to the Stock covered by such award.

(c) *Restrictions and Conditions.* The shares of Restricted Stock awarded pursuant to this Section 7 shall be subject to the following restrictions and conditions:

(i) Subject to the provisions of this Plan and the award agreement, during a period set by the Committee commencing with the date of such award (the 'Restriction Period'), the participant shall not be permitted to sell, transfer, pledge or assign shares of Restricted Stock awarded under the Plan. Within these limits, the Committee, in its sole discretion, may provide for the lapse of such restrictions in installments and may accelerate or waive such restrictions in whole or in part, based on service, performance and/or such other factors or criteria as the Committee may determine, in its sole discretion.

(ii) Except as provided in this paragraph (ii) and Section 7(c)(i), the participant shall have, with respect to the shares of Restricted Stock, all of the rights of a stockholder of the Company, including the right to vote the shares, and the right to receive any cash dividends. The Committee, in its sole discretion, as determined at the time of award, may permit or require the payment of cash dividends to be deferred and, if the Committee so determines, reinvested, subject to Section 13(e), in additional Restricted Stock to the extent shares are available under Section 3, or otherwise reinvested. Pursuant to Section 3 above, Stock dividends issued with respect to Restricted Stock shall be treated as additional shares of Restricted Stock that are subject to the same restrictions and other terms and conditions that apply to the shares with respect to which such dividends are issued.

(iii) Subject to the applicable provisions of the award agreement and this Section 7, upon termination of a participant's employment or consultancy with the Company and any Subsidiary or Affiliate for any reason during the Restriction Period, all shares still subject to restriction will vest, or be forfeited, in accordance with the terms and conditions established by the Committee at or after grant. If any Restricted Stock is forfeited, the Company shall pay to the participant (or the estate of a deceased participant) an amount equal to the price, if any, that the participant paid with respect to such Restricted Stock.

(iv) If and when the Restriction Period expires without a prior forfeiture of the Restricted Stock subject to such Restriction Period, an appropriate number of unrestricted shares shall be delivered to the participant promptly in book, electronic or other form, or by issuance of share certificates as determined in the sole discretion of the Committee.

Section 8. Deferred Stock.

(a) *Administration.* Deferred Stock may be awarded either alone, in addition to or in tandem with other awards granted under the Plan and/or cash awards made outside of the Plan. The Committee shall determine the eligible persons to whom and the time or times at which Deferred Stock shall be awarded, the number of shares of Deferred Stock to be awarded to any person, the duration of the period (the 'Deferral Period') during which, and the conditions under which, receipt of the Stock will be deferred, and the other terms and conditions of the award in addition to those set forth in Section 8(b).

The Committee may condition the grant of Deferred Stock upon the attainment of specified performance goals (including goals based on the Performance Criteria) or such other factors or criteria as the Committee shall determine, in its sole discretion.

The provisions of Deferred Stock Awards need not be the same with respect to each recipient.

(b) *Terms and Conditions.* The shares of Deferred Stock awarded pursuant to this Section 8 shall be subject to the following terms and conditions:

(i) Subject to the provisions of this Plan and the award agreement referred to in Section 8(b)(vi) below, Deferred Stock Awards may not be sold, assigned, transferred, pledged or otherwise encumbered during the Deferral Period. At the expiration of the Deferral Period (or the Elective Deferral Period referred to in Section 8(b)(v), where applicable), the Company shall deliver to the recipient shares of Stock equal to the shares covered by the Deferred Stock Award. Such shares may be delivered in book, electronic or other form, or by issuance of share certificates as determined in the sole discretion of the Committee.

(ii) Unless otherwise determined by the Committee at grant, amounts equal to any dividends declared during the Deferral Period with respect to the number of shares covered by a Deferred Stock Award will be paid to the participant currently, or deferred and deemed to be reinvested in additional Deferred Stock, or otherwise reinvested, all as determined at or after the time of the award by the Committee, in its sole discretion.

(iii) Subject to the provisions of the award agreement and this Section 8, upon termination of a participant's employment or consultancy with the Company and any Subsidiary or Affiliate for any reason during the Deferral Period for a given award, the Deferred Stock in question will vest, or be forfeited, in accordance with the terms and conditions established by the Committee at or after grant. If any Deferred Stock is forfeited, the Company shall pay to the participant (or the estate of a deceased participant) an amount equal to the price, if any, the participant paid with respect to such Deferred Stock.

(iv) Based on service, performance and/or such other factors or criteria as the Committee may determine, the Committee may, at or after grant, accelerate the vesting of all or any part of any Deferred Stock Award and/or waive the deferral limitations for all or any part of such award.

(v) A participant may elect to further defer receipt of an award (or an installment of an award) for a specified period or until a specified event (the 'Elective Deferral Period'), subject in each case to the Committee's approval and to such terms as are determined by the Committee, all in its sole discretion. Subject to any exceptions adopted by the Committee, such election must generally be made 12 months prior to completion of the Deferral Period for such Deferred Stock Award (or such installment) and shall not take

effect for at least 12 months. The Elective Deferral Period must be at least five years or, if elected by the participant, until termination of employment or a change in control of the Company (as determined under Section 409A of the Code) if earlier. Any such election shall comply with the requirements of Section 409A of the Code.

(vi) Each award shall be confirmed by, and subject to the terms of, a Deferred Stock agreement executed by the Company and the participant.

(vii) A recipient of a Deferred Stock Award shall have no rights as a stockholder with respect to any shares covered by his Deferred Stock Award until the issuance of a stock certificate for such shares.

Section 9. Stock Purchase Rights.

(a) *Awards and Administration.* Subject to Section 3 above, the Committee may grant eligible participants Stock Purchase Rights which shall enable such participants to purchase Stock (including Deferred Stock and Restricted Stock):

- (i) at its Fair Market Value on the date of grant;
- (ii) at 50% of such Fair Market Value on such date;
- (iii) at an amount equal to Book Value on such date; or
- (iv) at an amount equal to the par value of such Stock on such date.

However, no share of Stock shall be sold at less than its par value. The Committee shall also impose such deferral, forfeiture and/or other terms and conditions as it shall determine, in its sole discretion, on such Stock Purchase Rights or the exercise thereof.

The terms of Stock Purchase Rights Awards need not be the same with respect to each participant. Each Stock Purchase Right Award shall be confirmed by, and be subject to the terms of, a Stock Purchase Rights agreement.

(b) *Exercisability.* Stock Purchase Rights shall generally be exercisable for such period after grant as is determined by the Committee, but not to exceed 90 days.

(c) *Loans.* Unless otherwise prohibited by law, if the Committee so determines, the Company shall make or arrange for a loan to a participant with respect to the exercise of Stock Purchase Rights. The Committee shall have full authority to decide whether such a loan should be made and to determine the amount, term and other provisions of any such loan, including the interest rate to be charged, whether the loan is to be with or without recourse against the borrower, the security, if any, therefor, the terms on which the loan is to be repaid and the conditions, if any, under which it may be forgiven. However, no loan hereunder shall have a term (including extensions) exceeding ten years in duration or be in an amount exceeding 90% of the total purchase price paid by the borrower.

Section 10. Long-Term Performance Awards.

(a) *Administration.* Long-term Performance Awards may be granted either alone or in addition to other awards granted under the Plan. The Committee shall determine the nature, length and starting date of the performance period (the 'Performance Period') for each Long-term Performance Award and shall determine the performance objectives to be used in the valuation of Long-term Performance Awards and determining the extent to which such Long-term Performance Awards have been earned. Performance objectives may vary, from participant to participant and between groups of participants and shall be based upon such Company, Subsidiary, Affiliate or individual performance factors or criteria as the Committee may deem appropriate, including, but not limited to the Performance Criteria. Performance Periods may overlap and participants may participate

simultaneously with respect to Long-term Performance Awards that are subject to different Performance Periods and different performance factors and criteria. Long-term Performance Awards shall be confirmed by, and be subject to the terms of, a Long-term Performance Award agreement. The terms of such awards need not be the same with respect to each participant.

At the beginning of each Performance Period, the Committee shall determine for each Long-term Performance Award subject to such Performance Period, the number of shares of Stock (including Deferred or Restricted Stock) to be awarded to the participant at the end of the Performance Period if and to the extent that the relevant measures of performance for such Long-term Performance Award are met. Such number of shares of Stock may be fixed or may vary in accordance with such performance or other criteria as may be determined by the Committee.

(b) *Adjustment of Awards.* The Committee may adjust the performance goals and measurements applicable to the Long-term Performance Awards to take into account changes in law and accounting and tax rules and to make such adjustments as the Committee deems necessary or appropriate to reflect the inclusion or exclusion of the impact of extraordinary or unusual items, events or circumstances in order to avoid windfalls or hardships.

(c) *Termination.* Unless otherwise provided in the applicable Long-term Performance Award agreement, if a participant terminates employment or his consultancy during a Performance Period because of death, Disability or Retirement, such participant shall be entitled to a payment with respect to each outstanding Long-term Performance Award at the end of the applicable Performance Period:

(i) based, to the extent relevant under the terms of the award, upon the participant's performance for the portion of such Performance Period ending on the date of termination and the performance of the Company or any applicable business unit for the entire Performance Period, and

(ii) prorated for the portion of the Performance Period during which the Participant was employed by the Company, a subsidiary or affiliate,

all as determined by the Committee. The Committee may provide for an earlier payment in settlement of such award in such amount and under such terms and conditions as the Committee deems appropriate.

Except as otherwise provided in the applicable Long-term Performance Award agreement, if a participant terminates employment or his consultancy during a Performance Period for any other reason, then such participant shall not be entitled to any payment with respect to the Long-term Performance Award subject to such Performance Period, unless the Committee shall otherwise determine.

(d) *Form of Payment.* The earned portion of a Long-term Performance Award may be paid currently or on a deferred basis with such interest or earnings equivalent as may be determined by the Committee. Payment shall be made in the form of whole shares of Stock, including Restricted Stock or Deferred Stock, as the Committee shall determine. To the extent a Long-term Performance Award is payable in Stock and the full amount therefor is not paid in Stock, then the shares of Stock representing the portion of the value of the Long-term Performance Award not paid in Stock shall again become available for award under the Plan.

Section 11. Amendments And Termination.

The Board may amend, alter, or discontinue the Plan, but no amendment, alteration, or discontinuation shall be made which would impair the rights of an optionee or participant under a Stock Option, Stock Appreciation Right (or Limited Stock Appreciation Right), Restricted or Deferred Stock Award, Stock Purchase Right, or Long-term Performance Award theretofore granted, without the optionee's or participant's consent, or which, without the approval of the Company's stockholders, would:

(a) except as expressly provided in this Plan, increase the total number of shares reserved for the purpose of the Plan;

(b) change the employees or class of employees eligible to participate in the Plan;

(c) extend the maximum option period under Section 5(b) of the Plan; or

(d) otherwise materially alter the terms of the Plan.

The Committee may amend the terms of any Stock Option or other award theretofore granted, prospectively or retroactively, but, subject to Section 3 above, no such amendment shall impair the rights of any holder without the holder's consent. Notwithstanding any provision in this Plan to the contrary, no Stock Option or Stock Appreciation Right may be amended to reduce the price per share of the shares subject to such Stock Option or the exercise price of such Stock Appreciation Right, as applicable, below the option price or exercise price as of the date the Stock Option or Stock Appreciation Right is granted. In addition, no Stock Option or Stock Appreciation Right may be granted in exchange for or in connection with the cancellation or surrender of a Stock Option, Stock Appreciation Right or other Grant if the new Stock Option, Stock Appreciation Right or other Grant has an option or exercise price (including no exercise price) which is less than the option or exercise price of the Stock Option or Stock Appreciation Right being exchanged, cancelled or surrendered.

Subject to the above provisions, the Board shall have broad authority to amend the Plan to take into account changes in applicable securities and tax laws and accounting rules, as well as other developments.

Section 12. Unfunded Status Of Plan.

(a) *Unfunded Plan.* The Plan is intended to constitute an 'unfunded' plan for incentive and deferred compensation. With respect to any payments not yet made to a participant or optionee by the Company, nothing contained herein shall give any such participant or optionee any rights that are greater than those of a general creditor of the Company. In its sole discretion, the Committee may authorize the creation of trusts or other arrangements to meet the obligations created under the Plan to deliver Stock or payments in lieu of or with respect to awards hereunder, provided, however, that, unless the Committee otherwise determines with the consent of the affected participant, the existence of such trusts or other arrangements is consistent with the 'unfunded' status of the Plan.

(b) *Section 409A.* To the extent that the Committee determines that any award granted under the Plan is subject to Section 409A of the Code, the agreement evidencing such award shall incorporate the terms and conditions required by Section 409A of the Code. To the extent applicable, the Plan and such agreements shall be interpreted in accordance with Section 409A of the Code and Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the date this Plan is effective. Notwithstanding any provision of the Plan to the contrary, in the event that following the effective date of the Plan the Committee determines that any award may be subject to Section 409A of the Code and related Department of Treasury guidance, the Committee may adopt such amendments to the Plan and the applicable agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Committee determines are necessary or appropriate to (a) exempt the award from Section 409A of the Code and/or preserve the intended tax treatment of the benefits provided with respect to the award, or (b) comply with the requirements of Section 409A of the Code and related Department of Treasury guidance.

Section 13. General Provisions.

(a) The Committee may require each person purchasing shares pursuant to a Stock Option or other award under the Plan to represent to and agree with the Company in writing that the optionee or participant is acquiring the shares for investment and without a view to distribution thereof. The certificates for such shares may include any legend which the Committee deems appropriate to reflect any restrictions on transfer.

The Committee may condition the exercise of an Option or the issuance and delivery of Stock upon the listing, registration or qualification of the Stock upon a securities exchange or under applicable securities laws.

All certificates for shares of Stock or other securities delivered under the Plan shall be subject to such stock-transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which the Stock is then listed, and any applicable Federal or state securities law, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

(b) Nothing contained in this Plan shall prevent the Board from adopting other or additional compensation arrangements, subject to stockholder approval if such approval is required; and such arrangements may be either generally applicable or applicable only in specific cases.

(c) The making of an award under this Plan shall not confer upon any employee of the Company or any Subsidiary or Affiliate any right to continued employment with the Company or a Subsidiary or Affiliate, as the case may be, nor shall it interfere in any way with the right of the Company or a Subsidiary or Affiliate to terminate the employment of any of its employees at any time.

(d) No later than the date as of which an amount first becomes includable in the gross income of the participant for Federal income tax purposes with respect to any award under the Plan, the participant shall pay to the Company, or make arrangements satisfactory to the Committee regarding the payment of, any Federal, state, or local taxes of any kind required by law to be withheld with respect to such amount. Unless otherwise determined by the Committee, withholding obligations may be settled with Stock, including Stock that is part of the award that gives rise to the withholding requirement. The obligations of the Company under the Plan shall be conditional on such payment or arrangements and the Company and its Subsidiaries or Affiliates shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the participant.

(e) The actual or deemed reinvestment of dividends or dividend equivalents in additional Restricted Stock (or in Deferred Stock or other types of Plan awards) at the time of any dividend payment shall only be permissible if sufficient shares of Stock are available under Section 3 for such reinvestment (taking into account then outstanding Stock Options, Stock Purchase Rights and other Plan awards).

(f) The Plan and all awards made and actions taken thereunder shall be governed by and construed in accordance with the laws of the State of Delaware.

(g) Notwithstanding any other provision of this Plan to the contrary, Full Value Awards shall become vested over a period of not less than three years (or, in the case of vesting based upon the attainment of Performance Criteria or other performance-based objectives, over a period of not less than one year) following the date the Grant is made; provided, that the Committee may accelerate vesting of Full Value Awards in its discretion, only upon death, disability or a change in control of the Company.”

Section 14. Effective Date Of Plan.

The Plan shall be effective as of January 1, 2007; subject to the approval of the Plan by the holders of a majority of the shares of the Company’s Common Stock at the next annual stockholders’ meeting in 2007. Any grants made under the Plan prior to such approval shall be effective when made (unless otherwise specified by the Committee at the time of grant), but shall be conditioned on, and subject to, such approval of the Plan by such stockholders. Notwithstanding any other provision of the Plan to the contrary, no Option, Stock Appreciation Right or Stock Purchase Right may be exercised and no Restricted or Deferred Stock or Long-term Performance Award shall become vested until such approval.

Section 15. Term Of Plan.

No Stock Option, Stock Appreciation Right, Restricted Stock Award, Deferred Stock Award, Stock Purchase Right, Other Stock-Based Award, or Long-term Performance Award shall be granted pursuant to the Plan on or after December 31, 2017, but awards granted prior to such date may extend beyond that date.

Section 16. Certain Stock Options For United Kingdom Employees

Stock Options granted under Section 5 which are Non-Qualified Stock Options may be granted subject to the terms and conditions of Schedule A hereto. Such Non-Qualified Stock Options shall be subject to the terms and conditions of the Plan, including Section 5.

SCHEDULE A
CONTAINING PROVISIONS FOR
TAX APPROVED OPTIONS FOR UNITED KINGDOM EMPLOYEES

(Providing for the grant of Stock Options which it is intended shall satisfy the requirements of Her Majesty's Revenue and Customs pursuant to Schedule 4 to the UK Income Tax (Earnings and Pensions) Act 2003 ("ITEPA"), such options to be referred to in this Schedule as "Approved Options").

Approved Options may be granted pursuant to this Schedule A in accordance with such provisions as would be applicable if the provisions of the Cooper Companies, Inc. 2007 Long Term Incentive Plan (the "Plan") relating to Stock Options were here set out in full (provided that Sections 6, 7, 8, 9 and 10 shall not apply to this Schedule A), subject to the following further modifications:

Section A1. Eligibility.

Approved Options may only be granted under this Schedule A to individuals who are employees of the Company and its subsidiaries (and for this purpose a subsidiary shall mean any company of which the Company has control as defined in section 840 of the UK Income and Corporation Taxes Act 1988 ("Control")) and who are not ineligible to participate in accordance with the provisions of paragraph 9 of Schedule 4 to ITEPA and, if a director, is required to work in that capacity for the Company and/or any such subsidiary for at least 25 hours per week, excluding meal breaks. For the avoidance of doubt, no Approved Options shall be granted to a consultant and references to "consultant/consultancy" in the Plan shall have no relevance under this Schedule A.

Section A2. Stock Subject To The Plan.

(a) Approved Options granted under this Schedule A may only be made and may only be exercised in respect of Stock which satisfies the requirements of paragraphs 16-20 of Schedule 4 to ITEPA.

(b) Only in the event of any reorganization, consolidation, Stock split or other variation of the Company's Stock, may an adjustment be made under Section 3 of the Plan to the amount of Stock which is the subject of Approved Options granted under this Schedule A and the option price payable in respect thereof and then only with the prior approval of HM Revenue and Customs.

Section A3. Stock Options.

(a) Approved Options may only be granted pursuant to this Schedule A at an option price which is not less than 100% of Fair Market Value as of the date of grant provided that if no sale of Stock occurs on the New York Stock Exchange on such date the option price shall not be less than the Fair Market Value of the Stock as determined in accordance with Part VIII of the UK Taxation of Chargeable Gains Act 1992 and agreed on or before that date for the purposes of this Schedule A with HM Revenue and Customs Shares and Assets Valuation.

(b) No Approved Options may be granted to an employee or director which will result in the aggregate option price for all the Stock comprised in outstanding Approved Options granted to him under this Schedule A together with the aggregate option price of all Stock comprised in outstanding options granted to him under any other stock option scheme established by the Company or any associated company (as defined in paragraph 35 of Schedule 4 to ITEPA) approved under Schedule 4 to ITEPA exceeding 30,000 UK pounds sterling (converting, for this purpose the option price into pounds sterling using the exchange rate applicable on the date of grant of such option) or such other amount as is for the time being specified as being the appropriate limit for the purposes of paragraph 6(1) of Schedule 4 to ITEPA. For the avoidance of doubt, the limit set out in Section 5(j) of the Plan applying to Incentive Stock Options shall not apply to Approved Options granted under this Schedule A.

(c) Section 5(c) shall be substituted as follows: “The Board may impose a schedule for vesting of the Stock comprised in the Approved Option and set out in the Option Agreement (the “Vesting Schedule”) containing only objective conditions on any Approved Option which they grant preventing its exercise except to the extent that the Vesting Schedule has been complied with. If, after the Board have imposed such a condition, events happen which cause them to consider that it is no longer appropriate, they may vary the Vesting Schedule provided always that any such amendment may only be one which the Board reasonably consider will result in a fairer measure of the performance of the job of the optionee, will ensure that this Plan operates more effectively in the achievement of its purpose of providing share benefits for employees who contribute to the prosperity of the Company and will be no more difficult to satisfy than would have been the case if there had been no such amendment.”

(d) In the third paragraph of Section 3, the words “but acting fairly and reasonably” shall be added after “in its sole discretion” and the words “may be exercised in full immediately before the consummation of the merger or other corporate transactions and if not so exercised shall be cancelled at the time of the consummation of the merger or other corporate transaction” shall be substituted for the words “shall be converted into the right to receive an amount of cash” to the end of the paragraph.

(e) Section 5(e) shall be substituted as follows: “No Approved Option shall be transferable other than to the personal representatives of an optionee. No Approved Option shall be assigned or used as a charge and any purported transfer, assignment or charge shall cause the Approved Option immediately to lapse”.

(f) In the event of the optionee’s death an Approved Option granted pursuant to this Schedule A must be exercised within twelve months of the optionee’s death whereupon, to the extent it has not been exercised, such Approved Option shall lapse.

(g) No Approved Option granted under this Schedule A may be exercised at any time if the holder of such option is precluded from participating under this Schedule A by paragraph 9 of Schedule 4 to ITEPA.

(h) The retirement age for the purposes of paragraph 35A of Schedule 4 to ITEPA is 55.

(i) Sections 5(j),(k), (l) and for the avoidance of doubt Section 5(m) of the Plan shall not apply to Approved Options granted under this Schedule A. For the avoidance of doubt, Approved Options granted under this Schedule A shall automatically be exercisable by virtue of being involuntary termination without cause when the optionee’s employment ceases by reason of redundancy within the meaning of the Employment Rights Act 1996.

(j) Within 30 days of the receipt of a written notice (in the form prescribed by the Company) duly signed by the optionee together with their option certificate and the full purchase price of the Stock being acquired pursuant to the exercise of their option the Company shall procure that the optionee acquires the Stock in respect of which the Approved Option has been validly exercised by (i) allotting Stock to the optionee; or (ii) procuring the transfer of Stock to the optionee and shall issue a definitive certificate or other evidence of title (whether paper or electronic) for the Stock acquired pursuant to the exercise of the option. Alternatively, the optionee may exercise his options pursuant to Section 5(d) of the Plan, although Section 5(d)(i) shall not apply to Approved Options, (and Section 5(d)(ii) shall only apply with the consent of the optionee).

(k) Stock issued pursuant to this Schedule A shall rank *pari passu* with the issued Stock and the Company shall at all times keep available sufficient Stock to satisfy the exercise of, to the full extent possible, all Approved Options granted pursuant to this Schedule A which have neither lapsed nor become fully exercisable.

(l) If an acquiring company:

(i) obtains Control of the Company as a result of making (a) a general offer to acquire the whole of the issued ordinary share capital of the Company which is made on a condition such that if it is satisfied the person making the offer will have Control of the Company, or (b) a general offer to acquire all the shares in the Company which are of the same class as the Stock which may be acquired by the exercise of the Approved Options granted under this Plan;

(ii) obtains Control of the Company in pursuance of a compromise or arrangement sanctioned by a court under provisions closely comparable to section 425 of the UK Companies Act 1985; or

(iii) becomes bound or entitled to acquire shares in the Company under provisions closely comparable to Part 28 of the UK Companies Act 2006.

any optionee may at any time within the appropriate period (which expression shall be construed in accordance with paragraph 26(3) of Schedule 4 to ITEPA), by prior agreement with the acquiring company and HM Revenue & Customs, release any Approved Option granted under this Plan which has not lapsed (the "Old Option") in consideration of the grant to him of an option (the "New Option") which (for the purposes of that paragraph) is equivalent to the Old Option but relates to shares in a different company (whether the acquiring company itself or some other company falling within paragraph 16(b) or (c) of Schedule 4 to ITEPA).

The New Option shall not be regarded for the purposes of Section A3(k) above as equivalent to the Old Option unless the conditions set out in paragraph 27(4) of Schedule 4 are satisfied, but so that the provisions of this Plan shall for this purpose be construed as if:

(i) the New Option were an option granted under this Plan at the same time as the Old Option;

(ii) the expression the "Company" was defined as "the company whose shares may be acquired by the exercise of Options granted under this Plan".

(m) Section 13(a) of the Plan shall not apply to Approved Options granted under this Schedule A other than to comply with US federal or state securities law. Section 13(d) only applies to the extent that the optionee has not already provided an amount of money to cover the tax payable.

(n) Section 13(d) of the Plan shall apply as if the references to United States taxation applied to UK taxation and National Insurance contributions, provided that the references to settling a liability in Stock shall only apply if the optionee has agreed to such method of deduction. This facility is restricted to Stock acquired by the exercise of options granted under this Schedule A.

(o) Participation in this Plan by an optionee is a matter entirely separate from any pension right or entitlement he may have and from his terms or conditions of employment with any participating company and participation in this Plan shall in no respects whatever affect in any way an optionee's pension rights or entitlement or terms or conditions of employment with any participating company. In particular (but without limiting the generality of the foregoing words) any optionee who leaves employment with any participating company shall not be entitled to any compensation for any loss of any right or benefit or prospective right or benefit under this Plan which he might otherwise have enjoyed whether such compensation is claimed by way of damages for wrongful dismissal or breach of contract by way of compensation for loss of office or otherwise howsoever.

(p) Any discretion exercisable under either the Plan or this Schedule A by the Company, any Subsidiary or Affiliate or any body thereof shall be applied fairly and reasonably.

Section A4. Amendments And Termination.

No amendments to this Schedule A (including any provision of the Plan which is incorporated within this Schedule A) pursuant to Section 11 which fall within the definition of a key feature within the meaning of paragraph 30(4) of Schedule 4 to ITEPA shall have effect until the approval of HM Revenue and Customs has been obtained in respect thereof. This Section A4 shall not however restrict the general power of the Board to amend the Plan where the amendment will not apply to this Schedule A.

No assurance or warranty is given by the Company that the tax favourable treatment of Approved Options will apply on exercise of the option or that any corporate restructuring or merger or other corporate activity will permit tax favourable treatment to apply.

The Cooper Companies, Inc.

**Amended and Restated
2006 Long-Term Incentive Plan for Non-Employee
Directors**

As Approved by Stockholders: March 18, 2009

**THE AMENDED AND RESTATED 2006 LONG-TERM INCENTIVE PLAN
FOR NON-EMPLOYEE DIRECTORS OF THE COOPER COMPANIES, INC.**

Section 1. Purpose.

The purpose of the Amended and Restated 2006 Long Term Incentive Plan for Non-Employee Directors of the Cooper Companies, Inc. (the "Plan") is to advance the interests of the Corporation by encouraging and enabling the acquisition of a personal proprietary interest in the Corporation by Non-Employee Directors of the Corporation upon whose judgment and interest the Corporation depends for the successful conduct of its operations, and by providing such Directors with incentives to put forth maximum efforts for the long term success of the Corporation's business by making the removal of restrictions from the Stock acquired hereunder as well as the value of the Stock Options granted hereunder dependent on increases in the price of the Corporation's Stock. It is anticipated that the opportunity to increase their equity interests in the Corporation will strengthen the desire of such Directors to remain on the Board of Directors and work on the Corporation's behalf and will also enable the Corporation to attract and retain additional desirable Non-Employee Directors as required in the future.

Section 2. Definitions.

Wherever the following terms are used in the Plan they shall have the meanings specified below, unless the context clearly indicates otherwise. The singular pronoun shall include the plural where the context so indicates.

(a) "Annual Restricted Stock Grant" shall mean the grants made to Non-Employee Directors each November 15, pursuant to Sections 5 and 6 hereof.

(b) "Average Closing Price" shall mean the average of the closing price of the Corporation's Stock on the principal stock exchange or market on which the Stock is traded (composite quotations) on thirty consecutive trading days.

(c) "Board" or "Board of Directors" shall mean the Board of Directors of the Corporation as constituted at any time.

(d) "Cause" shall mean the felony conviction of a Non-Employee Director or the failure of a Non-Employee Director to contest prosecution for a felony, or a Non-Employee Director's willful misconduct or dishonesty.

(e) "Committee" shall mean the Board or, if, the Board delegates its power and authority to administer this Plan to a committee of the Board described in Section 4, such committee.

(f) "Corporation" shall mean The Cooper Companies, Inc., a Delaware corporation, or any successor corporation.

(g) "Disability" shall mean disability as determined under procedures established by the Committee for purposes of this Plan.

(h) "Effective Date" shall mean the date specified in Section 13 hereof.

(i) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

(j) "Fair Market Value" shall mean, as of any given date, unless otherwise determined by the Committee in good faith, the closing price of a share of Stock on the principal stock exchange or market on which the Stock is traded.

(k) "Mid-Year Restricted Stock Grants" shall mean the grants made to Non-Employee Directors pursuant to Sections 5(c) and 6(a) hereof.

(l) "Non-Employee Director" shall mean a Director of the Corporation who is not also an employee of or a consultant (acting by means of a written consulting agreement) to the Corporation or any Subsidiary.

(m) "Non-Qualified Stock Option" shall mean any Stock Option that is not an incentive stock option within the meaning of Section 422 of the Internal Revenue Code, as amended from time to time.

(n) "Plan" shall mean this Amended and Restated 2006 Long Term Incentive Plan for Non-Employee Directors of The Cooper Companies, Inc., as further amended from time to time.

(o) "Restricted Stock" shall mean the Stock or Restricted Stock Units issued as a result of Restricted Stock Grants.

(p) "Restricted Stock Grants" shall mean both Annual Restricted Stock Grants and Mid-Year Restricted Stock Grants.

(q) "Restricted Stock Units" shall mean a right to receive Stock at a specified date in the future under a Restricted Stock Grant.

(r) "Stock" shall mean the common stock, par value \$.10 per share, of the Corporation.

(s) "Stock Option" shall mean any option to purchase shares of Stock granted pursuant to Sections 5 and 7 hereof.

(t) "Subsidiary" shall mean any corporation (other than the Corporation) in an unbroken chain of corporations beginning with the Corporation if each of the corporations (other than the last corporation in the unbroken chain) owns stock possessing more than 50% of the total combined voting power of all classes of stock in one of the other corporations in the chain.

Section 3. Stock Subject to the Plan; Adjustment Provisions.

(a) Subject to Section 11 and Section 3(c), the aggregate number of shares of Stock which may be subject to Restricted Stock Grants or covered by Stock Options shall be 650,000 shares. Any Stock distributed under the Plan may consist, in whole or in part, of authorized and unissued Stock, treasury Stock or Stock purchased on the open market.

(b) If Restricted Stock issued pursuant to a Restricted Stock Grant is not purchased or delivered if subject to a Restricted Stock Unit or is subsequently forfeited, or if a Stock Option is forfeited or expires unexercised in whole or in part, the shares of Stock related thereto will no longer be charged against the limitation provided for herein and may be made subject to new Restricted Stock Grants or Stock Options.

(c) In the event of any merger, reorganization, consolidation, recapitalization, Stock dividend, Stock split or other change in corporate structure affecting the Stock, such substitution or adjustment shall be made in the aggregate number of shares of Stock reserved for issuance under the Plan, in the number of shares of Stock subject to Restricted Stock Grants and purchasable under Stock Options and the exercise price of any outstanding Stock Options as may be determined to be appropriate by the Committee, in its sole discretion, provided that the shares of Stock subject to any grant shall always be a whole number.

Section 4. Committee.

The Plan shall be administered by the Board or, if the Board delegates its power and authority to administer this Plan to a committee of the Board described in this Section 4, by such Committee. Any such Committee shall consist solely of two or more directors appointed by and holding office at the pleasure of the Board, each of whom is a "Non-Employee Director" as defined by Rule 16b-3. If the Board delegates its power and authority to administer this Plan to a committee, the members of such committee shall serve at the pleasure of the Board, such committee members may resign at any time by delivering written notice to the Board and vacancies in the committee may be filled by the Board. At all meetings of the Committee, the presence of a majority of the members of the Committee at the time of such meeting shall be necessary to constitute a quorum. Any act of a majority of the quorum present at the meeting shall be the act of the Committee.

Section 5. Participants and Grants.

All Non-Employee Directors of the Corporation shall be eligible to receive Restricted Stock Grants and Stock Options under the Plan, subject to availability of Stock therefor. Each Restricted Stock Grant and Stock Option shall be evidenced by a written agreement, in such form as the Committee shall determine, duly executed by or on behalf of the Corporation and the recipient Non-Employee Director.

(a) On each November 1 (or in the event November 1 is a weekend or holiday, or the principal stock exchange on which the Stock is then traded is not open, then on the first day thereafter on which the Stock is publicly traded), each Non-Employee Director shall be granted a Stock Option.

(b) On each November 15 (or in the event November 15 is a weekend or holiday, or the principal stock exchange on which the Stock is then traded is not open, then on the first day thereafter on which the Stock is publicly traded), each Non-Employee Director shall be granted an Annual Restricted Stock Grant.

(c) Any Non-Employee Director who is elected or appointed to the Board after the annual grants provided for in subsections (a) and (b) above have been made shall receive a grant proportionally adjusted to reflect the number of months that such person actually serves on the Board during the initial year of service.

(d) In its sole discretion, the Board of Directors may grant to Non-Employee Directors such number of Stock Options and/or Restricted Stock as it may determine from time to time, subject only to the limitations on the number of Stock Options and Restricted Stock Grants that may be made under the terms of the Plan. Unless otherwise specified by the Board of Directors at the time of the grant, each share of Restricted Stock and each Stock Option granted under this Section 5(d) shall have the terms applicable to Annual Restricted Stock Grants under Section 6(a)-(f) and Stock Options under Section 7(a)-(g), other than any requirement as to the number of shares subject to such grant.

Section 6. Terms and Conditions of Restricted Stock Grants.

(a) *Annual Restricted Stock Grants.* Each Annual Restricted Stock Grant presented to a Non-Employee Director shall entitle the recipient to purchase 1,600 shares of Restricted Stock. In the case of a Non-Employee Director who joins the Board after Annual Restricted Stock Grants have been made for a given fiscal year, such new Non-Employee Director upon appointment or election shall be entitled to purchase 1,600 shares of Restricted Stock, multiplied by a fraction, the numerator of which shall be the number of months during the fiscal year that such person will serve as a Non-Employee Director (which shall include as a full month the month that service commences) and the denominator of which shall be 12 (a "Mid-Year Restricted Stock Grant"). If any calculation performed hereunder would give rise to the issuance of a fractional share, the number of shares of Restricted Stock to be granted shall be rounded up to the next highest whole number.

(b) *Purchase Price.* The purchase price of each share of Restricted Stock is \$.10. Payment of the purchase price shall be made in cash, or by check payable to the order of the Corporation, delivered no later than January 15th of the year following the date of grant or within sixty days following a Mid-Year Restricted Stock Grant. However, if Restricted Stock Grants are in the form of Restricted Stock Units, the purchase price shall be delivered within sixty days following the date the Restricted Stock Units vest. In the event such purchase price is not delivered to the Corporation within such sixty day period, such Restricted Stock Grant shall expire and be cancelled.

(c) *Additional Terms of Grants.* All Restricted Stock purchased by a Non-Employee Director pursuant to the Plan shall be subject to the following restrictions:

(i) Restricted Stock Grants shall not be transferable by a Non-Employee Director otherwise than by will or the laws of descent and distribution and are exercisable during the Non-Employee Director's lifetime only by him or his guardian or legal representative;

(ii) the Restricted Stock may not be sold, transferred or otherwise alienated or hypothecated until all restrictions thereon are removed or expire and in no event may Restricted Stock be sold, transferred or otherwise alienated or hypothecated within six months of the date of grant;

(iii) each certificate representing Restricted Stock issued pursuant to a Restricted Stock Grant under this Plan shall bear a legend making appropriate reference to the restrictions imposed and shall be held in custody by the Corporation until the restrictions lapse, and each Non-Employee Director shall have delivered a stock power, endorsed in blank, relating to the Restricted Stock covered by such grant; and

(iv) any other applicable restrictions or conditions under the requirements of any stock exchange upon which such Stock is then listed, and under any securities or tax law applicable to such Stock, shall be imposed.

(v) Notwithstanding Sections (6)(c)(i) and (ii) above, Restricted Stock may be transferred to a trust in which the Non-Employee Director has a fifty percent or more interest or a foundation which the Non-Employee Director controls the management of the assets, provided that the Non-Employee Director receives no consideration for the Restricted Stock so transferred and the transferee receives the Restricted Stock subject to the same restrictions imposed upon the transferor and pursuant to such other conditions and procedures as the Committee may establish. Any permitted transfer shall be subject to the condition that the Committee receives evidence satisfactory to it that the trust is and shall remain under the control of the Non-Employee Director and that the transfer is being made for estate and/or tax planning purposes and on a basis consistent with the Corporation's lawful issue of securities.

(d) *Removal of Restrictions.* Subject to the provisions of paragraph (f) of this Section 6, restrictions imposed under subsection (c) hereof upon Restricted Stock Grants and the underlying Restricted Stock shall lapse, and the Restricted Stock underlying a particular Restricted Stock Grant shall become nonforfeitable and freely transferable upon the first anniversary of the date of grant.

(e) *Restricted Stock Certificate; Dividends.* Prior to the expiration or lapse of all of the restrictions imposed upon Restricted Stock (other than Restricted Stock Units), a stock certificate representing such Restricted Stock shall be registered in the Non-Employee Director's name but shall be retained by the Corporation for the Non-Employee Director's account. The Non-Employee Director shall have the right to vote such Restricted Stock (other than Restricted Stock Units) and shall have all other rights and privileges of a beneficial and record owner with respect thereto, including, without limitation, the right to receive dividends, distributions and adjustments with respect thereto. Until a certificate representing the Stock deliverable under a Restricted Stock Unit is delivered or a book entry evidencing the issuance of a share of Stock is made, a Non-Employee Director shall have no rights as a shareholder solely by reason of any Restricted Stock Unit held by such Non-Employee Director. If so specified in the grant of a Restricted Stock Unit, a Non-Employee Director may be entitled to receive dividend equivalents on each Share of Restricted Stock subject to a Restricted Stock Unit.

(f) *Cessation of Service.* At the time a Non-Employee Director voluntarily or involuntarily ceases to serve as a Director of the Corporation, all restrictions on Restricted Stock purchased pursuant to Restricted Stock Grants shall lapse and such Restricted Stock shall become nonforfeitable and freely transferable, unless such Non-Employee Director's service is terminated, or such Non-Employee Director fails to be re-nominated, for Cause. In the event a Non-Employee Director ceases to serve as a Director of the Corporation for any reason not involving Cause subsequent to receipt of a Restricted Stock Grant but prior to such Non-Employee Director's payment of the purchase price for the Restricted Stock with respect thereto, then the Restricted Stock may be purchased by such Non-Employee Director or, in the case of Disability or death, by his guardian or legal representative, or by the

representative of his estate, the beneficiaries under his will or his distributees under the laws of descent and distribution in accordance with the provisions set forth in paragraphs (b) and (c) of this Section 6, and all restrictions to which the Annual Restricted Stock Grant or the Mid-Year Restricted Stock Grant is subject shall lapse, and the Stock issued pursuant thereto shall be nonforfeitable and freely transferable upon its issuance by the Corporation.

(g) *Restricted Stock Units.* The Committee may make Restricted Stock Grants in the form of Restricted Stock Units. At the time of grant, the Committee shall specify the date or dates on which the Non-Employee Director has the right to receive the Stock. On such date, the Corporation shall, transfer to the Non-Employee Director one unrestricted, fully transferable share of Stock for each Restricted Stock Unit scheduled to be paid out on such date and not previously forfeited. At the time of grant, the Committee shall also specify whether or not the Non-Employee Director shall be entitled to dividend equivalents on any shares of Restricted Stock subject to the Restricted Stock Units.

Section 7. Terms and Conditions of Stock Options.

On each November 1 each Non-Employee Director shall be granted a Stock Option to purchase up to 10,000 shares of Stock or, in the case of the Lead Director, and/or any non-executive Chairman of the Board, up to 11,400 shares of Stock. In the case of a Non-Employee Director who joins the Board after Stock Options have been granted for a given fiscal year, such new Non-Employee Director will on the date of appointment or election to the Board, receive a Stock Option to purchase that number of shares of the Corporation's Stock as is equal to the number 10,000, or 11,400 in the case of a Non-Employee Director who serves as Lead Director and/or non-executive Chairman of the Board, as the case may be, multiplied by a fraction, the numerator of which shall be the number of months during the fiscal year that such person will serve as a Non-Employee Director (which shall include as a full month the month that service commences) and the denominator of which shall be 12. Any fraction of a share shall be rounded up to a whole share. Stock Options granted under the Plan shall be Non-Qualified Stock Options, shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of the Plan, as the Committee shall deem desirable:

(a) *Exercise Price.* Each Stock Option shall have an exercise price equal to the Fair Market Value on the date of grant.

(b) *Option Term.* Each Stock Option shall expire ten years from the date of grant.

(c) *Exercisability.* Subject to the provision in paragraph (g) of this Section 7, each Stock Option shall become exercisable upon the first anniversary of the date of grant. Notwithstanding the foregoing, the Corporation may require that a Non-Employee Director delay exercising an exercisable Stock Option if such exercise would result in an ownership change within the meaning of Section 382 of the Internal Revenue Code or if, in the discretion of the Corporation, such exercise, when viewed in conjunction with the potential exercise of all other outstanding options (as such term is defined in Treasury Regulation Section 1.382-4(d)(9)) to acquire Stock as well as the effect of other transactions involving the issuance of Stock contemplated by the Corporation, would tend to result in such an ownership change.

(d) *Method of Exercise.* Subject to the limitation set forth in paragraph (c) of this Section 7, Stock Options that have become exercisable may be exercised in whole or in part at any time during the option term, by giving written notice of exercise to the Corporation specifying the number of shares of Stock to be purchased. Such notice shall be accompanied by payment in full of the purchase price, either by check or such other instrument as the Committee may accept. As determined by the Committee, in its sole discretion, at or after grant, payment in full or in part may also be made in the form of Stock which has been beneficially owned by the Non-Employee Director for at least six months (based on the Fair Market Value of the Stock on the date the Stock Option is exercised). If payment of the exercise price is made in whole or in part in the form of Restricted Stock, Stock received upon the exercise shall be subject to the same forfeiture restrictions. No Stock shall be issued until full payment therefor has been made. A Non-Employee Director shall have the rights to dividends or other rights of a shareholder with respect to Stock subject to the Stock Option when the Non-Employee Director has given written notice of exercise, has paid in full for such Stock and, if requested, has given the representation described in Section 14 hereof.

(e) *Non-Transferability of Options.* No Stock Option shall be transferable by the Non-Employee Director otherwise than by will or by the laws of descent and distribution, and all Stock Options shall be exercisable, during the Non-Employee Director's lifetime, only by the Non-Employee Director or by his guardian or legal representative. Notwithstanding the foregoing, a Stock Option may be transferred to, exercised by and paid to a trust in which the Non-Employee Director has a fifty percent or more interest or a foundation which the Non-Employee Director controls the management of the assets, provided that the Non-Employee Director receives no consideration for the Stock Option so transferred and the transferee receives the Stock Option subject to the same restrictions imposed upon the transferor and pursuant to such conditions and procedures as the Committee may establish. Any permitted transfer shall be subject to the condition that the Committee receives evidence satisfactory to it that the trust is and shall remain under the control of the Non-Employee Director and that the transfer is being made for estate and/or tax planning purposes and on a basis consistent with the Corporation's lawful issue of securities.

(f) *Cessation of Service.* At the time a Non-Employee Director voluntarily or involuntarily ceases to serve as a Director of the Corporation, any Stock Option issued hereunder that has failed to vest previously shall vest immediately, unless such Non-Employee Director's service as a Director is terminated for Cause or such Non-Employee Director fails to be re-nominated as a Director for Cause. Upon vesting, the Stock Option shall become freely exercisable, subject only to the limitation set forth in the third sentence of paragraph (c) of this Section 7.

When a Non-Employee Director ceases to serve as a Director, the Stock Options granted hereunder may continue to be exercised for the lesser of three years following the termination of service or the balance of such Stock Options' respective terms, unless the Non-Employee Director's service as such is terminated for Cause, or such Non-Employee Director fails to be re-nominated for Cause, in which case the Stock Options shall be forfeited. In the event that a Non-Employee Director ceases to serve as a Director due to Disability or death, such Non-Employee Director's guardian or legal representative, or the representative of his estate, the beneficiaries under his will or his distributees under the laws of descent and distribution, as the case may be, shall have the same exercise rights as were enjoyed by the Non-Employee Director.

Section 8. No Right to Re-Election.

Nothing in the Plan shall be deemed to create any obligation on the part of the Board of Directors to nominate any Director for re-election by the Corporation's stockholders, or to confer upon any Director the right to remain a member of the Board of Directors.

Section 9. Tax Obligations.

The Corporation shall notify Non-Employee Directors of their tax liabilities that arise under any federal, state or local tax rules or regulations with respect to the issuance of Restricted Stock or the exercise of Stock Options. Payment of the appropriate taxes is the sole responsibility of the Non-Employee Directors.

Section 10. Issuance of Stock and Compliance with the Securities Act.

The Corporation may postpone the issuance and delivery of Stock pursuant to a Restricted Stock Grant or the exercise of a Stock Option until (a) the admission of such Stock to listing on any stock exchange on which other shares of Stock are then listed and (b) the completion of such registration or other qualification of such Stock under any state or federal law, rule or regulation as the Corporation shall determine to be necessary or advisable. As a condition precedent to the issuance of Stock pursuant to a Restricted Stock Grant or the exercise of a Stock Option, the Corporation may require the recipient thereof to make such representations and furnish such information as may, in the opinion of counsel for the Corporation, be appropriate to permit the Corporation, in the light of the then existence or non-existence with respect to such Stock of an effective Registration Statement under the Securities Act of 1933, as amended, to issue the Stock in compliance with the provisions of that or any comparable act.

Section 11. Administration and Amendment of the Plan.

Except as hereinafter provided, the Board of Directors may amend any provisions of the Plan relating to the terms and conditions of any Restricted Stock Grants or Stock Options not theretofore granted, and, with the consent of any affected Non-Employee Director, may withdraw or amend any provisions of the Plan relating to the terms and conditions of such Restricted Stock Grants or Stock Options as have been theretofore granted. The Board of Directors may amend the terms of any outstanding Restricted Stock Grant or Stock Option with the consent of the holders thereof. Notwithstanding the foregoing provisions of this Section 11, any amendment by the Board of Directors which would increase the number of shares of Stock issuable under the Plan, change the class of Directors to whom grants may be made hereunder or change any material terms of the Plan shall be subject to the approval of the stockholders of the Corporation to the extent required by law or any stock exchange on which the shares of Stock are traded.

A determination of the Committee as to any questions which may arise with respect to the interpretation of the Plan, Restricted Stock Grants, Stock Options or the written agreements evidencing the Restricted Stock Grants and the Stock Option grants shall be final.

The Committee may authorize and establish such rules, regulations and revisions thereof not inconsistent with the provisions of the Plan, as it may determine to be advisable to make the Plan, Restricted Stock Grants and Stock Options effective or to provide for their administration, and may take such other action with regard to the Plan, Restricted Stock Grants and Stock Options as it shall deem desirable to effectuate its purpose.

Section 12. Governing Law.

Except as required by Delaware corporate law, the Plan shall be governed by and construed in accordance with the laws of the State of California, without giving effect to principles of conflict of laws.

Section 13. Effective Date of the Plan.

This Amended and Restated Plan shall be submitted to the stockholders of the Corporation for their approval at the Annual Meeting of the Stockholders to be held in 2009. The Amended and Restated Plan shall become effective upon receipt of the affirmative vote of the holders of a majority of the shares of Stock present, or represented, and entitled to vote at the meeting.

Section 14. General Provisions.

The Committee may require each Non-Employee Director purchasing Stock pursuant to a Restricted Stock Grant or a Stock Option to represent to and agree with the Corporation in writing that such Non-Employee Director is acquiring the Stock for investment and without a view to distribution thereof.

All certificates for shares of Stock or other securities delivered under the Plan shall be subject to such Stock transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations and other requirements of the Securities and Exchange Commission, any stock exchange upon which the Stock is then listed, and any applicable Federal or State securities law, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

Section 15. Term of Plan.

No Restricted Stock Grant or Stock Option may be granted pursuant to the Plan on or after ten years following the Effective Date of the Plan, but grants made prior to such date may extend beyond that date.

CERTIFICATIONS

I, Robert S. Weiss, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Cooper Companies, Inc. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: June 5, 2009

/s/ Robert S. Weiss

Robert S. Weiss
President and Chief Executive Officer

CERTIFICATIONS

I, Eugene J. Midlock, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Cooper Companies, Inc. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: June 5, 2009

/s/ Eugene J. Midlock
Eugene J. Midlock
Senior Vice President and Chief Financial Officer

Certification of Chief Executive Officer

I, Robert S. Weiss, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- the Quarterly Report on Form 10-Q of the Company for the quarterly period ended April 30, 2009, as filed with the Securities and Exchange Commission (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 5, 2009

/s/ Robert S. Weiss

Robert S. Weiss

President and Chief Executive Officer

Certification of Chief Financial Officer

I, Eugene J. Midlock, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- the Quarterly Report on Form 10-Q of the Company for the quarterly period ended April 30, 2009, as filed with the Securities and Exchange Commission (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 5, 2009

/s/ Eugene J. Midlock

Eugene J. Midlock
Senior Vice President and
Chief Financial Officer