
**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, 2011

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 (Do not check if a smaller reporting company) 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

46,932,942 Shares
Outstanding at April 30, 2011

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PART I. FINANCIAL INFORMATION
Item 1. Financial Statements
THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Consolidated Statements of Income Periods Ended April 30, (In thousands, except for earnings per share) (Unaudited)	Three Months		Six Months	
	2011	2010	2011	2010
Net sales	\$325,301	\$289,271	\$618,530	\$549,530
Cost of sales	123,539	125,778	240,162	236,274
Gross profit	201,762	163,493	378,368	313,256
Selling, general and administrative expense	126,382	111,340	239,835	211,918
Research and development expense	10,390	8,573	20,117	16,200
Restructuring costs	0	47	0	410
Gain on settlement of preexisting relationship	0	0	6,080	0
Amortization of intangibles	4,734	4,499	9,447	8,716
Operating income	60,256	39,034	115,049	76,012
Interest expense	4,268	9,730	11,219	19,955
Loss on extinguishment of debt	16,487	0	16,487	0
Litigation settlement charge	0	27,000	0	27,000
Other income (expense), net	219	168	(514)	(2,159)
Income before income taxes	39,720	2,472	86,829	26,898
Provision for (benefit from) income taxes	4,360	(1,984)	6,174	2,020
Net income	\$ 35,360	\$ 4,456	\$ 80,655	\$ 24,878
Basic earnings per share	\$ 0.76	\$ 0.10	\$ 1.74	\$ 0.55
Diluted earnings per share	\$ 0.73	\$ 0.10	\$ 1.69	\$ 0.54
Number of shares used to compute earnings per share:				
Basic	46,506	45,481	46,242	45,386
Diluted	48,239	46,367	47,807	46,197

See accompanying notes.

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Consolidated Condensed Balance Sheet
(In thousands)
(Unaudited)

	April 30, 2011	October 31, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 8,430	\$ 3,573
Trade accounts receivable, net of allowance for doubtful accounts of \$4,875 at April 30, 2011 and \$4,238 at October 31, 2010	203,764	197,490
Inventories	249,382	227,902
Deferred tax assets	28,989	28,828
Prepaid expense and other current assets	47,870	33,547
Total current assets	<u>538,435</u>	<u>491,340</u>
Property, plant and equipment, at cost	944,405	919,268
Less: accumulated depreciation and amortization	<u>338,400</u>	<u>325,381</u>
	606,005	593,887
Goodwill	1,277,904	1,261,976
Other intangibles, net	127,949	114,177
Deferred tax assets	29,730	23,072
Other assets	45,169	40,566
	<u>\$2,625,192</u>	<u>\$2,525,018</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	\$ 29,097	\$ 19,159
Accounts payable	51,641	51,792
Employee compensation and benefits	36,503	44,821
Accrued income taxes	9,426	4,494
Other current liabilities	79,483	79,254
Total current liabilities	<u>206,150</u>	<u>199,520</u>
Long-term debt	524,118	591,977
Deferred tax liabilities	20,958	20,202
Accrued pension liability and other	63,640	46,543
Total liabilities	<u>814,866</u>	<u>858,242</u>
Commitments and contingencies (see Note 13)		
Stockholders' equity:		
Preferred stock, 10 cents par value, shares authorized: 1,000; zero shares issued or outstanding	0	0
Common stock, 10 cents par value, shares authorized: 70,000; issued 47,112 at April 30, 2011 and 46,140 at October 31, 2010	4,711	4,614
Additional paid-in capital	1,126,491	1,083,779
Accumulated other comprehensive income (loss)	2,075	(17,334)
Retained earnings	679,793	600,522
Treasury stock at cost: 179 shares at April 30, 2011 and 313 shares at October 31, 2010	(2,744)	(4,805)
Stockholders' equity	<u>1,810,326</u>	<u>1,666,776</u>
	<u>\$2,625,192</u>	<u>\$2,525,018</u>

See accompanying notes.

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THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Consolidated Condensed Statements of Cash Flows
Six Months Ended April 30,
(In thousands)
(Unaudited)

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Net income	\$ 80,655	\$ 24,878
Depreciation and amortization	46,405	46,897
Gain on settlement of preexisting relationship	(6,080)	0
Loss on extinguishment of debt	16,487	0
Accrued litigation settlement	0	27,000
(Decrease) increase in operating capital	(14,911)	20,500
Other non-cash items	15,266	8,485
Net cash provided by operating activities	<u>137,822</u>	<u>127,760</u>
Cash flows from investing activities:		
Purchases of property, plant and equipment	(52,016)	(24,119)
Acquisitions of businesses, net of cash acquired, and other	(36,599)	(30,971)
Net cash used in investing activities	<u>(88,615)</u>	<u>(55,090)</u>
Cash flows from financing activities:		
Net (repayments) proceeds of short-term debt	(2,562)	6,516
Repayments of long-term debt	(1,104,905)	(353,210)
Proceeds from long-term debt	1,037,465	278,168
Dividends on common stock	(1,385)	(1,362)
Debt acquisition costs	(9,524)	0
Excess tax benefit from share-based compensation arrangements	0	407
Issuance of common stock for employee stock plans	36,165	2,707
Net cash used in financing activities	<u>(44,746)</u>	<u>(66,774)</u>
Effect of exchange rate changes on cash and cash equivalents	396	1
Net increase in cash and cash equivalents	4,857	5,897
Cash and cash equivalents - beginning of period	3,573	3,932
Cash and cash equivalents - end of period	<u>\$ 8,430</u>	<u>\$ 9,829</u>

See accompanying notes.

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income (Loss)
Periods Ended April 30,
(In thousands)
(Unaudited)

	Three Months		Six Months	
	2011	2010	2011	2010
Net income	\$35,360	\$ 4,456	\$ 80,655	\$ 24,878
Other comprehensive income (loss):				
Foreign currency translation adjustment	21,617	(18,504)	21,790	(35,554)
Change in value of derivative instruments, net of tax	(2,538)	842	(2,396)	6,773
Additional minimum pension liability, net of tax	7	0	15	0
Other comprehensive income (loss)	19,086	(17,662)	19,409	(28,781)
Comprehensive income (loss)	<u>\$54,446</u>	<u>\$ (13,206)</u>	<u>\$100,064</u>	<u>\$ (3,903)</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) is a global medical device company publicly traded on the NYSE Euronext (NYSE:COO). Cooper is dedicated to serving the needs of the healthcare professional, improving the quality of life for its employees and customers and providing competitive products. Cooper operates through two business units, CooperVision and CooperSurgical.

- CooperVision develops, manufactures and markets a broad range of contact lenses for the worldwide vision correction market. Dedicated to enhancing the contact lens experience for practitioners and patients, CooperVision specializes in lenses for astigmatism, presbyopia and ocular dryness.
- CooperSurgical develops, manufactures and markets medical devices, diagnostic products and surgical instruments and accessories used primarily by gynecologists and obstetricians.

The unaudited consolidated condensed financial statements presented in this report contain all adjustments necessary to present fairly Cooper's consolidated condensed financial position at April 30, 2011 and October 31, 2010, the consolidated results of its operations for the three and six months ended April 30, 2011 and 2010 and its consolidated condensed cash flows for the six months ended April 30, 2011 and 2010. 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, 2010. 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 2011, 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, 2010, for a more complete discussion of our estimates and critical accounting policies.

Note 2. Acquisition and Restructuring Costs

2009 CooperVision Manufacturing Restructuring Plan

In the fiscal third quarter of 2009, CooperVision initiated a restructuring plan to relocate contact lens manufacturing from Norfolk, Virginia, and transfer part of its contact lens manufacturing from Adelaide, Australia, to existing manufacturing operations in Juana Diaz, Puerto Rico, and Hamble, UK (2009 CooperVision Manufacturing restructuring plan). This plan is intended to better utilize CooperVision's manufacturing efficiencies and reduce its manufacturing expenses through a reduction in workforce of approximately 480 employees.

CooperVision completed restructuring activities in Adelaide in our fiscal third quarter of 2010 and in Norfolk in our fiscal first quarter of 2011.

The total restructuring costs under this plan were approximately \$23.1 million, with \$15.4 million associated with assets, including accelerated depreciation and facility lease and contract termination costs, and \$7.7 million associated with employee benefit costs, including severance payments, termination benefit costs, retention bonus payouts and other similar costs. These costs were reported as cost of sales or restructuring costs in our Consolidated Statements of Income.

No restructuring costs were recorded in the current quarter, and in the fiscal first half of 2011, \$1.9 million, including \$0.8 million of employee benefit costs and \$1.1 million of costs associated with assets, primarily non-cash, were reported in cost of sales. In the year ended October 31, 2010, \$16.1 million, including \$3.3 million of employee benefit costs and \$12.8 million of costs associated with assets, primarily non-cash, were reported as \$16.0 million in cost of sales and \$0.1 million in restructuring costs. In the year ended October 31, 2009, \$5.1 million including \$3.6 million of employee benefit costs and \$1.5 million of non-cash costs associated with assets were reported as \$5.0 million in cost of sales and \$0.1 million in restructuring costs.

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

<u>(In millions)</u>	<u>Balance at Beginning of Period</u>	<u>Additions Charged to Costs of Sales and Restructuring Costs</u>	<u>Payments and Adjustments</u>	<u>Balance at End of Period</u>
Year Ended October 31, 2009				
Other current liabilities	\$ 0	\$ 3.6	\$ 0.6	\$ 3.0
Accelerated depreciation and other	0	1.5	1.2	0.3
	<u>\$ 0</u>	<u>\$ 5.1</u>	<u>\$ 1.8</u>	<u>\$ 3.3</u>
Year Ended October 31, 2010				
Other current liabilities	\$ 3.0	\$ 4.4	\$ 4.9	\$ 2.5
Accelerated depreciation and other	0.3	11.7	10.2	1.8
	<u>\$ 3.3</u>	<u>\$ 16.1</u>	<u>\$ 15.1</u>	<u>\$ 4.3</u>
Fiscal Quarter Ended January 31, 2011				
Other current liabilities	\$ 2.5	\$ 0.9	\$ 3.2	\$ 0.2
Accelerated depreciation and other	1.8	1.0	1.5	1.3
	<u>\$ 4.3</u>	<u>\$ 1.9</u>	<u>\$ 4.7</u>	<u>\$ 1.5</u>
Fiscal Quarter Ended April 30, 2011				
Other current liabilities	\$ 0.2	\$ 0.0	\$ 0.0	\$ 0.2
Accelerated depreciation and other	1.3	0.0	0.3	1.0
	<u>\$ 1.5</u>	<u>\$ 0.0</u>	<u>\$ 0.3</u>	<u>\$ 1.2</u>

The Company may, from time to time, decide to pursue additional restructuring activities that involve charges in future periods.

Note 3. Inventories

<u>(In thousands)</u>	<u>April 30, 2011</u>	<u>October 31, 2010</u>
Raw materials	\$ 56,668	\$ 47,411
Work-in-process	9,093	8,937
Finished goods	183,621	171,554
	<u>\$ 249,382</u>	<u>\$ 227,902</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.

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

Note 4. Intangible Assets

Goodwill

<u>(In thousands)</u>	<u>CooperVision</u>	<u>CooperSurgical</u>	<u>Total</u>
Balance as of October 31, 2009	\$1,049,270	\$ 207,759	\$1,257,029
Net additions during the year ended October 31, 2010	0	10,102	10,102
Translation	(4,998)	(157)	(5,155)
Balance as of October 31, 2010	1,044,272	217,704	1,261,976
Net additions during the six-month period ended April 30, 2011	5,415	3,122	8,537
Translation	7,328	63	7,391
Balance as of April 30, 2011	<u>\$1,057,015</u>	<u>\$ 220,889</u>	<u>\$1,277,904</u>

The Company performed its annual impairment test during the fiscal third quarter of 2010, and our analysis indicated that we had no impairment of goodwill. As described in our Annual Report on Form 10-K for the fiscal year ended October 31, 2010, we will continue to monitor conditions and changes that could indicate that our recorded goodwill may be impaired.

Other Intangible Assets

<u>(In thousands)</u>	<u>As of April 30, 2011</u>		<u>As of October 31, 2010</u>	
	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization & Translation</u>	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization & Translation</u>
Trademarks	\$ 3,115	\$ 1,294	\$ 3,022	\$ 1,195
Technology	111,379	57,814	105,527	52,954
Shelf space and market share	97,083	41,937	88,803	37,953
License and distribution rights and other	24,596	7,179	15,701	6,774
	<u>236,173</u>	<u>\$ 108,224</u>	<u>213,053</u>	<u>\$ 98,876</u>
Less accumulated amortization and translation	108,224		98,876	
Other intangible assets, net	<u>\$ 127,949</u>		<u>\$ 114,177</u>	

We estimate that amortization expense will average \$19.8 million per year in the three-year period ending October 31, 2013, and average \$13.6 million in the two succeeding years ending October 31, 2015.

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

Note 5. Debt

<u>(In thousands)</u>	<u>April 30, 2011</u>	<u>October 31, 2010</u>
Short-term:		
Overdraft and other credit facilities	\$ 16,597	\$ 19,159
Current portion of long-term debt	12,500	0
	<u>\$ 29,097</u>	<u>\$ 19,159</u>
Long-term:		
Credit agreement	\$ 523,875	\$ 252,750
Senior notes	0	339,000
Other	243	227
	<u>\$ 524,118</u>	<u>\$ 591,977</u>

Credit Agreement: On January 12, 2011, Cooper refinanced its existing \$650.0 million syndicated Senior Unsecured Revolving Line of Credit (Revolver) with a new Credit Agreement that provides for a multicurrency revolving credit facility in an aggregate principal amount of \$750.0 million and a delayed draw term loan facility in an aggregate principal amount of \$250.0 million, each of which, unless terminated earlier, mature on January 12, 2016. In addition, the Company has the ability from time to time to increase the size of the revolving credit facility by up to an additional \$250.0 million. KeyBank led the refinancing with certain banks that participated in the Revolver retaining or increasing their participation in the Credit Agreement.

Amounts outstanding under the new Credit Agreement bear interest, at the Company's option, at either the base rate, which is a rate per annum equal to the greatest of (a) KeyBank's prime rate, (b) one-half of one percent in excess of the federal funds effective rate and (c) one percent in excess of the adjusted LIBOR rate for a one-month interest period on such day, or the LIBOR or adjusted foreign currency rate, plus, in each case, an applicable margin in respect of base rate loans and in respect of LIBOR or adjusted foreign currency rate loans. The applicable margins are determined quarterly based upon the Company's ratio of consolidated funded indebtedness to consolidated proforma EBITDA, as defined in the Credit Agreement.

The Company pays an annual commitment fee that ranges from 0.15% to 0.50% of the unused portion of the revolving credit facility depending on our ratio of consolidated funded indebtedness to consolidated proforma EBITDA, as defined in the Credit Agreement. In addition to this annual commitment fee, the Company is also required to pay certain letter of credit and related fronting fees and other administrative fees pursuant to the terms of the Credit Agreement.

The Company's new credit facility is not secured by any of its, or any of its subsidiaries', assets. All obligations under the new credit facility will be guaranteed by each of the Company's existing and future direct and indirect material domestic subsidiaries.

The term loan facility will amortize in equal quarterly installments as follows, with the remainder due on the term loan maturity date: 5% of the aggregate principal amount of the term loan for the first three years following the closing date and 10% of the aggregate principal amount of the term loan for the fourth and fifth years following the closing date.

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

Pursuant to the terms of the Credit Agreement, the Company is also required to maintain specified financial ratios:

- The ratio of Consolidated Proforma EBITDA to Consolidated Interest Expense (as defined, Interest Coverage Ratio) be at least 3.00 to 1.00 at all times.
- The ratio of Consolidated Funded Indebtedness to Consolidated Proforma EBITDA (as defined, Total Leverage Ratio) be no higher than 3.75 to 1.00.

At April 30, 2011, the Company's Interest Coverage Ratio was 12.33 to 1.00 and the Total Leverage Ratio was 1.61 to 1.00.

The Company wrote off about \$0.3 million of debt issuance costs in interest expense as a result of extinguishing the Revolver. The remaining \$0.5 million of existing debt issuance costs and the \$9.5 million of costs incurred to refinance the Credit Agreement are carried in other assets and amortized to interest expense over the life of the Credit Agreement.

At April 30, 2011, we had \$460.4 million available under the Credit Agreement.

Senior Notes: On January 31, 2007, the Company issued \$350.0 million aggregate principal amount of 7.125% Senior Notes (the Notes) due February 15, 2015, of which none were outstanding at the end of our fiscal second quarter of 2011. The Notes paid interest semi-annually on February 15 and August 15 of each year, beginning August 15, 2007. The Notes were offered in a private placement to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933.

On January 12, 2011, we provided formal notice, and on February 15, 2011, we redeemed all \$339.0 million aggregate principal amount outstanding of the Notes in accordance with the terms of the Indenture among the Company, the guarantors party thereto and HSBC Bank USA, National Association, as trustee, pursuant to which the Notes were issued. In accordance with the Indenture, the redemption price for the Notes was 103.563% of their principal amount plus accrued and unpaid interest to February 15, 2011, the redemption date. Due to the redemption of all outstanding Notes, we no longer disclose financial information for guarantor and non-guarantor subsidiaries.

In our fiscal second quarter of 2011, we recorded a \$16.5 million loss on the repurchase that includes the write-off of about \$4.4 million of unamortized costs and the redemption premium of \$12.1 million related to the Notes on our Consolidated Statement of Income. The Company paid the aggregate purchase price from borrowings under the new Credit Agreement, including \$250.0 million from the term loan facility.

Note 6. Income Taxes

Cooper's effective tax rate (ETR) (provision for income taxes divided by pretax income) for the fiscal first half of 2011 was 7.1%. Our year-to-date results include the projected fiscal year ETR, plus any discrete items. The ETR used to record the provision for income taxes for the fiscal first half of 2010 was 7.5%. The decrease in the fiscal 2011 ETR reflects the shift in the geographic mix of income.

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

The Company adopted the provisions of ASC 740-10-25-5 through 25-17, *Basic Recognition Threshold*, formerly FIN 48, on November 1, 2007. Under this guidance, 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 of November 1, 2010, the Company had total gross unrecognized tax benefits of \$19.7 million. If recognized, \$18.8 million of unrecognized tax benefits would impact the Company's ETR. For the six-month period ended April 30, 2011, there were no material changes to the total amount of unrecognized tax benefits.

Interest and penalties of \$1.1 million have been reflected as a component of the total liability as of November 1, 2010. It is the Company's policy to recognize the items of interest and penalties directly related to income taxes as additional income tax expense.

Included in the balance of unrecognized tax benefits at November 1, 2010, is \$3.4 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, 2011, the tax years for which the Company remains subject to United States Federal income tax assessment upon examination are 2005 through 2010. The Company remains subject to income tax examinations in other major tax jurisdictions including the United Kingdom, France and Australia for the tax years 2006 through 2010.

On April 1, 2011, the Internal Revenue Service (IRS) issued a Notice of Deficiency to the Company in connection with its audit of the Company's income tax returns for the years 2005 and 2006. The Notice asserts that the Company is subject to additional taxes due to a proposed adjustment under the anti-deferral provisions of Subpart F of the Internal Revenue Code. If sustained, such taxes should be offset by the Company's existing federal net operating loss carryforwards leaving a \$1.2 million balance of proposed taxes owed. The Company intends to defend its positions taken in its income tax returns vigorously. However, if the IRS's contentions were sustained, the Company's existing federal net operating loss carryforwards could be materially reduced, which could result in a material adverse effect on the Company's future net income.

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

Note 7. Earnings Per Share

<u>Periods Ended April 30,</u> <u>(In thousands, except per share amounts)</u>	<u>Three Months</u>		<u>Six Months</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Net income	<u>\$35,360</u>	<u>\$ 4,456</u>	<u>\$80,655</u>	<u>\$24,878</u>
<u>Basic:</u>				
Weighted average common shares	<u>46,506</u>	<u>45,481</u>	<u>46,242</u>	<u>45,386</u>
Basic earnings per common share	<u>\$ 0.76</u>	<u>\$ 0.10</u>	<u>\$ 1.74</u>	<u>\$ 0.55</u>
<u>Diluted:</u>				
Weighted average common shares	<u>46,506</u>	<u>45,481</u>	<u>46,242</u>	<u>45,386</u>
Effect of dilutive stock options	<u>1,733</u>	<u>886</u>	<u>1,565</u>	<u>811</u>
Diluted weighted average common shares	<u>48,239</u>	<u>46,367</u>	<u>47,807</u>	<u>46,197</u>
Diluted earnings per common share	<u>\$ 0.73</u>	<u>\$ 0.10</u>	<u>\$ 1.69</u>	<u>\$ 0.54</u>

The following table sets forth stock options to purchase Cooper's common stock that were not included in the diluted net income per share calculation because their effect would have been antidilutive for the periods presented:

<u>Periods Ended April 30,</u> <u>(In thousands, except exercise prices)</u>	<u>Three Months</u>		<u>Six Months</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Numbers of stock option shares excluded	<u>1,232</u>	<u>3,571</u>	<u>1,255</u>	<u>3,576</u>
Range of exercise prices	<u>\$67.65-\$80.51</u>	<u>\$41.44-\$80.51</u>	<u>\$62.60-\$80.51</u>	<u>\$37.90-\$80.51</u>

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

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, 2010. The compensation expense and related income tax benefit recognized in the Company's consolidated financial statements for share-based awards were as follows:

Periods Ended April 30, (In millions)	Three Months		Six Months	
	2011	2010	2011	2010
Selling, general and administrative expense	\$ 3.2	\$ 1.7	\$ 7.9	\$ 4.3
Cost of sales	0.2	0.2	0.5	0.4
Research and development expense	0.2	0.1	0.3	0.2
Capitalized in inventory	0.2	0.2	0.5	0.4
Total compensation expense	<u>\$ 3.8</u>	<u>\$ 2.2</u>	<u>\$ 9.2</u>	<u>\$ 5.3</u>
Related income tax benefit	<u>\$ 1.1</u>	<u>\$ 0.6</u>	<u>\$ 2.8</u>	<u>\$ 1.6</u>

Note 9. Cash Dividends

We paid a semiannual dividend of approximately \$1.4 million or 3 cents per share on February 7, 2011, to stockholders of record on January 19, 2011.

Note 10. Derivative Instruments

We operate multiple foreign subsidiaries that manufacture and/or sell our products worldwide. As a result, our earnings, cash flow and financial position are exposed to foreign currency risk from foreign currency denominated receivables and payables, sales transactions, capital expenditures and net investment in certain foreign operations. Our policy is to minimize, to the extent reasonable and practical, 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 ASC 815, *Derivatives and Hedging*, 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.

Through the normal course of its business activities, the Company recognizes that it is exposed to foreign exchange risks. Our primary objective is to protect the United States dollar 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.

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

Exposures are reduced whenever possible by taking advantage of offsetting payable and receivable balances and netting net sales against expenses, also referred to as natural hedges. We may employ the use of foreign currency derivative instruments to manage a portion of the remaining foreign exchange risk. While we designate our exposures under ASC 815 on a gross basis, foreign currency derivatives may be used to protect against an exposure value resulting from forecasted non-functional currency denominated net sales 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 Credit Agreement varies. To mitigate this risk, we may hedge portions of our variable rate debt by swapping those portions to fixed rates.

We only enter into derivative financial instruments with institutions with which we have an International Swap Dealers Association (ISDA) agreement in place. Our derivative financial instruments do not contain credit risk related contingent features such as call features or requirements for posting collateral. Although the Company and its counterparties have some right of set-off, all foreign exchange derivatives are displayed gross in the fair value tabular disclosure and accounted for as such in our Consolidated Condensed Balance Sheet. We adjust our foreign exchange forward contracts and cross currency swaps for credit risk on a per derivative basis. However, when applicable, we record interest rate derivatives as net on our Consolidated Condensed Balance Sheet, in accordance with ASC 815-10, but gross in the fair value tabular disclosure. When we net or set-off our interest rate derivative obligations, only the net asset or liability position will be credit affected. For the fiscal first half ended April 30, 2011, and for the fiscal year ending October 31, 2010, all of our interest rate derivatives were in a liability position and, therefore, were not set-off in the Consolidated Condensed Balance Sheet. Since ISDA agreements are signed between the Company and each respective financial institution, netting is permitted on a per institution basis only. On an ongoing basis, the Company monitors counterparty credit ratings. We consider our credit nonperformance risk to be minimal because we award and disperse derivatives business between multiple commercial institutions that have at least an investment grade credit rating.

Cash Flow Hedging

The Company is exposed to the effects of foreign exchange movements. From time to time, we may choose to manage enterprise risk by locking in all or a portion of the anticipated cash flows that are linked to accounting exposures such as nonfunctional currency intercompany payables/receivables, through derivative instruments. To execute this strategy, we may 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.

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 (Loss) (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 certain forecasted intercompany sales and purchases associated with third party transactions as cash flow hedges.

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

To manage foreign currency exposure related to forecasted foreign currency denominated sales and purchases of product, the Company may enter into foreign currency forward contracts. Typical currencies traded are those which represent the largest risk for the Company, including but not limited to the British pound sterling, euro and Japanese yen.

The effective portion of cash flow hedge contracts' gains or losses resulting from changes in fair value of hedges is initially reported as a component of accumulated OCI in stockholders' 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. As of April 30, 2011, there were no cash flow hedges outstanding and all related gains and losses were reclassified to our Consolidated Statement of Income.

We calculate hedge effectiveness prospectively and retrospectively, excluding time value, on a monthly basis using regression as well as other timing and probability criteria required by ASC 815. We record any ineffectiveness and any excluded components of the hedge immediately to other income or expense in our Consolidated Statement of Income. In the event the underlying forecasted transaction does not occur within the designated hedge period, or it becomes probable that the forecasted transaction will not occur, the related gains and losses on the cash flow hedges are immediately reclassified from OCI to other income or expense in our Consolidated Statement of Income. In fiscal 2011, no ineffectiveness was recorded.

Balance Sheet Hedges

We may manage the foreign currency risk associated with nonfunctional 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, 2011, all outstanding balance sheet hedging derivatives had maturities of less than 12 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 nondesignated 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 \$5.0 million dollars per affected relationship.

Other common exposures hedged are intercompany payables and receivables 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.

Interest Rate Swaps

The Company may enter into floating-to-fixed interest rate swaps to fix the floating rate debt under our Credit Agreement. These interest rate swaps hedge variable interest payments by exchanging variable rate interest risk for a fixed interest rate. On May 3, 2007, the Company entered into four floating-to-fixed interest rate swaps. These interest rate swaps with notional values totaling \$250.0 million, served to fix the floating rate debt for terms between 30 and 48 months with fixed rates between 4.94% to 4.96%. As of April 30, 2011, the outstanding swap notional value totaled \$50.0 million with maturity less than 1 month and fixed rate of 4.94%.

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

On March 10, 2011, the Company entered into five floating-to-fixed interest rate swaps. These interest rate swaps with notional values totaling \$200.0 million, serve to fix the floating rate debt for terms between 33 and 45 months with fixed rates between 1.27% and 1.78%.

We qualified and designated these aforementioned swaps under ASC 815 as cash flow hedges and recorded the offset of the cumulative fair market value (net of tax effect) to accumulated OCI in our Consolidated Condensed 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 outstanding swaps have been and are expected to remain highly effective for the life of the swap. Effective amounts are reclassified to interest expense as the related hedged expense is incurred. The fair value of the outstanding swap is recorded in our Consolidated Condensed Balance Sheet and presented in the table below. Excluded from this table are liabilities of \$0.8 million and \$1.3 million that were recorded and attributable to accrued interest as of April 30, 2011 and October 31, 2010, respectively. We expect to reclassify \$2.4 million from OCI to interest expense in our Consolidated Statements of Income over the next 12 months.

Fair Value Hedging

From time to time, we designate and document foreign exchange forward contracts related to firm commitments for third party royalty payments as fair value hedges. In accordance with policy, these derivatives are employed to eliminate, reduce or transfer selected foreign currency risks that meet the ASC 815 definition of a firm commitment. Fair value hedges are evaluated for effectiveness at a minimum each fiscal quarter and any ineffectiveness is recorded in other income and expense in our Consolidated Statements of Income. The critical terms of the forward contract and the firm commitments are matched at inception and subsequent prospective forward contract effectiveness is measured by comparing the cumulative change in the fair value of the forward contract to the cumulative change in value of the specified firm commitment, including time value. The derivative fair values are recorded in our Consolidated Condensed Balance Sheet and recognized currently in earnings; this is offset by the effective gains and losses on the change in value of the firm commitment which is recorded in accrued liabilities in our Consolidated Condensed Balance Sheet. In fiscal 2011 and 2010, the Company did not designate any derivatives as fair value hedges. We had no outstanding fair value hedges subsequent to February 29, 2008.

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

The fair value of derivative instruments in our Consolidated Condensed Balance Sheet as of April 30, 2011 and October 31, 2010 was as follows:

(In millions)	Derivative Assets			Derivative Liabilities		
	Balance Sheet Location	Fair Value 4/30/2011	Fair Value 10/31/2010	Balance Sheet Location	Fair Value 4/30/2011	Fair Value 10/31/2010
Derivatives designated as hedging instruments under ASC 815						
Interest rate contracts	Prepaid expense and other current assets	\$ 0	\$ 0	Other current liabilities	\$ 0.1	\$ 1.3
Interest rate contracts	Other assets	0	0	Accrued pension liability and other	1.4	0
Total derivatives designated as hedging instruments under ASC 815		<u>\$ 0</u>	<u>\$ 0</u>			<u>\$ 1.5</u>
Derivatives not designated as hedging instruments under ASC 815						
Foreign exchange contracts	Prepaid expense and other current assets	\$ 0.2	\$ 1.2	Other current liabilities	\$ 0.9	\$ 1.4
Total derivatives not designated as hedging instruments under ASC 815		<u>\$ 0.2</u>	<u>\$ 1.2</u>			<u>\$ 0.9</u>
Total derivatives		<u>\$ 0.2</u>	<u>\$ 1.2</u>			<u>\$ 2.4</u>

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

The Effect of Derivative Instruments on the Consolidated Statements of Income
For the Six Months Ended April 30, 2011 and 2010
(In millions)

Derivatives in ASC 815 Cash Flow Hedging Relationships	Amount of Gain or (Loss) Recognized in OCI on Derivative (Effective Portion)		Location of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)		Location of Gain or (Loss) Recognized in Income on Derivative Ineffectiveness	Amount of Gain or (Loss) Recognized in Income Due to Ineffectiveness		Location of Gain or (Loss) Recognized in Income and Excluded from Effectiveness Testing	Amount of Gain or (Loss) Recognized in Income and Excluded from Effectiveness Testing	
	2011	2010		2011	2010		2011	2010		2011	2010
Interest rate contracts	\$ (1.8)	\$ (0.8)	Interest expense	\$ (1.6)	\$ (6.5)	Other income/ (expense)	\$ 0	\$ 0	Other income/ (expense)	\$ 0	\$ 0
Foreign exchange contracts	0	0.6	Net sales	0	(4.4)	Other income/ (expense)	0	0	Other income/ (expense)	0	0
Foreign exchange contracts	0	0	Cost of sales	1.7	1.6	Other income/ (expense)	0	0	Other income/ (expense)	0	0
Total	<u>\$ (1.8)</u>	<u>\$ (0.2)</u>		<u>\$ 0.1</u>	<u>\$ (9.3)</u>		<u>\$ 0</u>	<u>\$ 0</u>		<u>\$ 0</u>	<u>\$ 0</u>

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

Derivatives Not Designated as Hedging Instruments Under ASC 815	Location of Gain or (Loss) Recognized in Income on Derivative	Amount of Gain or (Loss) Recognized in Income on Derivative	
Six Months Ended April 30, (In millions)		2011	2010
Interest rate contracts	Interest expense	\$ 0	\$ 0
Foreign exchange contracts	Other income (expense), net	(2.6)	(4.2)
Total		<u>\$ (2.6)</u>	<u>\$ (4.2)</u>

Note 11. Fair Value Measurements

As of April 30, 2011 and October 31, 2010, the carrying value of cash and cash equivalents, accounts receivable, prepaid expenses and other current assets, lines of credit, accounts payable and other current liabilities approximates fair value due to the short-term nature of such instruments and the ability to obtain financing on similar terms.

ASC 820, *Fair Value Measurements and Disclosures* (ASC 820), applies to all assets and liabilities that are being measured and reported at fair value and 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. ASC 820 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. ASC 820 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 that 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 may 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 and credit risk at commonly quoted intervals. Mid-market pricing is used as a practical expedient for fair value measurements.

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

We may use foreign exchange forward contracts to minimize, to the extent reasonable and practical, our exposure to the impact of foreign currency fluctuations. 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 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 using Level 2 inputs during the fiscal first half of 2011, within the fair value hierarchy at April 30, 2011, and fiscal year 2010, within the fair value hierarchy at October 31, 2010:

<u>(In millions)</u>	<u>April 30, 2011</u>	<u>October 31, 2010</u>
Assets:		
Foreign exchange contracts	<u>\$ 0.2</u>	<u>\$ 1.2</u>
Liabilities:		
Interest rate swaps	\$ 1.5	\$ 1.3
Foreign exchange contracts	<u>0.9</u>	<u>1.4</u>
	<u>\$ 2.4</u>	<u>\$ 2.7</u>

Note 12. Employee Benefits

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

Cooper's results of operations for the three and six months ended April 30, 2011 and 2010 reflect the following components of net periodic pension costs:

<u>Periods Ended April 30,</u> <u>(In thousands)</u>	<u>Three Months</u>		<u>Six Months</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Service cost	\$ 1,187	\$ 992	\$ 2,374	\$ 1,984
Interest cost	743	668	1,487	1,336
Expected returns on assets	(736)	(611)	(1,472)	(1,222)
Amortization of prior service cost	6	6	12	12
Amortization of transition obligation	5	5	10	10
Recognized net actuarial loss	188	199	376	398
Curtailement loss	0	0	0	44
Net periodic pension cost	<u>\$ 1,393</u>	<u>\$ 1,259</u>	<u>\$ 2,787</u>	<u>\$ 2,562</u>

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

The Company contributed to the pension plan \$1.2 million and \$2.0 million for the three and six months ended April 30, 2011, respectively, and expects to contribute an additional \$4.0 million in fiscal 2011. The Company contributed to the pension plan \$0.8 million and \$1.6 million for the three and six months ended April 30, 2010. The expected rate of return on plan assets for determining net periodic pension cost is 9.0%.

Note 13. Contingencies

Legal Proceedings

On April 28, 2011, Rembrandt Vision Technologies, L.P. filed a lawsuit against CooperVision, Inc. in the United States District Court for the Eastern District of Texas alleging that CooperVision infringes U.S. Patent No. 5,712,327 entitled "Soft Gas Permeable Contact Lens Having Improved Clinical Performance," which was issued on January 28, 1998, to Sing-Hsiung Chang and Mei-Zyh Chang. The complaint alleges that CooperVision's infringing conduct includes, but is not limited to, making, using, selling or offering to sell silicone hydrogel contact lenses. The complaint seeks an unspecified amount of damages, including treble damages, attorneys' fees and costs and an injunction preventing any alleged infringement. CooperVision has not been served with the complaint nor has CooperVision filed any response to the complaint. No discovery has taken place, and no case management order has been entered. No trial date has been set. We intend to vigorously defend against this action.

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:

Periods Ended April 30, (In thousands)	Three Months		Six Months	
	2011	2010	2011	2010
CooperVision net sales by category:				
Toric lens	\$ 84,882	\$ 74,725	\$160,669	\$138,258
Multifocal lens	18,083	18,287	34,712	34,968
Single-use sphere lens	58,922	50,412	111,870	97,355
Non single-use sphere and other eye care products and other	113,404	98,869	211,669	187,653
Total CooperVision net sales	275,291	242,293	518,920	458,234
CooperSurgical net sales	50,010	46,978	99,610	91,296
Total net sales	<u>\$ 325,301</u>	<u>\$ 289,271</u>	<u>\$ 618,530</u>	<u>\$ 549,530</u>
Operating income (loss):				
CooperVision	\$ 55,932	\$ 34,700	\$106,814	\$ 67,134
CooperSurgical	12,200	11,102	24,469	21,155
Headquarters	(7,876)	(6,768)	(16,234)	(12,277)
Total operating income	60,256	39,034	115,049	76,012
Interest expense	4,268	9,730	11,219	19,955
Loss on extinguishment of debt	16,487	0	16,487	0
Litigation settlement charge	0	27,000	0	27,000
Other income (expense), net	219	168	(514)	(2,159)
Income before income taxes	<u>\$ 39,720</u>	<u>\$ 2,472</u>	<u>\$ 86,829</u>	<u>\$ 26,898</u>

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

<u>(In thousands)</u>	<u>April 30, 2011</u>	<u>October 31, 2010</u>
Identifiable assets:		
CooperVision	\$ 2,220,742	\$ 2,141,685
CooperSurgical	332,287	328,931
Headquarters	72,163	54,402
Total	<u>\$ 2,625,192</u>	<u>\$ 2,525,018</u>

Geographic information:

<u>Periods Ended April 30,</u> <u>(In thousands)</u>	<u>Three Months</u>		<u>Six Months</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Net sales to external customers by country of domicile:				
United States	\$ 154,470	\$ 144,698	\$ 288,205	\$ 263,053
Europe	95,500	84,728	184,404	168,246
Rest of world	75,331	59,845	145,921	118,231
Total	<u>\$ 325,301</u>	<u>\$ 289,271</u>	<u>\$ 618,530</u>	<u>\$ 549,530</u>

<u>(In thousands)</u>	<u>April 30, 2011</u>	<u>October 31, 2010</u>
Long-lived assets by country of domicile:		
United States	\$ 361,711	\$ 357,200
Europe	234,419	227,780
Rest of world	9,875	8,907
Total	<u>\$ 606,005</u>	<u>\$ 593,887</u>

THE COOPER COMPANIES, INC. AND SUBSIDIARIES
Item 2. Management's Discussion and Analysis of Financial Condition
and Results of Operations

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 net sales, 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.
- 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 and other hydrogel lenses.
- Legal costs, insurance expenses, settlement costs and the risk of an adverse decision or settlement related to claims involving litigation, product liability or patent protection.
- Changes in tax laws or their interpretation, changes in effective tax rates and adverse tax interpretations by taxing agencies or courts.
- Limitations on sales following new product introductions due to poor market acceptance.
- New competitors or product innovations or technologies from competitors.
- The impact of acquisitions or divestitures on revenues, earnings or margins.
- Interest rate and foreign currency exchange rate fluctuations.
- The requirement to provide for a significant liability or to write off, or accelerate depreciation on, a significant asset, including impaired goodwill as a result of declines in the price of the Company's common stock or other events.
- Changes in U.S. and foreign government regulation of the retail optical industry and of the healthcare industry generally.
- Failures to receive, or delays in receiving, U.S. or foreign regulatory approvals for products.

THE COOPER COMPANIES, INC. AND SUBSIDIARIES
Item 2. Management's Discussion and Analysis of Financial Condition
and Results of Operations, Continued

- Failure to obtain adequate coverage and reimbursement from third party payors for our products.
- Compliance costs and potential liability in connection with U.S. and foreign healthcare regulations, including product recalls, and potential losses resulting from sales of counterfeit and other infringing products.
- The success of the Company's research and development activities and other start-up projects.
- Dilution to earnings per share from acquisitions or issuing stock.
- Changes in accounting principles or estimates.
- Environmental risks.
- Other events described in our Securities and Exchange Commission filings, including the "Business" and "Risk Factors" sections in this Annual Report on Form 10-K for the fiscal year ended October 31, 2010, 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
Item 2. Management's Discussion and Analysis of Financial Condition
and Results of Operations, Continued

Results of Operations

In this section, we discuss the results of our operations for the fiscal second quarter of 2011 and compare them with the same period of fiscal 2010. We discuss our cash flows and current financial condition under "Capital Resources and Liquidity."

Second Quarter Highlights

- Net sales of \$325.3 million, up 12% from the fiscal second quarter of 2010.
- Gross profit \$201.8 million, up from \$163.5 million.
- Operating income up 54% to \$60.3 million.
- Diluted earnings per share of 73 cents, up from 10 cents per share.
- Results include costs of \$16.5 million related to the redemption of our Senior Notes in the current year period and a \$27.0 million charge related to the settlement of all claims in the class action lawsuit in the prior year period.
- Cash provided by operations \$64.9 million, down from \$71.6 million.

Six-Month Highlights

- Net sales of \$618.5 million, up 13%.
- Gross profit \$378.4 million, up from \$313.3 million.
- Operating income up 51% to \$115.0 million.
- Diluted earnings per share of \$1.69, up from 54 cents per share.
- Results include costs of \$16.5 million related to the redemption of our Senior Notes in the current year period and a \$27.0 million charge related to the settlement of all claims in the class action lawsuit in the prior year period.
- Cash provided by operations \$137.8 million, up from \$127.8 million.

Outlook

Overall, we remain optimistic about the long-term prospects for the worldwide contact lens and women's healthcare markets. However, events affecting the economy as a whole, including the uncertainty and instability of global markets driven by employment, housing and credit concerns continue to represent a risk to our forecasted performance for the remainder of fiscal year 2011 and beyond. We do not expect that our net sales, operations or supply of raw materials will be materially affected by the earthquake and tsunami that struck Japan in March 2011. Our facilities in Japan remain intact and undamaged, and our fiscal second quarter results indicated no significant impact. However, we are monitoring customer, distributor and supplier activity as there is uncertainty regarding the broader effects on the Japanese economy that represent a risk to our forecasted performance.

We compete in the worldwide contact lens market with our 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 there will be lower contact lens wearer dropout rates as technology improves thereby enhancing the wearing experience through a combination of improved designs and materials. CooperVision is focused on greater worldwide market penetration as we roll out new products and continue to expand our presence in existing and emerging markets as well as the growth of preferred modalities such as single-use and monthly wearing options.

Sales of contact lenses utilizing silicone hydrogel materials, a major product material in the industry, have grown significantly. In the past three years, CooperVision launched monthly silicone hydrogel spherical, toric and multifocal lens products under our Biofinity® brand and two-week silicone hydrogel spherical and toric lens products under our Avaira® brand. We intend to launch our

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Biofinity spherical silicone hydrogel lens in Japan in 2011. While we believe that we have high quality silicone hydrogel contact lens products, our future growth may be limited by our late entry into the silicone hydrogel segment of the market. For example, competitive silicone hydrogel single-use and multifocal lens products are gaining market share and represent a risk to our business. We have limited manufacturing capacity for our silicone hydrogel multifocal product and have not yet marketed a silicone hydrogel single-use product. Our ability to compete successfully with a full range of silicone hydrogel products is an important factor to achieving our projected future levels of sales growth and profitability.

We are also in the process of developing a number of new contact lens products to enhance CooperVision's 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 multifocal and single-use silicone hydrogel lenses.

The medical device segment of the women's healthcare market is highly fragmented. CooperSurgical competes based on brand awareness and market-focused product offerings, with a strategy that includes identifying and acquiring selected companies and product lines that improve its existing market position or serve new clinical areas. In April 2011, CooperSurgical acquired Apple Medical, a small privately held company that develops and markets medical devices specifically designed for obstetricians and gynecologists. The primary products include the OB/Mobius Elastic® Retractor used in cesarean sections, the Fischer Cone Biopsy Excisor™ used for cervical biopsies, and the Hunt Trocar™ used in laparoscopic surgical procedures. During fiscal 2010, CooperSurgical purchased the Her Option® endometrial ablation product line from American Medical Systems Holdings, Inc., and a smoke evacuation system for use during laparoscopic procedures performed in an operating room environment. We intend to continue to invest in CooperSurgical's business through acquisitions of companies and product lines.

In connection with the normal management of our financial liabilities, in our fiscal first quarter we refinanced our syndicated Senior Unsecured Revolving Line of Credit due to mature on January 31, 2012, with a new Credit Agreement that provides for a multicurrency revolving credit facility in an aggregate principal amount of \$750.0 million and a term loan facility in an aggregate principal amount of \$250.0 million, each of which, mature on January 12, 2016. On February 15, 2011, we redeemed all \$339.0 million aggregate principal amount outstanding of our Senior Notes, in accordance with the terms of the Indenture, from borrowings under the new Credit Agreement, including \$250.0 million from the term loan facility. As of April 30, 2011, we had \$460.4 million available under the Credit Agreement. We believe that our cash and cash equivalents, cash flow from operating activities and existing credit facilities will fund future operations, capital expenditures, cash dividends and acquisitions.

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Selected Statistical Information – Percentage of Sales and Growth

Percentage of Sales Periods Ended April 30,	Three Months			Six Months		
	2011	2010	% Change	2011	2010	% Change
Net sales	100%	100%	12%	100%	100%	13%
Cost of sales	38%	43%	(2%)	39%	43%	2%
Gross profit	62%	57%	23%	61%	57%	21%
Selling, general and administrative expense	39%	38%	14%	39%	39%	13%
Research and development expense	3%	3%	21%	3%	2%	24%
Restructuring costs	—	1%	—	—	—	—
Gain on settlement of preexisting relationship	—	—	—	2%	—	—
Amortization of intangibles	1%	2%	5%	2%	2%	8%
Operating income	19%	13%	54%	19%	14%	51%

Net Sales

Cooper's two business units, CooperVision and CooperSurgical, generate all of its sales.

- CooperVision develops, manufactures and markets a broad range of contact lenses for the worldwide vision correction market. Dedicated to enhancing the contact lens experience for practitioners and patients, CooperVision specializes in lenses for astigmatism, presbyopia and ocular dryness.
- CooperSurgical develops, manufactures and markets medical devices, diagnostic products and surgical instruments and accessories used primarily by gynecologists and obstetricians.

Our consolidated net sales grew by \$36.0 million or 12% and \$69.0 million or 13% in the three and six months ended April 30, 2011, respectively.

Periods Ended April 30,	Three Months			Six Months		
	2011	2010	% Change	2011	2010	% Change
CooperVision	\$ 275.3	\$ 242.3	14%	\$ 518.9	\$ 458.2	13%
CooperSurgical	50.0	47.0	6%	99.6	91.3	9%
	<u>\$ 325.3</u>	<u>\$ 289.3</u>	12%	<u>\$ 618.5</u>	<u>\$ 549.5</u>	13%

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CooperVision Net Sales

The contact lens market has two major product categories:

- Spherical lenses including lenses that correct near- and farsightedness uncomplicated by more complex visual defects.
- Toric and multifocal lenses including lenses that, in addition to correcting near- and farsightedness, address more complex visual defects such as astigmatism and presbyopia by adding optical properties of cylinder and axis, which correct for irregularities in the shape of the cornea.

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

The market for conventional lenses that are replaced annually has shifted 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. Significantly, the market for commodity spherical lenses has shifted to value-added spherical lenses to alleviate dry eye symptoms as well as lenses with aspherical optical properties or higher oxygen permeable lenses such as silicone hydrogels.

CooperVision's Proclear® brand aspheric, toric and multifocal contact lenses, manufactured using proprietary phosphorylcholine (PC) Technology, help enhance tissue/device compatibility and offer improved lens comfort.

CooperVision's Biofinity brand silicone hydrogel spherical, toric and multifocal contact lenses and Avaira brand spherical and toric products are manufactured using proprietary Aquaform technology to increase oxygen transmissibility for longer wear. We believe that it is important to develop a full range of multifocal and single-use silicone hydrogel products due to increased pressure from silicone hydrogel products offered by our major competitors.

Net sales growth in the three-month period includes increases in single-use spheres up 17% and total spheres up 10%. Total toric lenses grew 14%, including 22% growth of single-use toric lenses. Multifocal lenses declined 1% compared to the prior year period. Silicone hydrogel products grew 49%, and Proclear products increased 7%. Older conventional lens products and cosmetic lenses declined 16% and 29%, respectively.

CooperVision competes in the worldwide soft contact lens market and services three primary regions: the Americas, EMEA (Europe, Middle East and Africa) and Asia Pacific.

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CooperVision Net Sales by Region

Periods Ended April 30, (\$ in millions)	Three Months			Six Months		
	2011	2010	% Change	2011	2010	% Change
Americas	\$ 117.3	\$ 110.4	6%	\$ 213.5	\$ 196.4	9%
EMEA	97.2	86.6	12%	187.9	171.3	10%
Asia Pacific	60.8	45.3	34%	117.5	90.5	30%
	<u>\$ 275.3</u>	<u>\$ 242.3</u>	14%	<u>\$ 518.9</u>	<u>\$ 458.2</u>	13%

CooperVision's worldwide net sales grew 14% in the three-month period and grew 13% in the six-month period. Americas net sales grew 6% and 9% in the three- and six-month periods, respectively, primarily due to market gains of CooperVision's silicone hydrogel spherical and toric lenses, up 44% in the three-month period and 46% in the six-month period, and single-use lenses, up 23% in the three-month period and 19% in the six-month period. In our fiscal first quarter of 2010, we recorded \$10.1 million of reductions to Americas net sales due to out-of-period adjustments to increase accruals for rebates that were under-accrued in fiscal 2009. EMEA net sales grew 12% and 10% driven by increases in sales of silicone hydrogel lenses, up 56% and 57% and Proclear 1 Day lenses, up 28% and 21% in the three- and six-month periods, respectively. Net sales to the Asia Pacific region grew 34% and 30% in the three- and six-month periods, primarily due to sales growth of single-use spherical and toric products, up 18% in both the three- and six-month periods and silicone hydrogel lenses, up 67% and 64%; these results include sales related to product lines acquired on December 1, 2010 of \$8.2 million and \$13.6 million in the current year three- and six-month periods.

CooperVision's net sales growth is driven primarily by increases in the volume of lenses sold and introduction of new products, primarily silicone hydrogel lenses. While unit growth and product mix have influenced CooperVision's sales growth, average realized prices by product have not materially influenced sales growth.

CooperSurgical Net Sales

CooperSurgical's net sales increased 6% and 9% in the three- and six-month periods to \$50.0 million and \$99.6 million, respectively, with net sales growth excluding acquisitions of 5% and 6%, respectively. Sales of products used in surgical procedures grew 16% and represent 36% of CooperSurgical's sales compared to 33% in the prior year period. CooperSurgical's sales are primarily comprised of women's healthcare products used by obstetricians and gynecologists. The balance consists of sales of medical devices outside of women's healthcare which CooperSurgical does not actively market. Unit growth and product mix along with increased average realized prices on disposable products have influenced organic sales growth.

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Cost of Sales/Gross Profit

Gross Profit Percentage of Net Sales Periods Ended April 30,	Three Months		Six Months	
	2011	2010	2011	2010
CooperVision	61%	55%	61%	56%
CooperSurgical	65%	62%	64%	62%
Consolidated	62%	57%	61%	57%

The increase in CooperVision's gross margin is largely attributable to improvements in manufacturing efficiencies and product mix, primarily the shift to higher margin silicone hydrogel products. The gross margin includes efficiencies associated with the 2009 CooperVision Manufacturing restructuring plan. There were no restructuring costs under the plan reported for the current year period compared to \$3.6 million in last year's second quarter. Restructuring costs under the plan for the six-month periods ending April 30, 2011 and 2010 were \$1.9 million and \$5.8 million, respectively. These restructuring costs are primarily severance charges and accelerated depreciation, and we do not expect to incur similar costs related to this manufacturing restructuring plan in future periods. Gross margin for the fiscal first half of 2010 reflects the increase in accruals for rebates discussed above.

The increase in CooperSurgical's gross margin for the fiscal first half of 2011 is largely attributable to manufacturing efficiency improvements and product mix including higher margins on products used in surgical procedures, which represented 36% of net sales in the current period compared to 33% in the fiscal 2010 period.

Selling, General and Administrative Expense (SGA)

Three Months Ended April 30, (\$ in millions)	2011	% Net Sales	2010	% Net Sales	% Change
CooperVision	\$101.2	37%	\$ 89.0	37%	14%
CooperSurgical	17.3	35%	15.5	33%	12%
Headquarters	7.9	N/A	6.8	N/A	16%
	<u>\$126.4</u>	39%	<u>\$ 111.3</u>	38%	14%

Six Months Ended April 30, (\$ in millions)	2011	% Net Sales	2010	% Net Sales	% Change
CooperVision	\$189.7	37%	\$169.2	37%	12%
CooperSurgical	33.9	34%	30.4	33%	11%
Headquarters	16.2	N/A	12.3	N/A	32%
	<u>\$239.8</u>	39%	<u>\$211.9</u>	39%	13%

The increase in CooperVision's SGA in the fiscal 2011 period is primarily due to our increased investment in sales and marketing to reach new customers and to promote our silicone hydrogel products as well as investments in infrastructure such as information technology.

The increase in CooperSurgical's SGA in the fiscal 2011 period is primarily due to increased selling and marketing costs to support higher sales and anticipated further growth.

Corporate headquarters' SGA increased in the fiscal 2011 period primarily due to accrued bonuses in the current year period that were not in the prior year period and increased share-based compensation costs partially offset by reduced consulting fees.

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Research and Development Expense

Three Months Ended April 30, (\$ in millions)	2011	% Net Sales	2010	% Net Sales	% Change
CooperVision	\$ 9.0	3%	\$ 7.4	3%	22%
CooperSurgical	1.4	3%	1.2	3%	15%
	<u>\$10.4</u>	3%	<u>\$ 8.6</u>	3%	21%

Six Months Ended April 30, (\$ in millions)	2011	% Net Sales	2010	% Net Sales	% Change
CooperVision	\$17.2	3%	\$13.9	3%	23%
CooperSurgical	2.9	3%	2.3	2%	29%
	<u>\$20.1</u>	3%	<u>\$16.2</u>	2%	24%

CooperVision research and development expense increased in dollars in the fiscal 2011 period primarily due to investments in new technologies, clinical trials and increased headcount. CooperVision's research and development activities include programs to develop disposable silicone hydrogel products and product lines utilizing PC Technology.

CooperSurgical research and development expense increased in dollars in the current period, primarily due to investments in the design of the next generation product line of uterine manipulators. Other research and development activities include the upgrade and expansion of CooperSurgical's portfolio of assisted reproductive technology products as well as products within the general obstetrics and gynecology offerings.

Gain on Settlement of Preexisting Relationship

On December 1, 2010, CooperVision purchased certain assets of Asahikasei Aime Co., Ltd. (Aime) from Asahi Kasei Pharma Corporation, and the results of operations are included in our consolidated results of operations from that date. Prior to the acquisition, Aime had retained the right to sell our Biofinity brand of contact lenses in certain defined markets. In accordance with the accounting guidance relating to the accounting for a preexisting relationship between the parties to a business combination, we recorded a gain of \$6.1 million on the settlement of this supply agreement in our Consolidated Statement of Income for the fiscal first half of 2011. The gain increased the related goodwill.

Operating Income

Three Months Ended April 30, (\$ in millions)	2011	% Net Sales	2010	% Net Sales	% Change
CooperVision	\$ 55.9	20%	\$ 34.7	14%	61%
CooperSurgical	12.3	24%	11.1	24%	10%
Headquarters	(7.9)	N/A	(6.8)	N/A	(16%)
	<u>\$ 60.3</u>	19%	<u>\$ 39.0</u>	13%	54%

Six Months Ended April 30, (\$ in millions)	2011	% Net Sales	2010	% Net Sales	% Change
CooperVision	\$106.8	21%	\$ 67.1	15%	59%
CooperSurgical	24.4	25%	21.2	23%	16%
Headquarters	(16.2)	N/A	(12.3)	N/A	(32%)
	<u>\$115.0</u>	19%	<u>\$ 76.0</u>	14%	51%

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The increases in operating income in the fiscal 2011 periods both in absolute dollars and as a percentage of net sales were primarily due to increases in gross profit of 23% and 21% for the three- and six-month periods, respectively, partially offset by increases in operating expenses of 14% and 11% in the same periods, respectively. The gain on settlement also contributed to the increase in the six-month period of 2011.

Interest Expense

Interest expense in the fiscal second quarter decreased 56% to \$4.3 million and to 1% of net sales from 3% of net sales in the prior year period, and year to date decreased 44% to \$11.2 million and to 2% of net sales from 4% in the prior year six-month period. The decrease reflects lower interest rates primarily as a result of the redemption of our senior notes in February and a reduction in our long-term borrowings used for capital expenditures.

Loss on Extinguishment of Debt

In February 2011, we redeemed all \$339.0 million aggregate principal amount outstanding of the Senior Notes issued on January 31, 2007, in accordance with the terms of the Indenture among the Company, the guarantors party thereto and HSBC Bank USA, National Association, as trustee, pursuant to which the Senior Notes were issued. In accordance with the Indenture, the redemption price for the Notes was 103.563% of their principal amount plus accrued and unpaid interest to February 15, 2011, the redemption date. In our fiscal second quarter of 2011, we recorded a \$16.5 million loss on the repurchase that includes the write-off of about \$4.4 million of unamortized costs and the redemption premium of \$12.1 million related to the Senior Notes on our Consolidated Statement of Income. The Company paid the aggregate purchase price from borrowings under the new Credit Agreement, including \$250.0 million from the term loan facility.

Settlement

The Company and several of its directors and officers had been named in a consolidated securities class action lawsuit, the nature and status of which is described in Note 12. Commitments and Contingencies in our Annual Report on Form 10-K for the fiscal year ended October 31, 2010. The Company announced on May 4, 2010, that it reached an agreement in principle and recorded a charge in our fiscal second quarter 2010 to settle the consolidated class action lawsuit for \$27.0 million, which we funded into escrow in our fiscal fourth quarter of 2010. The Court granted final approval of the proposed settlement on December 13, 2010.

Other Income (Expense), Net

Periods Ended April 30, (In millions)	Three Months		Six Months	
	2011	2010	2011	2010
Foreign exchange gain (loss)	\$ 0.3	\$ 0.4	\$(0.4)	\$(1.9)
Other, net	(0.1)	(0.2)	(0.1)	(0.3)
	<u>\$ 0.2</u>	<u>\$ 0.2</u>	<u>\$(0.5)</u>	<u>\$(2.2)</u>

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Provision for Income Taxes

We recorded income tax expense of \$6.2 million in the fiscal first half of 2011 compared to \$2.0 million in the prior year period. Cooper's effective tax rate (ETR) (provision for income taxes divided by pretax income) for the fiscal first half of 2011 was 7.1%. Our year-to-date results include the projected fiscal year ETR, plus any discrete items. The ETR used to record the provision for income taxes for the fiscal first half of 2010 was 7.5%. The decrease in the fiscal 2011 ETR reflects the shift in the geographic mix of income during the period. The ETR is below the United States statutory rate as a majority of our income is earned in foreign jurisdictions with lower tax rates.

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, 2010. The compensation expense and related income tax benefit recognized in the Company's consolidated financial statements for share-based awards were as follows:

Periods Ended April 30, (In millions)	Three Months		Six Months	
	2011	2010	2011	2010
Selling, general and administrative expense	\$ 3.2	\$ 1.7	\$ 7.9	\$ 4.3
Cost of sales	0.2	0.2	0.5	0.4
Research and development expense	0.2	0.1	0.3	0.2
Capitalized in inventory	0.2	0.2	0.5	0.4
Total compensation expense	<u>\$ 3.8</u>	<u>\$ 2.2</u>	<u>\$ 9.2</u>	<u>\$ 5.3</u>
Related income tax benefit	<u>\$ 1.1</u>	<u>\$ 0.6</u>	<u>\$ 2.8</u>	<u>\$ 1.6</u>

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Capital Resources and Liquidity

Second Quarter Highlights

- Operating cash flow \$64.9 million vs. \$71.6 million in the fiscal second quarter of 2010.
- Expenditures for purchases of property, plant and equipment (PP&E) \$23.2 million vs. \$11.2 million in the prior year period.
- Total debt decreased to \$553.2 million from \$611.1 million at October 31, 2010.

Six-Month Highlights

- Operating cash flow \$137.8 million vs. \$127.8 million in the fiscal first half of 2010.
- Expenditures for purchases of PP&E \$52.0 million vs. \$24.1 million in the prior year period.
- Cash payments for acquisitions totaled \$36.6 million vs. \$31.0 million in the prior year period.

Comparative Statistics

<u>(\$ in millions)</u>	<u>April 30, 2011</u>	<u>October 31, 2010</u>
Cash and cash equivalents	\$ 8.4	\$ 3.6
Total assets	\$ 2,625.2	\$ 2,525.0
Working capital	\$ 332.3	\$ 291.8
Total debt	\$ 553.2	\$ 611.1
Stockholders' equity	\$ 1,810.3	\$ 1,666.8
Ratio of debt to equity	0.31:1	0.37:1
Debt as a percentage of total capitalization	23%	27%
Operating cash flow - twelve months ended	\$ 277.7	\$ 267.7

Working Capital

The increase in working capital in the fiscal second quarter of 2011 was primarily due to increases in inventories and other current assets and decreases in accounts payable and other accrued liabilities, partially offset by the current portion of the term loan.

Operating Cash Flow

Cash flow provided by operating activities increased to \$137.8 million in the fiscal first half of 2011 from \$127.8 million in the prior year period, primarily due to the increase in net income partially offset by the increase in inventory to provide for new product launches.

At the end of the fiscal first half of 2011, Cooper's inventory months on hand (MOH) increased to 6.1 from 5.7 at April 30, 2010. Our days sales outstanding (DSO) were 54 days, consistent with the prior year period. 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

Cash used in investing activities of \$88.6 million in the fiscal first half of 2011 was for capital expenditures of \$52.0 million, primarily to improve manufacturing efficiency, and payments of \$36.6 million related to acquisitions.

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Financing Cash Flow

Cash used in financing activities of \$44.7 million in the fiscal first half of 2011 was driven by net repayments of debt of \$70.0 million, acquisition costs related to the Credit Agreement of \$9.5 million and dividends paid on our common stock of \$1.4 million, partially offset by proceeds of \$36.2 million from the exercise of share-based compensation awards.

As of April 30, 2011, we had \$460.4 million available under the Credit Agreement, and we are in compliance with the material covenants of Interest Coverage Ratio and Total Leverage Ratio at 12.33 to 1.00 versus the requirement to be at least 3.00 to 1.00 and 1.61 to 1.00 versus the requirement to remain below 3.75 to 1.00, respectively. As defined in the Credit Agreement, the Interest Coverage Ratio is the ratio of Consolidated Proforma EBITDA to Consolidated Interest Expense and the Total Leverage Ratio is the ratio of Consolidated Funded Indebtedness to Consolidated Proforma EBITDA.

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 2011, 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, 2010, for a more complete discussion of our estimates and critical accounting policies.

The Company performed its annual impairment test for valuation of goodwill during the fiscal third quarter of 2010, and our analysis indicated that we had no impairment of goodwill. As described in Note 4. Intangible Assets in this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K for the fiscal year ended October 31, 2010, we will continue to monitor conditions and changes that could indicate that our recorded goodwill may be impaired.

Trademarks

Aquaform[®], Avaira[®], Biofinity[®], Her Option[®], OB/Mobius[®] and Proclear[®] are registered trademarks of The Cooper Companies, Inc., its affiliates and/or subsidiaries. Fischer Cone Biopsy Excisor[™], Hunt Trocar[™] 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

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, Swedish krona 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 may 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 Credit Agreement may vary with the London Interbank Offered Rate (LIBOR). 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 December 2014. For additional detail, see Item 1A. Risk Factors and Note 1 and Note 7 to the consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended October 31, 2010 and Note 10 in this Quarterly Report on Form 10-Q for the period ended April 30, 2011.

In connection with the normal management of our financial liabilities, we refinanced our syndicated Senior Unsecured Revolving Line of Credit due to mature on January 31, 2012, with a new Credit Agreement that provides for a multicurrency revolving credit facility in an aggregate principal amount of \$750.0 million and a term loan facility in an aggregate principal amount of \$250.0 million, each of which, mature on January 12, 2016. On February 15, 2011, we redeemed all \$339.0 million aggregate principal amount outstanding of our Senior Notes, in accordance with the terms of the Indenture, from borrowings under the new Credit Agreement, including \$250.0 million from the term loan facility.

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.

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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, 2011, 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, 2011, 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.

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PART II - OTHER INFORMATION

Item 1. Legal Proceedings

On April 28, 2011, Rembrandt Vision Technologies, L.P. filed a lawsuit against CooperVision, Inc. in the United States District Court for the Eastern District of Texas alleging that CooperVision infringes U.S. Patent No. 5,712,327 entitled "Soft Gas Permeable Contact Lens Having Improved Clinical Performance," which was issued on January 28, 1998, to Sing-Hsiung Chang and Mei-Zyh Chang. The complaint alleges that CooperVision's infringing conduct includes, but is not limited to, making, using, selling or offering to sell silicone hydrogel contact lenses. The complaint seeks an unspecified amount of damages, including treble damages, attorneys' fees and costs and an injunction preventing any alleged infringement. CooperVision has not been served with the complaint nor has CooperVision filed any response to the complaint. No discovery has taken place, and no case management order has been entered. No trial date has been set. We intend to vigorously defend against this action.

On April 1, 2011, the Internal Revenue Service (IRS) issued a Notice of Deficiency to the Company in connection with its audit of the Company's income tax returns for the years 2005 and 2006. The Notice asserts that the Company is subject to additional taxes due to a proposed adjustment under the anti-deferral provisions of Subpart F of the Internal Revenue Code. If sustained, such taxes should be offset by the Company's existing federal net operating loss carryforwards leaving a \$1.2 million balance of proposed taxes owed. The Company intends to defend its positions taken in its income tax returns vigorously. However, if the IRS's contentions were sustained, the Company's existing federal net operating loss carryforwards could be materially reduced, which could result in a material adverse effect on the Company's future net income.

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, 2010.

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Item 6. Exhibits

<u>Exhibit Number</u>	<u>Description</u>
10.1	Amended and Restated 2007 Long-Term Incentive Plan of The Cooper Companies, Inc.
10.2	Amended and Restated 2006 Long-Term Incentive Plan for Non-Employee Directors of The Cooper Companies, Inc.
11*	Calculation of Earnings Per Share
22.1	Submission of Matters to a Vote of Security Holders filed as Item 5.07 in the Company's Current Report on Form 8-K filed March 22, 2011, and incorporated herein by reference
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
101.INS	XBRL Instance Document
101.SCH	BRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

* The information called for in this Exhibit is provided in Note 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)

/s/ Rodney E. Folden

Rodney E. Folden

Vice President and Corporate Controller

(Principal Accounting Officer)

Date: June 3, 2011

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**

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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 5,230,000 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

**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**

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The Cooper Companies, Inc.
Amended and Restated 2006 Long-Term Incentive Plan for Non-Employee Directors

Section 1. Purpose.

The purpose of The 2006 Long Term Incentive Plan for Non-Employee Directors of the Cooper Companies, Inc. 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 2,000 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 2,000 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 6,500 shares of Stock or, in the case of the Lead Director and/or any non-executive Chairman of the Board, as the case may be, up to 7,150 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 6,500, or 7,150 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 3, 2011

/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 3, 2011

/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:

(i) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended April 30, 2011, 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

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 3, 2011

/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:

(i) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended April 30, 2011, 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

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 3, 2011

/s/ Eugene J. Midlock

Eugene J. Midlock
Senior Vice President and
Chief Financial Officer