

COOPER COMPANIES INC  
Form 10-K/A  
June 23, 2006  
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# SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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## FORM 10-K/A

(Amendment No. 2)

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ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934  
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2005

COMMISSION FILE NO. 1-8597

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## THE COOPER COMPANIES, INC.

(Exact name of registrant as specified in its charter)

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<b>Delaware</b> (State or other jurisdiction of incorporation)	<b>94-2657368</b> (I.R.S. Employer Identification No.)
<b>6140 Stoneridge Mall Road, Suite 590</b>	<b>94588</b>
<b>Pleasanton, California</b> (Address of principal executive offices)	(Zip Code)
<b>925-460-3600</b>	
(Registrant's telephone number, including area code)	

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

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<b>Title of each class</b>	<b>Name of each exchange on which registered</b>
<b>Common Stock, \$.10 par value, and associated rights</b>	<b>New York Stock Exchange</b>

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

**None**

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

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

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

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes  No

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

On December 31, 2005, there were 43,407,330 shares of the registrant's common stock held by non-affiliates with aggregate market value of \$2.9 billion on April 30, 2005, the last day of the registrant's most recently completed second fiscal quarter.

Number of shares outstanding of the registrant's common stock, as of December 31, 2005: 44,503,798

**Documents Incorporated by Reference:**

<b>Document</b>	<b>Part of Form 10-K</b>
Portions of the Proxy Statement for the Annual Meeting of Stockholders held on March 21, 2006	Part III

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**THE COOPER COMPANIES, INC.**

**FORM 10-K/A**

(Amendment No. 2)

**For the Fiscal Year ended October 31, 2005**

**EXPLANATORY NOTE**

This is the second of two amendments to our Annual Report on Form 10-K for the fiscal year ended October 31, 2005 (the Original Report). Neither of these amendments involves any change to the financial information contained in the Original Report.

We filed the Original Report with the Securities and Exchange Commission (SEC) on January 17, 2006. We amended the Original Report pursuant to Amendment No. 1 filed with the SEC on February 8, 2006 (Amendment No. 1) to replace the Report of Independent Registered Public Accounting Firm with respect to such firm's audit of management's assessment of the company's internal control over financial reporting as of October 31, 2005, on page 51 of the Original Report, with a revised Report of Independent Registered Public Accounting Firm reflecting changes in the fifth and eighth paragraphs thereof which were inadvertently omitted from the report as included in the Original Report. Amendment No. 1 also included, as Exhibit 23, a Consent and Report on Schedule of Independent Registered Public Accounting Firm which replaced the consent filed as Exhibit 23 to the Original Report. Amendment No. 1 made no other changes to the information contained in the Original Report.

This Amendment No. 2 to the Original Report is being filed to include the complete text of Item 8 from the Original Report, as amended by Amendment No. 1. In addition, because we are refileing Item 8, as so amended, the Consent and Report on Schedule of Independent Registered Public Accounting Firm, included as Exhibit 23 to Amendment No. 1, has been replaced by the Consent and Report on Schedule of Independent Registered Public Accounting Firm included as Exhibit 23 to this amendment, and new certifications of our Chief Executive Officer and Chief Financial Officer pursuant to Exchange Act Rule 13a-14(a) and 15d-14(a), as adopted pursuant to Section 207 of the Sarbanes-Oxley Act of 2002 (Sarbanes-Oxley), and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of Sarbanes-Oxley, are included in this amendment as Exhibits 31.3 and 31.4, and Exhibits 32.3 and 32.4, respectively.

This Amendment contains no changes to the Item 8 information contained in the Original Report as amended by Amendment No. 1, and does not amend any other Item contained in the Original Report. Since our filing of the Original Report, we have filed our Form 10-Q for the fiscal quarter ended January 31, 2006, and our Form 10-Q for the fiscal quarter ended April 20, 2006, with the SEC on March 13, 2006 and June 9, 2006, respectively, which quarterly reports contain information about our business, financial condition and results of operations since October 31, 2005 and the filing of the Original Report.

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**PART II**

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

**Report of Independent Registered Public Accounting Firm**

The Board of Directors and Stockholders

The Cooper Companies, Inc.

We have audited the accompanying consolidated balance sheets of The Cooper Companies, Inc. and subsidiaries as of October 31, 2005 and 2004, and the related consolidated statements of income, cash flows, and comprehensive income for each of the years in the three-year period ended October 31, 2005. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Cooper Companies, Inc. and subsidiaries as of October 31, 2005 and 2004, and the results of their operations and their cash flows for each of the years in the three-year period ended October 31, 2005, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of The Cooper Companies, Inc.'s internal control over financial reporting as of October 31, 2005, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated January 17, 2006 expressed an unqualified opinion on management's assessment of, and an adverse opinion on the effective operation of, internal control over financial reporting.

KPMG LLP

San Francisco, California

January 17, 2006

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**Report of Independent Registered Public Accounting Firm**

The Board of Directors and Stockholders

*The Cooper Companies, Inc.*

We have audited management's assessment, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting, that The Cooper Companies, Inc. did not maintain effective internal control over financial reporting as of October 31, 2005, because of the effect of a material weakness identified in management's assessment, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of The Cooper Companies, Inc.'s internal control over financial reporting based on our audit.

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

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

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

A material weakness is a control deficiency, or combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. The following material weakness in internal control over financial reporting has been identified and included in management's assessment as of October 31, 2005: The Company did not have sufficient personnel with adequate knowledge regarding accounting for acquisitions in accordance with generally accepted accounting principles. In addition, the Company did not have policies and procedures regarding a periodic review of existing accrued liabilities related to business combinations. This material weakness resulted in the restatement of the Company's previously issued financial statements for the quarters ended January 31, April 30 and July 31, 2005, to correct errors related to the purchase price allocation and resulting amortization of intangible assets acquired in the Ocular acquisition. In addition, similar errors were identified in the Company's October 31, 2005 financial statements prior to the issuance of such financial statements. This deficiency results in more than a remote likelihood that a material misstatement of the Company's annual or interim financial statements would not be prevented or detected.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the balance sheets as of October 31, 2005 and 2004, and the related consolidated statements of income, cash flows and comprehensive income of The Cooper Companies, Inc. and subsidiaries. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2005 consolidated financial statements, and this report does not affect our report dated January 17, 2006, which expressed an unqualified opinion on those consolidated financial statements.

In our opinion, management's assessment that The Cooper Companies, Inc. did not maintain effective internal control over financial reporting as of October 31, 2005, is fairly stated, in all material respects, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Also, in our opinion, because of the effect of the material weakness described above on the achievement of the objectives of the control criteria, The Company has not maintained effective internal control over financial reporting as of October 31, 2005, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

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The Company acquired Ocular Sciences, Inc. during 2005 and management excluded from its assessment of the effectiveness of the Company's internal control over financial reporting as of October 31, 2005, certain divisions of Ocular Sciences, Inc.'s internal control over financial reporting associated with assets of approximately 11% of consolidated assets, liabilities of approximately 4% of consolidated liabilities and revenues of 26% of consolidated revenues, included in the consolidated financial statements of The Cooper Companies, Inc. as of and for the year ended October 31, 2005. Our audit of internal control over financial reporting of The Cooper Companies, Inc. also excluded an evaluation of the internal control over financial reporting of these divisions of Ocular Sciences, Inc.

/s/ KPMG LLP

San Francisco, California

January 17, 2006

**Table of Contents****THE COOPER COMPANIES, INC. AND SUBSIDIARIES****Consolidated Statements of Income****Years Ended October 31,**

<b>(In thousands, except per share amounts)</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
Net sales	\$ 806,617	\$ 490,176	\$ 411,790
Cost of sales	309,785	174,346	146,588
Gross profit	496,832	315,830	265,202
Selling, general and administrative expense	297,953	190,534	162,852
Research and development expense	42,879	6,493	5,573
Restructuring costs	8,462		
Amortization of intangibles	11,704	2,052	1,535
Operating income	135,834	116,751	95,242
Interest expense	28,123	6,004	6,964
Other income, net	746	1,742	2,209
Income before income taxes	108,457	112,489	90,487
Provision for income taxes	16,735	19,664	21,717
Net income	\$ 91,722	\$ 92,825	\$ 68,770
Basic earnings per share	\$ 2.18	\$ 2.85	\$ 2.20
Diluted earnings per share	\$ 2.04	\$ 2.59	\$ 2.09
Number of shares used to compute earning per share:			
Basic	42,021	32,534	31,226
Diluted	45,983	36,613	33,245

See accompanying notes to consolidated financial statements.

**Table of Contents****THE COOPER COMPANIES, INC. AND SUBSIDIARIES****Consolidated Balance Sheets**

October 31,

(In thousands)	2005	2004
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 30,826	\$ 39,368
Trade accounts receivable, net of allowance for doubtful accounts \$7,232 in 2005 and \$4,486 in 2004	152,610	99,269
Inventories	185,693	107,607
Deferred tax assets	23,449	20,296
Marketable securities		1,829
Prepaid expenses and other current assets	51,136	36,129
<b>Total current assets</b>	<b>443,714</b>	<b>304,498</b>
Property, plant and equipment, at cost	477,244	221,373
Less accumulated depreciation and amortization	97,459	70,308
	379,785	151,065
Goodwill	1,169,049	310,600
Other intangibles, net	151,413	31,768
Deferred tax assets	19,716	10,315
Other assets	16,153	3,315
	<b>\$ 2,179,830</b>	<b>\$ 811,561</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
Current liabilities:		
Short-term debt	\$ 72,260	\$ 20,871
Accounts payable	36,042	21,684
Employee compensation and benefits	30,896	17,456
Accrued acquisition costs	41,110	11,843
Accrued income taxes	26,454	15,171
Other accrued liabilities	50,860	24,564
<b>Total current liabilities</b>	<b>257,622</b>	<b>111,589</b>
Long-term debt	632,652	144,865
Deferred tax liability	9,118	6,026
Accrued pension liability and other	7,213	4,920
<b>Total liabilities</b>	<b>906,605</b>	<b>267,400</b>
Commitments and Contingencies (see Note 11)		
Stockholders' equity:		
Preferred stock, 10 cents par value, shares authorized: 1,000; zero shares issued or outstanding		
Common stock, 10 cents par value, shares authorized: 70,000; issued 44,896 and 33,336 at October 31, 2005 and 2004, respectively	4,490	3,334
Additional paid-in capital	977,317	327,811



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Accumulated other comprehensive income	14,114	26,971
Retained earnings	284,437	195,021
Treasury stock at cost: 465 and 585 shares at October 31, 2005 and 2004, respectively	(7,133)	(8,976)
Stockholders' equity	1,273,225	544,161
	\$ 2,179,830	\$ 811,561

See accompanying notes to consolidated financial statements.

**Table of Contents****THE COOPER COMPANIES, INC. AND SUBSIDIARIES****Consolidated Statements of Cash Flows**

Years Ended October 31,

(In thousands)	2005	2004	2003
<b>Cash flows from operating activities:</b>			
Net income	\$ 91,722	\$ 92,825	\$ 68,770
Adjustments to reconcile net income to net cash provided by operating activities:			
Deferred income taxes	2,670	12,182	7,268
Depreciation expense	36,934	13,599	10,990
Provision for doubtful accounts	1,922	2,218	1,598
Amortization expense	11,704	2,052	1,535
In-process research and development expense	20,000		
Impairment of property, plant and equipment	3,245	666	
Change in operating assets and liabilities excluding effects from acquisitions:			
Receivables	(2,882)	(15,438)	(12,266)
Inventories	(13,596)	(15,126)	(12,860)
Other assets	(1,661)	4,825	599
Accounts payable	10,554	5,383	467
Accrued liabilities	6,990	(5,966)	8,857
Income taxes payable	13,838	(1,951)	6,510
Other long-term liabilities	2,403	5,929	(1,912)
Cash provided by operating activities	183,843	101,198	79,556
<b>Cash flows from investing activities:</b>			
Acquisitions of assets and businesses	(627,006)	(63,942)	(75,158)
Purchases of property, plant and equipment	(117,093)	(40,505)	(33,872)
Sale of marketable securities and other	1,779	3,810	1,602
Cash used by investing activities	(742,320)	(100,637)	(107,428)
<b>Cash flows from financing activities:</b>			
Proceeds from long-term line of credit	785,000	29,000	136,700
Repayment of long-term line of credit	(277,625)	(47,750)	(200,643)
Acquisition costs of long-term line of credit	(7,697)		
Proceeds from debenture offering			112,181
Issuance costs of debenture offering			(1,162)
Principal payments on long-term obligations	(2,173)	(2,277)	(1,987)
Net borrowings (repayments) under short-term agreements	31,427	531	(2,519)
Exercise of stock options	25,163	13,766	23,986
Dividends on common stock	(2,306)	(1,943)	(1,952)
Cash provided by (used by) financing activities	551,789	(8,673)	64,604