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PRESENTATION

Kim Duncan - *The Cooper Companies - Senior Director - IR*

Good morning and welcome to the Cooper Companies 2014 Analyst Meeting. I'm Kim Duncan, senior director of Investor Relations. During the presentation today, we'll be making some forward-looking statements and it's possible our actual results and future actions of the Company could differ materially from the current expectations.

I'll refer you to our forward-looking statement section and last week's earnings release and our SEC filings including the business section of Cooper's annual report on Form-10K. These are publicly available and on request from the Company's Investor Relations department.

We'll also be talking about some non-GAAP financial measures today and you can find the reconciliation of GAAP to non-GAAP measures on our website at coopercos.com under 2014 analyst meeting.

Today's review will include presentations by the following people. Bob Weiss, President and Chief Executive Officer; Dan McBride, Chief Operating Officer and President of CooperVision; Dennis Murphy, Head of Global Sales and Marketing at CooperVision; Fernando Torre; Head of Global Operations and Regulatory Affairs of CooperVision; Paul Remmel; President and Chief Executive Officer of CooperSurgical.

We will also hear from Greg Matz, Chief Financial Officer and Al White, Chief Strategy Officer Also with us today are Carol Kaufman, Chief Administrative Officer and Governance Officer; Brian Andrews, Treasurer; Andrew Sedgwick, Head of Commercial Strategy and Business Development of CooperVision; and Dr. Bob Auerbach, Chief Medical Officer of CooperSurgical.

Special thanks to our IR team who spent many hours putting together this day. Elizabeth Bremner and [Carol Clemens] will be going up and down the aisles with mics a little bit later on the Q&A session.

As for the agenda, Bob will give an introduction followed by the CooperVision sessions -- sorry, if I forgot about that. Got some pictures here on your books. There's a CooperVision sessions after which we'll have a CooperVision specific Q&A.

We'll take a short break and then we'll do a CooperSurgical review. We'll do a financial overview by Greg Matz and some closing remarks by Al White and we'll have some Q&A and we'll finish up by 12 noon or so.

This meeting is being webcast and a copy of the transcript and presentation slides will be available on the Investor Relations section of the Cooper Companies website under 2014 Analyst Meeting. And with that, let me turn it over to Bob Weiss, our President and Chief Executive Officer.

Robert Weiss - *The Cooper Companies - President, CEO*

Thank you, Kim and good morning, everyone.

I want to before I really get started acknowledge what day today is, 09/11 here in New York City and it's obviously a very solemn day in New York. I know everyone has a busy schedule and I really appreciate the fact that everyone has decided to show up on a hectic day.

New York City and 09/11 have a special meaning to myself and my wife. We both started our careers here. So I always look back very fondly and every time I do come to New York, I always have that special meaning.

So from that, we will -- once again, thank you for attending The Cooper Companies analyst meeting and let's kick it off. The Cooper Companies is a New York stock exchange company. It has been on the New York exchange for over 30 years.

We have two operating units, Coopersurgical, our women's healthcare franchise and CooperVision, our soft contact lens franchise. We're headquartered in Pleasanton, California. For those that don't know where that is, it's near San Francisco. It's probably the best reference point.

We have 9,000 employees. We picked up an additional just 1,000 just after our acquisition of Sauflon in the beginning of August. So that took us from 8,000 to 9,000.

And we have - our revenue in 2013 was around $1.6 billion. Now following the Sauflon acquisition, it will annualize something north of $2 billion. We have an investment grade ratings so we've been generating a lot of cash and have a strong balance sheet going forward.

A little bit about CooperVision, CooperVision is a participant in the $7.5 billion soft contact lens business frequently looked at as a boutique business, a cottage industry with four players, J&J/Vistakon, Alcon which is part of Novartis, Cooper and Bausch & Lomb, part of Valeant.

It's an industry that is recession resistant so it does well in good times and bad times, generally running in and around 5% to 6% in growth rate. Importantly, the industry has done an excellent job over the last 30 years at transitioning and trading off.

In the '50s and '60s, it was hard lenses then it moved to soft lenses in '70s and '80s and then moved to plant replacement lenses in the late '80s. in the '90s, there was the migration or expansion into torics for astigmatism and multifocals for presbyopia.

Then all of a sudden the end of the '90s, 1999 introduced a new material, silicone hydrogel. Today, silicone hydrogel is 50% of the revenue of the market. So between '99 and 2014, it has migrated upwards.

In addition in the '90s and into 2000s started the concept of a one-day disposable lens that is now the hottest part of the market. One day has been driving the market the last several years particularly in the US which is the last to arrive in the one-day modality.

And within that modality, now you have the marriage of the modality of replacement for one day concept with the material silicon hydrogel. If I profile silicone hydrogel, when I said it's 50% of the market, of the non- one-day market, it is basically 71% of the market.

Of the one-day market, it is only 13% and the reason for that has everything to do with affordability. The average wearer of contact lenses is someone on the budget. Their 75% of the people underneath are younger than 35, the working class. So it's a big deal affordability.

Having an affordable silicone hydrogel one day is new to the market and that's really the essence of the Sauflon acquisition. They're going to hear a lot about it from our future presenters from Dan, from Fernando and from Dennis.

So those three will put a lot of color on what the Sauflon acquisition really means not only from a marketing point of view but from a manufacturing point of view. So you're actually going to hear that I alluded to the fact that there's a lot of flexibility in the plant in Sauflon in Hungary in Budapest. That flexibility has a profound meaning to our business going forward and I'll touch on that in a little bit further as well for Fernando.

Looking at women's healthcare, our women's healthcare market is 17% of the business, our contact lens business, is 83% of that $2 billion and it represents 30 acquisitions that have been done within CooperSurgical since the early '90s.

We have about 600 different products really divide two days. One is the office and the hospital which is two thirds of the business and the other one third is IVF. IVF is a very global business, big in China, in Japan, in India and rapidly growing outside US, 70% of the business outside US.

The office and the hospital is much more focused in on the US market profile where you have obstetricians and gynecologists. The Affordable Care Act is having a profound impact on that part of the space.

We think that it will turn out to be a plus longer term having the 600 products, having the ability to be in front of buying groups is a strong plus. There's a transition going on. Paul will talk about that. And importantly, within that transition with the 600 products, we're in a good shape. We already have a dedicated sales force covering the entire country.

Importantly going - looking down the road into the future, we believe there will be a lot of consolidation of the little players. If you only have one product that are ma and pa operation, it's not big enough to carry on that model. You can't sit in front of the buying groups. Those companies will fall by the wayside and be gobbled up over the next 10 years.

So the silver lining of the Affordable Care Act is for Cooper longer term. We think there is something to that piece of the model. IVF is very robust particularly outside of the US.

Looking at our track record, five years ago, we had IR presentations we were giving and we're telling investors and analysts what we're going to do the next five years. We basically said we're going to continue to gain share.

Well, how did we do? If you look at our track record over the last five years, we've grown around 10%, the market around 5.2% on and on average, we've grown 1.9 times the market. The range over the individual years ranges from 1.6 times to 2.4 times the market.

So we think we've put up some pretty credible numbers on the topline. On the gross margin line, we've had a phenomenal amount of improvement, 58% gross margin five years ago and I'm talking about mid 2005 -- mid 2010.

And we've gone from 58% gross margin to 65%, an improvement of 700 basis points. A lot of that had to do with efficiency, I'll talk about the number of people we have in our - employed supporting the business in a little bit.

But importantly, it has to do with efficiencies, the way we run plants, the way we improve cycle times, a whole slew of things but Fernando is the guy that has been overseeing and making that happen over this five-year period.

Operating margins went up 500 basis points from 18% to 23%. The difference between the 700 basis points at the gross margin line in the 500 basis points at the operating line indicates we invested.

We were investing over the last five years in geographic expansion, in self-worth expansion and R&D. Our R&D emphasis D has been pretty production. We fan out with about seven line extensions and new products over that period of time.

Looking at earnings per share, our earnings per share over the last five years has compounded at a growth rate of 22%. That is double our topline growth of 11%. So very efficient leverage of the topline growth getting to the bottomline.

As far as cash, if we look at 2009, we had over $900 million in debt, 40% debt to cap. We managed that down through strong cash flow generated over a billion dollars of free cash flow and in the middle of that, we had 10 acquisitions. So it wasn't like we were just taking cash paying on debt and that was the end of the story.

We've been buying, spot that along the way and we have done acquiring. Some of these acquisitions obviously know the most recent one, Sauflon, you're going to hear a lot about today, $1.2 billion.

If we look at how much we deleverage from 2009, 40% debt to cap, at the end of July, we were down sub 12% debt to cap prior to the Sauflon acquisition that basically stepped this back up.

The other acquisitions, we bought Origio along the way that put us in a number one position in IVF worldwide, a high-growth segment. We also bought complete - exclusive rights to Biofinity in Japan, we did not have them, acquisition called Aime acquisition. So one of our drivers today in the business is Biofinity is entree into Japan where it's doing exceedingly well.

So good track record. How is that translated to stock appreciation? The stock has done come $40 ballpark to $160 ballpark, a 4X improvement. At the same point in time, the S&P has gone from 1,000 to 2,000, a 2X improvement so a good outcome there.

That's where we've been. Now where are we going? Importantly and that's the more germane question, we expect to continue to gain mark here going forward. I mentioned we grew almost two times the market, we grew 10 in the market average about 5.2% for the last five years.

Why do we think we can continue to gain share? Well, when we think about Sauflon, we think about it at several different ways. One way is the family of silicone hydrogel lenses. So now with Sauflon, we have an excellent family in the monthly modality, Biofinity and excellent family in the two-week modality, Avaira and clearly a blockbuster combination in the one day modality which is both Clariti and MyDay.

So from a silicone hydrogel point of view, that's one of the high growth areas in silicone hydrogen materials. We have a great family.

From a one-day perspective which is the hot part of the market growing 10% compared to the rest of market growing, the non-one-day market growing more like 3%, so some place between five times and three times the market.

So now we have a complete portfolio in the one-day market where we're highly under index compared to our competitors. We're probably one half index compared to our non-one-day family products.

But now we have Clariti, a silicone hydrogel one-day that is a complete family of products, toric, sphere and multifocal. That's the only basically one-day product that's a silicone hydrogel with that combination and at the end of the day, there's a lot of halo effect to have a toric and then multifocal aligned with sphere.

We also are a great specialty lens company. We're number one in the world in specialty lenses which is torics and multifocals. Torics and multifocals happened to be the high growth area. They're under index particularly outside of the United States. There's a lot of future growth potential and we're number one on that space.

So the combination of material, the combination of the portfolio and the one-day, the combination of being number one in the world in specialty lenses and then, of course, the last item, is geographic expansion. We will continue down the path of geographic expansion.

A number of you have asked questions about China. China is high on our list. We're happy with the progress we're making and we expect to continue to make a good progress in China and the other BRIC countries going forward.

As far as earnings per share is concerned, we expect to grow earnings per share faster than topline growth. We think the combination of solid topline growth Clariti, I want to make one point about Clariti and the flexibility of those plants because some of you, you may have read about Bausch & Lomb talking about their new plant in Rochester spending $106 million for two lines and putting up 3,700 solar panels to generate energy.

The important thing is our lines don't cost $53 million a line which would be the Bausch & Lomb quality number. Our lines cost $10 million and put out $50 million lines. So the beauty of the Clariti, the beauty of the Sauflon platform is highly flexibility.

On those lines, you can make a silicone hydrogel, you can make a non-silicone hydrogel. You can make a toric, a multifocal and a sphere. And you can convert from one to the other very easily. That is something that is not available in the high ticket lines that including Cooper has that are not flexible. We call it the galactic line that we made there on. That is not a very flexible line. That's expensive, three times more expensive.

So the recent Sauflon got their cost down as low as they did start with the manufacturing platform. The material not using alcohol and it gets better from there with the flexibility. So Fernando will cover a little bit that in a little bit more detail when he profiles the various plants.

As far as other things that will be contributors to earnings per share growing faster than topline, so cost of this will be on leveraging the operating expenses that we have invested in over the last five years will be another.

Clearly, the ability to generate a lot of cash paid on debt will be a third or fourth. And then we will continue down the path of having a little effective tax rate. We will transition Sauflon which is an offshore acquisition using offshore cash into our global tax arrangement and look to continue in that range of 9% to 11% effective tax rate going forward.

We expect to generate solid cash flow going forward and I would emphasize that we're spending an incredible amount of money on CapEx expansion in 2014 and in 2015, look for that to stabilize post 2015 and the combination of synergy from the Sauflon acquisition on the operating side and leveling out of CapEx going forward will lead to escalation of our free cash flow particularly post 2015.

We will continue to invest geographically in expansion towards Eastern Europe, in Asia, in the BRIC countries, look for that to continue on both women's healthcare as well as contact lenses.

And finally, an acquisition, look for us to continue to opportunistically acquire. There's nothing we have to do but if their transaction for the right price, we will purchase it if it meets our hurdle rate in 10% which is on invested capital.

Failing that, we will continue to pay down debt. We obviously have stepped up our debt with the acquisition and we will periodically and opportunistically be in the market continuing to buyback our shares.

I want to talk about one more thing which is our number asset which is our employees and thank them for the incredible efficiency and numbers they put up the last five years and look forward and thank them in advance for the next five years.

One other thing is Cooper, it sits in the upper right hand part of that slide, is a quality of life company. We take that seriously not only to the products we deliver to our customers, the consumers in the case of contact lenses and the users in the case of the professionals, OB-GYNs and the eye care professionals, but we also take that seriously about our employees.

When you have an asset, you take care of that asset. And among other things our asset we take care of in terms of our employees' health and wellness. How healthy and how well they are directly impacts the bottomline.

So our health and wellness programs go deep. Globally, they're very deep and what they're about, they're very deep. They're about physical fitness, that's one thing. They're about dietary matters, that's another thing. What kind of food is in the cafeteria matters.

And there's also about mental health stress and how you manage your budget. There are also about family. So we don't only look at the employee, we consider the whole family.

In my opinion, that - it helps that translate to the bottomline. How is it translated? Our employee base in 2005 after we did the ocular acquisition was 7,800 employees. Our employee base prior to the Sauflon acquisition at the end of July or the beginning of August was 8,000. It didn't move.

In the meantime, we went from $800 million in revenue to $1.7 billion in annualized revenue. That's efficiency. So that would drop to the bottomline and you can't do that without engaged employees and you can't do it without employees.

So they are extremely critical that's why you hear me saying that's our number asset. As far as development, we spent a lot of time also grooming and developing our management team. We obviously have a management that has been pretty stable with an incredible amount of contact lens experience and women's healthcare experience.

If you look at our competitors, there's been a lot of transition, I don't care which one you bet to look at. So stability is important. We do like promoting within.

Having said that, there is nothing wrong with periodically bringing in some fresh eyes and there's a lot of importance to when you acquire a company looking at the talent you acquired. We clearly are going through Sauflon from the point of view are they keeper or they not a keeper, will they fit a larger global company or not. But rest assured that's a critical and actually Dan and his team are going through right now.

Without any further ado, I'll introduce Dan and Dan is our Executive Vice President and Chief Operating Officer. In his spare time, he's also the President of CooperVision. I think I probably have that backward. I think he's spending his life in CooperVision these days. Dan?

Daniel McBride - *The Cooper Companies - COO, President - CooperVision, Inc.*

Thanks. Thank you and thank you for joining us here today. We have pretty exciting times ahead for The Cooper Companies and our two operating subscription, CooperVision and CooperSurgical .

We're really pleased to be able to give you some additional information about the Company, give you a little bit of color on the information that Bob has provided and an introduction to the management team.

I'm probably the new face for all of you. I think you've met everyone else at the prior analyst days or over the course of time. So I thought I should give you tiny little bit of background as to who I am and my history with the Company.

So I joined Cooper in 2005 after the Cooper and Ocular acquisition. I was working in a law firm Latham & Watkins and was doing work for Cooper on the merger. I had previously done work for Cooper on securities work and debt offerings.

I joined as a senior counsel. I move from there to being the general counsel of CooperVision in 2007. And from there, I became the general counsel of The Cooper Companies and the Chief Risk Officer for the Company.

In November of last year, Bob asked me to take over the role of Chief Operating Officer which gave me operational responsibility of CooperSurgical and CooperVision. And in February of this year, I added the direct responsibility for CooperVision to become the president of CooperVision.

I have a long history with CooperVision. So in 2007, I was part - joined the executive team of the Company. So I've been involved in the executive management of CooperVision for the past seven year, been at all of their executive meetings, been involved in a lot of the strategic decisions that have been made.

So the transition to running CooperVision while it's a big transition it's certainly a company I'm very, very familiar with and we have a very, very strong team of executives running that company. So it's been a pretty smooth transition going through that.

Today, I want to talk a bit about CooperVision, add some color to a really incredibly good summary that Bob gave you of the Company and where we are. CooperVision is the world's third largest manufacturer of soft contact lenses. We are committed to crafting world class lenses by listening closely to the needs of the eye care professionals and lens wearers.

What we mean by this is that we're very focused on what are the needs of the professionals both in terms of products but also in terms of their business and I'll talk a little bit about that. Dennis will touch on it more. But we really view ourselves as partners in the industry with our customers.

We have 8,000 employees with products sold in over 100 countries. We're headquartered in Pleasanton, California right next to The Cooper Companies itself. And we have major manufacturing sites in the UK, Puerto Rico, Hungary and The U.S. and have major distribution sites in the UK, United States and Belgium.

Today's presentation, I'm going to try and cover how we see the global contact lens market to give you some insights into how we're looking at it, why CooperVision is well positioned to grow in this market. What we're doing to go after this opportunity, how our product pipeline in R&D is targeted and spend a bit of time on the Sauflon acquisition because I know everyone is interested in that as it has been the major event in the last month.

So soft contact lens, as Bob mentioned, there's four major competitors in the soft contact lens market. We sit in a solid number three position with J&J. Alco, Cooper representing the bulk of the market and Bausch as the other player, significant player in the marketplace.

This is the slide that I think that CooperVision takes the most pride in and that's looking at our performance versus the market, our performance versus our competitors. And so over the past five years as Bob mentioned we have consistently outperform the market, in many cases, more than doubling the marker performance.

It's an incredible slide, it's an incredible history for a company to be able to do five years of better than market growth in a highly competitive industry. And with the Sauflon acquisition, what we're really excited about it is we really think that's the next five years can look very similar to this past five years and we intend to continue to outperform the market over the next five years.

That market share -- that market performance has led to increase market share. So in 2010, we had 16.5% of the global contact lens market. With the acquisition of Sauflon, that's now over 20.5% of the market.

The primary drivers certainly between 2010 and 2013 have been our silicone hydrogel franchise with Biofinity as the leading product and ProClear 1-Day. And now going in to the future, we're seeing the MyDay and the Clariti 1-Day will be big drivers for us going into the future.

When we look at that, we also have a very good history of topline growth. As Bob mentioned in 2005, that's the merger of Cooper and Ocular that basically doubled the revenues from 2004. We've driven that again to another doubling here in 2014 with the acquisition of Sauflon.

What's really driven that growth has been the silicone hydrogel franchise Biofinity. ProClear 1-Day has been a big driver of that growth. And when we look out into the future, those technologies and that growth came out of the Ocular acquisition. We see a very similar future coming out of the Sauflon acquisition where we're able to leverage new technologies and product lines that complement what we already have.

When we look at the global market by geography, we divided up into the Americas, EMEA and Asia Pacific. We have a strong number three position in the Americas with 22% share. It's largely driven by Biofinity, Avaira and MyDay.

MyDay has not been introduced into the Americas market. We see that and Clariti 1-Day as the things that are giving us a lot of opportunity to drive share as what one of the phenomenon occurring in the U.S. market is an increase shift to the one day altogether. The Americas is under index compared to the rest of the world in the one-day market.

In the EMEA, we now have a 30% share with the addition of the Sauflon business. Again, a strong base in our silicone hydrogel products. Here, Clariti is well in trench as a product. Sauflon had a great business in Europe which is adding about 6% of that 30% to our share.

We've introduced MyDay into the marketplace. It's doing well. So with the combination of those products, Europe is a very strong market for us.

Where we're under index a bit is the Asia Pac. We have a number three share but in the countries that - in all the countries that we've penetrated, we are growing faster than market. Again, in Asia Pac, a big thing is getting into the emerging markets and developing those. We've added a significant investment in China and we're now starting to see that investment yield some pretty good results for us.

When we look at the market by geography, we see over the next five years the global contact lens market growing about 6%. When we look at that by the individual geographies, we see Europe growing about the same rate as the market.

We see a little less growth in Asia Pac that's primarily driven by the fact that Japan is the largest country, by far the largest number of sales and it is a slower growth country so that's what the drag is on Asia Pac even though there are very - a number of high growth markets in there including China, Korea, Taiwan and others.

And in the Americas, we see it slightly outperforming the market and that's because the Americas is getting two dynamics going at the same time. One is the shift into the one-day market and then also the trade up of the one-day hydrogel into the one-day silicone hydrogel.

Looking at the market by category, we divide the market up into sphere, toric and multifocal. You oftentimes here us talk about specialty lenses. When we talk about specialty lenses, we're talking about the toric and the multifocal extended range parts of the marketplace.

Cooper has a long history and is well known for being a leader in the specialty. We have number one market share in both toric and multifocal. We have a strong silicone hydrogel portfolio in those markets.

We've always been under index in sphere and that is one of the real attractive things about our MyDay franchise and also about the addition of the Clariti 1-Day franchise is that it's gives us an opportunity to be in leading position in the marketplace and try and see if we can start to gain additional share in the high commodity sphere space.

When we look at the soft contact lens market by category, again, when we look at the 6% growth of the total market, the areas of highest growth are in toric and multifocal which are areas of strength for The Cooper Companies. So we feel well positioned to continue to ride those trends.

The sphere market is going slower than the total market but this is really a tale of two cities because what it really is about is the FRP sphere market is growing substantially slower and the one day sphere market is growing substantially faster. Again, we're well positioned to take advantage of those trends with the one-day portfolio that we are rolling out.

When we look at the market by modality, we divided into one day and FRP. FRP is your two-week and your monthly markets. We have a number three position in FRP with about 25% share. We're well positioned to grow in that market with Biofinity and with Avaira and a strong suite of silicone hydrogel products.

In the one-day modality, we have 15% share. I think a lot of you have seen figure closer to 11% in past analyst presentations. The additional 4% comes from Sauflon.

So in the one-day market, what we're seeing here is there's a clear trend or we believe that there is a clear trend in the market towards one day and there's also a clear trend in the market to trading up from hydrogel, the silicone hydrogel in the one-day market and that gets to when we talked about the Sauflon acquisition's strategy rationale there which is we have a fantastic product in MyDay in the one-day market.

And the addition of the Clariti 1-Day gives us a chance to really push this market forward at a time when it's at the beginning of a pretty significant shift. In the U.S., two one days and globally from hydrogels to silicone hydrogels in the one day space.

Again, when we break out the market, the one-day space is the fastest growing part of the market. It's significantly growing faster than the total market. And the FRP space is growing at a much slower pace.

These are trends that we've seen and we've known about and we've committed to significant investment to. So the acquisition of Sauflon helps accelerate where we are in terms of planning to capitalize on the market trends but it isn't - it didn't lead us to that position. We were well along that path on our own.

Fernando is going to talk a bit more in detail about this but CooperVision has been in a massive expansion of both facilities and capacity in order to drive on market sharing in the one-day silicone hydrogel and with Biofinity.

In addition, we've been in a couple-year process of pulling together a new facility in Costa Rica. This offers us a low cost site and a bit more diversity in our manufacturing platforms.

That's highly complementary to what see in the Sauflon acquisition where their primary site which is in Budapest is again in a low cost site. The Costa Rica facility and the Budapest facility fit very well together as providing us low cost sites for manufacturing and then we have the UK and Puerto Rico for our high volume manufacturing. And again, Fernando will give you a bit more detail on all of this.

When we look at the Sauflon acquisition, Sauflon is a UK-based privately held company that manufactures and distributes soft contact lenses and solutions. They have a full suite of products. They have hydrogel products and silicone hydrogel products.

Their leading product is a 1-day silicone where they have it in all modalities, our all categories, meaning sphere, toric and multifocal. What Sauflon did which was very smart for a small company was they were well behind in silicone hydrogel market, they were further behind than we were.

And those of you that have followed us and see in the mid 2000s know that CooperVision had a real struggle to catch up when silicone hydrogel has got introduced and really took traction in 2004 and 2005. And it wasn't until 2008 and '09 that we were really up and running and able to compete effectively ourselves.

What Sauflon does is see that same market, see that they were even further behind and rather than going and chasing after the leaders in the market into monthly and to two-week, they just jumped straight ahead into one day and they took a big chance on that but it gave them a great position in the marketplace and it gives us a great leg up in the market shifts that we're seeing.

Their Clariti 1-Day product was approved in the U.S. in August of 2013 and it was launched in the U.S. in March of 2014. Their business is also global with presence in 10 countries and product sold in over 50 countries. Their primary operations are in the UK and in Hungary.

When we look at the strategic rationale, Bob clearly has talked about this, the rationale is very, very clear for us. It's consistent with our strategy of expanding our presence in the 1-Day silicone hydrogel market.

When we look at 1-Day silicone hydrogel, it represents about $300 million of a global $3.1 billion 1-Day market. When we look at how silicones have penetrated in other areas of the market, they're well north of 60% of the markets.

So even if we only saw a 50% penetration in silicone hydrogel, you would be talking about a massive market opportunity here. And what it does for us in this is we obviously have our MyDay product line and it adds to it a full suite of the Clariti 1-Day product line supporting us with really the largest portfolio silicone 1-Day of any competitor in the marketplace and positioned in a way where we can compete both at the top end of the market with TruEye and Dailies Total one which are the J&J and Alcon products but also bring a product into the mass market category with Clariti 1-day where nobody is playing today.

So we are going from a position of having followed in the silicone hydrogel market for a number of years but done so very, very successfully to getting a chance to lead in that market. And so that's a pretty exciting for the sales team. Dennis' group is really charged up about this and we think we have a nice run that we're going to be able to do it that.

In addition, having a full suite of products in all the categories allows you to go in for a different kind of a sale. So we see a halo effect with all of our existing products when we can go into ETPs and retailers and say we can provide you products in all categories for all types of users.

So we're going to be able to help you build your business and it allows for different kind of sales that we've been able to do in the past and we think it's a really attractive opportunity. Again, Dennis will go into a lot more detail on that.

And then the real big opportunity both for Sauflon as a business and for ourselves is they are small privately held UK public company. They done a fantastic job building up the business that they have but they are resource constrained in a way that we are not.

We have the ability to build out their footprint a lot faster. We have the global sales force that they have yet to build. So we have the ability to drive their products a lot faster into the market.

Sauflon has great momentum in the 1-Day silicone hydrogel market. They have a great position in Europe with a strong presence there and they made a decent entry into the U.S. It's a proven brand with a strong recognition.

When we integrated into CooperVision, we expect to accelerate this growth. We are going to be able to more aggressively grow out Clariti in the U.S. and Asia Pac and we're going to be able to more aggressively expand the capacity to support multiyear growth of the product line.

So what have we been doing for the past month from the acquisition? Well, the first thing is is that we have a relatively short period of time between signing the deal and actually closing. There was only a month in there.

So while we had really, really good due diligence on Sauflon, there's a lot of things being a competitor in the market you're not allowed to see. So we didn't have access to their people at the level that we need to to formulate integration plans. We didn't get access to their competitive strategies and their long-range plan. We didn't get access to some of the technologies.

So for the past month, we've been interacting very, very closely with the Sauflon team to better understand their business, to better understand their capabilities, to better understand who their people are with an emphasis on going very, very fast with an integration once we've pulled together a god plan.

So we had a lot of assumptions going in. Many of those assumptions were confirmed in other areas. We've modified our plans and found that either the assets that we're looking out are better than we expected. The people are better than we expected and then we're now modifying our plan to be able to take advantage of those things.

The other goal in the last month with integration is not to overwhelm this business. So Sauflon has been on an incredibly good growth trajectory. We have a much larger company and we're interacting with a much smaller company.

The executives at Sauflon oftentimes wear multiple hats. So if we came down and descended upon Sauflon with all of the teams of Cooper people and try to extract all of the information that we needed, we could very well crush that business and take them off in momentum that they have.

So instead of doing that, what we did is we had Andrew Sedgwick who's out here as our Head of Global Strategy, he set up an integration management team. His job was to make sure that we rationally extracted the information we needed from Sauflon, interacted with their teams but kept that business focus on selling their products while at the same time, Dennis kept our teams focused on selling our products.

We think it's been a really good process. It has slowed things down from the get-go but again with a very short time between signing and closing, we needed this planning time to be able to really get a good integration put together.

I've gone out to all of the facilities and visited all the major sites in the UK and in Budapest. What I can report back is that the quality of the assets that we're getting is even better than what we plant to get.

They have a low well-functioning company. They have really good operations. When we look at it, they have a full suite of products again. They have high standard hydrogel products and silicone hydrogel products.

The rationale for the deal was Clariti 1-Day but they do have a suite of hydrogel products that are very much me-too products to what CooperVision has. So part of our integration planning is just figuring out what product rationalizations we may want to do in order to more efficiently focus their manufacturing on Clariti 1-Day and to continue to provide benefits to customers with that.

One other thing about product rationalization for us, it needs to be very, very customer focused. So we need to be able to dig through the contracts, understand the contractual obligations for product.

But at the end of the day, the product rationalizations that we're looking to do will benefit customers because one thing is that hydrogel market is in decline, slow decline and the more we can get single products being pushed into the marketplace, the more efficient we can have our manufacturing platforms, the lower we can keep the customer products.

So we do want to do some product rationalizations out of this transaction but we want to do it in a way that that's customer friendly and maximizes the benefits on both for the customer and on cost.

When we look at synergies out of the transaction, I know Bob has stated and he's very correct, this deal isn't about synergies, it's about growth. The only way to justify the price we paid for Sauflon is to achieve the growth targets that we think are very achievable with the opportunity we see in front of us.

With that said, there are significant synergies in this acquisition. There is duplication in a number of areas and overlapping operations, overlapping headquarters, overlapping commercial sites on sales forces, overlapping distribution networks.

So we're working quickly to figure out how best to achieve those synergies. Some of that will come from the Sauflon business, some of that is going to come from the CooperVision business as we try and find the best mix of talent and the best mix for the Company.

So we're very excited about this. We see significant synergies on the horizon. Now one of the things is we are buying a company in Western Europe where most of the integration is going to occur in Western Europe. That's going to take time. There a number of things that will cause it to take time including just the labor laws and the work rules that we have to deal with in Western Europe.

The other thing that we'll take time is that we have to incorporate new systems, new processes and get those switch over to the CooperVision systems and processes. They have different challenges than we have. They do home delivery and they do solutions delivery. So we have to learn some things from them as well before we can make the integration completely successful.

We spent obviously the last month and a half working heavily on understanding their people where their talent is, making assessments of what's the best mix of talent, where should we be using the Sauflon person in the marketplace, where should we be using a CooperVision person in the marketplace.

These are active and ongoing. We expect to move fast to try and get the commercial teams put together. It will be a little bit longer to do the back office because again, we don't want to lose momentum in the business. So we can afford to slow down the distribution of product and the getting or taking advantage of the opportunity we see in front of us.

From a manufacturing basis, Bob touched on it a bit. It's pretty exciting. They have a great manufacturing platform. It's very scalable. It's well organized. There is - they have a situation in Budapest that allows them to gain space very quickly, very economically.

The lines are very economical. The lines are very flexible to the full product range that they have. So we see the opportunity to scale up and get product in the marketplace. It's a very achievable for us and Fernando will touch a bit more on that too.

The last thing that they have is they have solutions business, tiny business about $60 million. It's not something that would change your investment decision in the Company but for us it's pretty exciting because one, it's well managed.

They have products in all the ranges that are needed in the solutions industry. They have an all-in-one solution. They have a peroxide solution. They have a solution that's an all-in-one using a peroxide called Synergi.

We see that there's a lot of opportunity. They have capacity to grow that business with limited investment. So while the solutions business overall is an overly exciting because it's a declining global business, it's a billion dollar business, there's $60 million underneath it. We think there's an opportunity to be able to grow and deliver our shareholders some money out of this business and really utilize this asset.

No we are fully focused on contact lenses. So when I talked about solutions, anything that we're going to do with solutions is really being pushed out five or six months because we are focused totally on making a successful integration with contact lens business and chasing that opportunity.

As time freeze up, we do think this is a good asset and we do think there's some interest in things we can do with it. So they fit in well with overall. What we want to do with CooperVision in terms of people, innovation, the product portfolio and customer focus and having a product for everyone and every day.

When we look at the CooperVision pro portfolio over the past seven or eight years, we have a history of delivering products on a consistent basis that meet the needs of everyone and every day from ProClear 1-Day which was launched in 2008 to Biofinity XR, Toric XR which we're launching this year.

The great thing about this product portfolio is it very much matches up well with the history that Sauflon has. So in 2008, Sauflon launched Clariti. In 2009, they launched Clariti 1-Day. In 2010, they launched Clariti Toric. In 2011, they launched Clariti 1-Day Toric. In 2012, they launched Clariti 1-Day Multifocal and they launched their XR product in 2013.

So when you look at the two companies together, you're talking about history of innovation, history of delivering products to the market and filing out the portfolio needs of all the eye care practitioners and customers.

When we look forward and start talking and talk further about the Company, the core silicone hydrogel products that we'll be talking about or obviously Biofinity and Avaira which our two-week and our monthly products that are globally, MyDay which is our premium 1-Day silicone hydrogel product and then Clariti which provides us the mass market silicone hydrogel 1-Day product.

When we look at where we're going with technology and with our R&D, we are driven by comfort and convenience. We're looking to bring new technologies, focused on bringing innovation to a wider contact lens audience.

Example of this is what we're doing with Clariti 1-Day and with MyDay. What we're talking about having products in all levels of portfolios for all levels of user so there's products for economy users, so there's products for mass market and there's products for people that want premium products.

We're also focused on enhancing the user experience and bringing new technology to currently wearers that improves the contact lens experience through modality, material and design. Biofinity XR is a great example of this, the work that we're doing on trying to extend in the day comfort.

And then lastly, we're focused on lengthening the current use of contact lens wear. So dealing with multifocal market in presbyopia. The one thing about the contact lens market that's interesting is that the contact lens market has no issue with adaption. There's tons of people that wearing contact lenses.

Where we do focus our efforts and where we do focus our efforts is on dropout. So the contact lens industry also has a tremendous amount of dropout of the products. The main reasons for that dropout, presbyopia which we're addressing with the multifocal comfort, end of day comfort which is the focus of a lot of what we're doing and then just affordability at all the price levels and I think our portfolio is now achieving to be able to do with that.

We talked a lot about product but our industry is about more than just selling product. One thing that the Sauflon acquisition, the rollout of MyDay does is it gives us a comprehensive portfolio, allows us to have a different conversation with our customers about being able to partner and have products at all levels for all types of customers in all categories and all modalities.

We are the only major that is willing to private label to enhance our customer's brand and achieve the way they want to sell product into the marketplace. So we're focused more than just on getting our products out there but also we're focused on building our customer's business.

There's a lot of talk about the competitive dynamics that eye care practitioners are facing and they are facing a lot of pressure in the marketplaces particularly from the internet.

Our way of looking at that is that we have to recognize and our industry has to recognize that consumer behaviors have changed. People buy product online. They want to buy products online. They the convenience of ordering from their home.

So our efforts to their not efforts to staple competition or trying level competition in an artificial way, our efforts are trying to make sure our eye care practitioners, our retailers are better competitors that they're actually meeting the needs that their customers want.

So Dennis will talk further about this but when we talk about Eye Care Prime and Websystem3, those are in-office solutions to appointments, reminders, communications to customers, getting eye care practitioners out of being just a brick and mortar to having a mobile presence, to having a presence on social media.

And we take a lot of pride in the idea that what we are doing there is we're trying to make our customers better competitors rather than worrying about the fact that there's competition out there for the marketplace.

What we're beta testing right now in launching is a service called LensFerry. LensFerry is a really exciting development for eye care practitioners because what LensFerry is is a buy side, a diagnostic buy side.

This isn't CooperVision buy side that you can buy anybody's products on that on the site but what it allows our customers to have is something that's actually more convenient and easier for consumers to buy over the internet than internet sites.

So effectively, you are able to order on your mobile phone by a simple click. You don't have to provide a prescription because you're not ordering from an internet site or a manufacturer or distributor. You're actually ordering from your doctor who has the prescription on file.

We see this is the real way to deal with the competitive dynamics our customers are facing. It makes them better competitors. And in addition to that, by, you know, the efforts we have in Private Label again letting them get their brand out there, their brand recognition, again, an effort to focus on them being better partners, better competitors.

So in conclusion, you know, what we have at CooperVision is we have a strong historical market growth, great track record of performance. We see it in the stock price at the end of the day, the work that has been done. I believe with the work that we've done in terms of building out our own facilities, the introduction of MyDay, the acquisition of Sauflon, we're well positioned for continued growth.

Right now, we're very, very focused on actively integrating Sauflon and doing it in a way that drives the most benefits out of that acquisition. And for us, the future looks extremely bright.

If I flip you back all the way to the pie chart that we talked about at the very beginning of the presentation and we look at where market shares exists and where the market is growing and where the opportunity is, what we really see is that we see the market going to more of a third to third to third type of the scenario.

We see three major competitors really dominating the market and the market being divided up. In that scenario, I really truly believe that CooperVision has a chance to be the number one contact lens player.

Certainly not number one like J&J is with a dominant market share but certainly that is very achievable for us to be the number one in the third to third kind of market scenario. And with the products we're putting in to the marketplace, we're really, really excited about the future we have in front of us.

With that, I'm going to turn it over to Dennis Murphy to talk to you a bit in more detail about the commercial strategy.

Dennis Murphy - *The Cooper Companies - Global Sales and Marketing EVP - CooperVision, Inc.*

Good morning. You know, like Dan, I'll mention my history with Cooper. I actually started six years ago this month and six years ago this month, Lehman Brothers closed their doors.

So as I joined the Company, Bob and the team over here said, Dennis, you know, what we're going to do is we're going to bring you on board and you're going to take six months just to get appeal for the marketplace in the business. I'd come on to medical products.

And then, of course, when the stock hit $11 all of that went out the window and we got very busy in redefining in many ways CooperVision. How we approached the market, what was our value proposition, how do we distinguish ourselves against some pretty substantial competitors.

With that said, I want to take a minute before I move in to a focus on the one day market and with that as a background, I want to give some of the folks, especially those who have been following Cooper for some time a feel for where we position in the market, how are we perceived as a company.

And one of the things that you'd continually hear about cooper is the strength of our specialty lenses. That's our history. It's a very good history.

But one of the barriers that brings along with it is when you're in the office of Luxottica or Grand Vision in France or other large entities, and frankly, even smaller entities, they're sometimes looking for that full portfolio, that partner, that can help them go after market and drive foot traffic into their very own doors.

So today, I am telling you, we are no longer your father's CooperVision. We're no longer just a specialty lens business. We're the Company on the other side of the desk asking for most of your purchases.

So the first point to make today is that's who we are. We're putting talent in front of people that are charged with making big decisions on who's lenses they're going to buy.

The second thing is, is we've held past the belief that we want to stay close to the practitioner and this isn't something we rolled out this year with one strategy. This is something that is part of our fabric and has been going on for some time.

Dan touched on the fact that we do private label and that we introduce new products. We also introduce products that are unique to Cooper for those hard-to-fit patients. So the practitioners know our history and that influences their thinking.

The other things that's happened over the last really three years is when I joined the Company, it was to manage the Americas business and since that time, my role now is a global role. So, in addition to the Americas, I have the opportunity to work with our business all over the planet.

So with that, we look at the opportunity to act as a multinational company to sell our product but as we do so, Dan mentioned Lens Sphere and WebSystem3. We want to grow the category and then drive that category growth to those doors with whom we are deeply embedded.

So in the past, we are hesitant to do this because of our market share position. Now, we're aggressively saying let's get more people in contact lenses and our goal is to make sure that most of those are going to Cooper contact lenses.

Our selling philosophy, this fourth point has been updated. We're shifting our relationships into longer term, higher penetration relationships. This market in the past is very dedicated to putting bids on an annual basis and many still do.

But what we're talking about is our ability to execute against long term strategies to drive penetration, bring people into your stores, buy Cooper contact lenses are much more successful if they're executed over a longer period of time. And I think you see that another market especially medical markets.

Today, one of the most exciting things is our portfolio has just taken a lead forward with the Sauflon offering and I'll walk through the 1-day segment and give you some insights as to why that's the case.

We're a multinational company now. Another anecdote, again, to give you a feel about how we're positioned in the market is about a year and a half ago, we established a global office to call on global companies. And by doing that, the point of contact for some of the companies I have in front of you here with Luxxotica or Grand Vision using them as examples.

These people are opening stores across the planet, China, South America, Eastern Europe. And as they do, we have a resource that allows them to take best demonstrated practices from mature markets into these emerging markets and then we can allow a consistent experience in their stores with the consumer, with the patient and with our lenses no matter where you are, you know, a McDonald's of eye care, that's probably a terrible analogy and Al's going to yell at me later. But the idea is for these headquarters who are also struggling with resources, they have a partner they can execute against a global plan.

So some of these things I just pulled out of our basket because we want to give customers not just one reason to commit their purchases to ourselves but about six or seven.

There we go. Sorry. So let me talk about the 1-Day market. And I'm going to dedicate some slides and just some tidbits here that I think will have meaning for you.

In terms of revenue growth, the 1-Day market and this comment really applies to the U.S. It is growing at about three to five times greater, then the FRP or the combined weekly, monthly category. So that tells you something right away.

The other thing that's critical to understand is that in our minds over the next 10 years in terms of people coming into the contact lens marketplace as much as 65% to 70% will be going into the 1-Day market. And as you know, purchases follow the new fits in this marketplace.

The other dynamic beyond people shifting, contact lens were shifting, into the one day segment is that the revenue value for the storefront of that patient as well as ourselves is substantially higher. Here, I have four to six people in the room would argue two to four. What we do know is it's substantially more and then builds that commercial event within the storefront. So, obviously, this is a big thing for us and it captures our eyes immediately.

So the opportunity here is to expand the 1-Day segment by accelerating both migration and then also to add a new element maintains premium segment which has been created really by the introduction of the silicone hydrogel 1-Day lens into the marketplace.

This might be a strong language but we feel we're in a spot where we can claim first mover advantage in that. We have a breadth or a portfolio on the 1-Day segment that's substantial. That includes the fact that we have a silicone hydrogel lens Sphere, Toric and Multifocal. So we're very excited about this.

We lost the Americas. I could have sworn it was there yesterday. Well, for memory, the Americas, when it comes to the 1-Day segment, it's about a third of all purchases in the Americas. Take my word for it.

The other two-thirds are split between the two-week segment and the monthly segment. You've already seen some numbers and I'll expand on those where we know a shift is taking place, growth of 20% or more of users moving in to the 1-Day segment.

Now, there's been a lot of talk and even some yesterday about, well, you know, is the 1-Day market really going to take hold and the answer is it already has. If you look at EMEA, half the market is already 1-Day. There are a lot of lessons to obtain by looking at the overseas markets.

As you know, we did very well with our first year in having the MyDay lens in the European market which brought lessons around where to position the lens in terms of its performance, subscription and price.

When you move over to Asia Pac, you can see that the 1-Day is dominant. And, of course, that is driven by the largest 1-Day market and overall Japan. So we're pretty confident in how we see the future of the 1-Day segment in the U.S. and the Americas for that matter.

Staying on 1-Day, as I mentioned, it continues to be the fastest growing modality. The year-over-year growth has been roughly 10% while FRP's 2%. We're seeing some very growth in the U.S. segment and that's still driven mainly by the hydrogel lenses.

Now, this last bullet point here, the interesting thing as you think about what we just discussed on having a full portfolio of silicone is the fact that today, only 13% of the 1-Day sales are in the silicone hydrogel where the rest are in the legacy or older materials.

So this is an important point we look at as we look at the global market. I won't go through each of these graphs but if you look at Japan, this is, of course, a very big 1-Day market. We have that on this graph as flat but we also have information that tells us not only is 1-Day continuing to grow but the FRP is slightly declining there.

Simple slide, simple point. So as we look at our five-year plan, we see that by moving, you know, and FRP patient by the doctor into a 1-Day lens, the impact on the revenue is substantial. The other thing that's become a part of our math is it's one thing to move them into a hydrogel lens, it's another to move them into a silicone hydrogel lens. So the dollar value for the storefront and ourselves is higher and we also think the retention or the stickiness of that relationship between patient and the lens is going to be higher as well.

Today, we're really the only manufacturer that has a full suite on the 1-Day silicone hydrogel offering. We've got Toric, multifocal sphere. The fitting behavior where if you can do something like this for that practitioner where the chore of evaluating a customer or a patient as they come through the door as to what lens they have to choose.

If they can choose to the same family of lenses, in this case the Clariti lens, and not have to go. "Will I find it on this shelf? I'm not sure if we have a multifocal here. You'll have to go back to a hydrogel. I'm sorry, we don't have it in silicone after testing and examining your eyes."

The ability to have one suite makes that short period of time the time where the practitioner makes their money in the chair that much more efficient. So fitting practices are elevated greatly by the fact that we can offer the full portfolio.

The other exciting thing for us is from a performance and a price standpoint, we are positioned, we think, very well. And I'll touch on that a little bit more.

So the opportunity is really 2015 for us is go. You know, we spent the last five and then particularly the last two and a half years building a substantial sales and marketing platform that brings value beyond product and now we have a product portfolio that we're going to layer right on top of that and look to growth the business.

Asia Pac, I think, is one area of great opportunity. There's some regulatory work that we have to do there with these lenses. So we're, really, already very busy in EMEA where we're going to expand the presence of Clariti as well as MyDay. In the U.S., we're all out on Clariti right now and bringing that into the market and then doing the prework for Asia Pac. So that's a description of how we're staged.

And again, hopefully you can see where I pulled some things out in anticipation of questions. Another question that comes out is why do we think the 1-Day market is going to move to silicone hydrogel like the other segments in the marketplace. And as we've looked at this, if you looked at what's happened with, I think, the total market is around 70% silicone hydrogel today, if you look at what happened in those other modalities, there seem to be a tipping point or an inflection point around the value that the consumer gets.

So it's a mix of what kind of experience, what kind of product quality are we bringing to you? And again, the 1-Day modality, people like it because of the convenience and safety. You wear it, you throw it out. That's very endearing, especially to the new wearers who are usually 20 to 25 or late teens.

So, we think with Clariti complemented by a premium offering of MyDay offers that inflection point, that tipping point, between performance and price for the consumer.

Let me talk about positioning of the products. Now, we have MyDay which has been very successful in Europe over the past year, very well received. We launched this at the BCLA and I think that was two years ago but time's moving fast.

Very, very well received. The product's very comfortable. DK is very attractive. So we put that into the market. At the same time, we're looking at the market, the 1-Day segment in the following perspective, I guess, is a good way to describe it.

So as you look at this graph, you've seen it before but the left side is the performance of the lens and the lower axis is the price of the lens. So we've taken the time to bubble graph all the lenses in the 1-Day segment based on performance and price and one of the things we noticed is that, you know, there's - this collection of legacy prices -- product, excuse me -- from a price and performance standpoint that you would really locate closer to the bottom left of this graph.

And then we've had several manufacturers introduce a premium product with premium pricing, smaller volumes but very good products. So as we step back and look at both MyDay and now Clariti, the thought was we want to segment this market. The middle white part here is really where the high volumes are. We didn't put the perspective of volumes on this graph but if we were to take that center square in the graph, a very popular hydrogel 1-Day lens in terms of volume, that square should be four times its size.

So, non-extreme volume in the premium segment, very high volume with fewer lenses in, call it, the mass market segment and we're really busy in the more economy.

So our intention is to position MyDay with a very attractive cost to the consumer and to the practitioner at the premium level and then where it will stand up in terms of performance with the two lenses that are in that segment very well, as we've learned, but offer a price that's compelling.

The other thing we intend to do with Clariti is put it in a position to attract the majority of the market due to the fact that we're offering a material which is healthier, attractive to the practitioner but at a price point that's also very attractive.

By segmenting the market, we think, again, we'll leverage our historical Proclear in this segment and give that full portfolio to the fitter.

Some folks have asked, well, why not just sell Clariti? Some folks have asked, well, why not the other? Part of this thinking has been driven by ongoing customer conversations at all levels whether it's an independent storefront practitioner or a very large multinational and we're lining up with their marketing philosophies as they go forward. So we think we're cohesive here, makes sense and it's positioning in a story that's going to resonate for a period of time.

Here are a few particulars on the lenses themselves. So with this positioning, we look at does their performance would warrant this positioning? On the left, we have MyDay and as you can see, for those of you who know the marketplace, the Dk/t is very attractive at 100 and the good news is Clariti performs very well in this oxygen exchange for the health of the eye.

Water content is also another consideration. There's a whole bunch of it for so the water content on both of these lenses infer that it's going to be very comfortable for the wearer, a very good experience.

And then this next one is modulus. And here, MyDay is interesting in that it performs very well and we learn this as we did the clinical when we launched the lens. So where MyDay stands out as a premium is it's easy to handle for the consumer.

And then also, it has a lower - its chemistry is such that it performs at the 100 Dk with a lower amount of silicone and therefore we can use more hydrogel in the chemistry. The point of all that is it's very comfortable on the eye for the consumer and warrants the premium positioning and both heavy UV protection.

So I just thought I'd drag that out of the closet and share a little bit of that with you because it's part of the thinking.

So our goal is for that practitioner when people walk through the door, you know, where we've given them some thoughts to put in to their head as they go through day and select lenses. But we want them to be comfortable and fitting everybody who comes through their door with our portfolio of lenses so these people can enjoy the benefits of wearing a brand new lens every day.

Key takeaways. Fastest growing segment, you know, rolling 12 months 10% growth. We think the market's ready for a transition in 1-Day silicone with the portfolio that we're offering which is a substantial switch and then the 1-Day segment coupled with our Biofinity and FRP lenses should make for a very compelling story.

I want to switch gears. I got to move away from the 1-Day segment. I'm going to talk about unilateral -- and this is a drastic switch, so please take a breath. Now, I'm going to move in to unilateral pricing policy which has been out in the market, like, probably about six months.

So what is this? Essentially, this is the manufacturer's or vendors, the contact lens manufacturers putting a fuller price out into the retail community. And it's unilateral and that they're not sitting down with the customers and saying what do you think of this, how about this, how about -- none of that's happening. It's a fuller price that's being put out. Now, we are not participating in this but the B&L is, CIBA is and J&J is as well.

It's been very well received by the practitioner, and in particular, by the independent storefront. This is the viewed as a pricing strategy which protects the price point of that practitioner from whether it's a pure play internet company or a big bucks merchandiser.

This has an emotional element to it because the practitioners, of course, you know, Dan touched on this briefly, they're trying to compete and stay in business with their single or dual door front out there. So they're grabbing this and they really like this.

As we watch this, as much as the independent ECP understandably likes this, the mass merchandiser national optical chain doesn't seem to be reacting as positively. You know, there are some questions about, well, we'd like to set our own pricing.

Where we're at right now is because of the acquisition and integration of Sauflon, we're appraising what were the commitments on the Sauflon side of the business and how does that compare to what we have in place at CVI. So we're in the whiteboard session going through all of that looking for how is it we want to move forward in regard to the UPP policy.

And for the most part, people understand, people meaning our customers, that we're going through that process but it does allow us the chance to sit in the room with them and get everybody's perspective on this hot issue. So we're on the sidelines right now and it's very much part of our to-do list to see how it is we want to move forward.

One of the things we are doing in the next two slides are dedicated to this is if you recall, I started with the fact that we're already very dedicated to the practitioner, that's our home court, so to speak, that's where we spend our time. So we're talking about with the marketplace the fact that we have really put in pricing disciplines on a global basis which has normalized the market, so to speak. And again, this is just simple things you would do if you're a global company.

We continue to offer customer private label capability which is unique to cooper. We talked about our portfolio. We talk about the fact then on an active basis now, we are doing a substantial amount of a non-traditional advertising or marketing on TV or radio but rather in a digital arena.

So many of our key agreements or relationships whether it's at the independent or corporate level on a global basis, we do this with our customers. So this is a value add that we bring to them in addition with providing lenses. And again, it's unique programs that drive foot traffic from their own communities to their doorstep. This resonates with the customers. So we're going to continue to evaluate this and form a position.

Quickly now, about a year and a half ago, we acquired a software company and I think this may have been confusing from outside the CooperVision. Dan talked about it. it was a messaging software capability that connected the office patient. It integrates or -- excuse me -- it interfaces with the practice management system so everything is automated.

We know there is a number of practice management systems out there but we cover almost 90% of storefronts with this capability. So this is a SaaS software solution. It lays on top of the practice management system and allows that practitioner and the storefront to interface with consumers in terms that they're used to.

When we mentioned -- by the way, half of this page is we ask for money. It's revenue based and since the acquisition, our revenue's gone up 7X. The other half are value-added services, pure play value added services that we do for committed customers.

So on this page, the leader of this business who's a graduate of Silicon Valley would be angry if I didn't mention the fact that we now have just sort of 6,000 storefronts using some form of what you're seeing on this page.

So the lesson here is before, when we are worried with the store's mind humble contact lens manufacturer, helping you with your store, that's no longer an issue for us. So this is, you know, very important to our customers and a utility for them.

The last slide I have today is Dan touched on this a little bit. One of the things we have been working on for about a year and a half and spent time and money on is this messaging capability that I just described to you, we're embedding an internet or web and also a mobile base commerce capability.

We have spent a lot of time to shape it such that it's a two-click-and-buy. Much like the one click on Amazon. Same philosophy.

So it's not go in to a mall and register yourself and go through 20 pages. It is directly tied to the clinician. It is a unique experience for the consumer and it allows the consumer to buy on terms that they want to buy.

The other thing Dan touched on, just to make clear we understand, if you look at what happens with the consumer in the marketplace and they want to get their vision corrected, they go online and they have to get information and then they set an appointment, then they get a prescription, then they make a buying decision and I didn't include insurance and other things in that.

Now, if they elect to get a prescription and go out and shop online, many times, they're required to provide prescription verification. If they elect to buy at the storefront or the independent storefront, they don't have always the feeling that they're getting a competitive price or it is convenient. I don't want to come back to pick it up.

What we're doing here is we're essentially taking that circle of life that I just talked about with the consumer and we're putting it under one roof. You have the clinical experience. You have your questions answered. You get your prescription. Your prescription's verified and I can assure myself of the competitive price because the way this is structured.

It's a big deal. This will be a slow burn. It will not get headlines, I don't think, in the short term. We have eight beta sites focused on the software capability. That will be followed by more of a marketing merchandising capability.

This is grow-the-category stuff. It is not unique to Cooper. We are using a fulfillment partner, the largest distributor in the United States. So all lenses are moving through this. Long term, we think this will add a lot of value to the consumer as well as the clinician in providing care and contact lenses to patients out there.

That said, I actually really enjoyed my time this morning. I hope I got some information across the podium to you. And with that, I'll introduce Fernando.

Fernando Torre - *The Cooper Companies - Global Operations & Regulatory Affairs EVP - CooperVision, Inc.*

Good morning. It's a pleasure to be here. I'm going to be giving you a brief update in terms of our capabilities in the areas of manufacturing and distribution including the Sauflon acquisition.

So prior to Sauflon, what you're looking at is our major operations locations. So these are the sites around the world where we have either major manufacturing slides or major distribution sites or both. With the Sauflon acquisition, we have acquired a number of additional sites in Europe, primarily in the U.K. and also the new manufacturing facility in Hungary and I'm going to be talking about each one of those sites individually.

First of all, just looking at the manufacturing facilities, these are the CooperVision manufacturing facilities prior to the acquisition of Sauflon. So we have the manufacturing site in Juana Diaz, Puerto Rico. We have the manufacturing site in Scottsville, New York, and then in the Southhampton area in the United Kingdom we have two manufacturing sites, one in Hamble and one in Chandlers Ford.

We had a meeting like this in New York, almost exactly two years ago, and I clearly remember being asked if we had any plans at the time for additional manufacturing sites.

And the fact is that at the time, we were very focused on continuing to increase our manufacturing capacity but we were doing that more from the perspective of expanding the sites that we already had and some of that capacity expansion, actually, was not even in the form of additional manufacturing space but in the form of making our lines faster, more efficient and, in general, increasing the productivity of what we already had in place.

So the answer to that question of are we looking at any additional manufacturing sites was a simple no. How quickly things change. If we look at it now, just with the Sauflon acquisition, we're looking at three additional manufacturing sites, two of them in the U.K.

In the U.K. we have the Fareham site which is contact lenses and we have the Ashford site which is a solutions manufacturing facility. And then in Hungary, we have the Budapest manufacturing site for contact lenses.

In addition to that, we have the new manufacturing facility that we're setting up in Costa Rica which is fairly advanced at this point. So we have gone from four physical manufacturing sites to essentially eight manufacturing sites including the one for solutions. And I'm going to be talking about each one of those in a moment.

I do want to go back to the topic of not only with expanding the manufacturing -- the number of manufacturing sites but we have done a lot of work in terms of improving the sites that we already had, expanding those sites and focusing on increased manufacturing capacity.

Specifically, in the case of our Puerto Rico operation, we have added a new building that will serve as a new raw materials warehouse and secondary packaging building and the importance of that is that by doing this, with being able to convert the area that we're previously used for warehousing and secondary packaging into prime manufacturing space.

We've also started the construction or heavily involved in the construction of an additional 60,000 square feet of just manufacturing space in the Puerto Rico site. In the U.K., we've added a new manufacturing building, what we call Speedwell which will be dedicated specifically to the manufacturer of MyDay and then, of course, as I mentioned before, we have the new Costa Rica facility. I will take some more about that.

In addition to that, we're very focused right now in the integration of Sauflon not only in terms of the integration itself but opportunities for expansion of the Sauflon facilities, in particular, the facility in Hungary.

Most of these capacity increase, the vast majority of this capacity increase is focused on four product groups. MyDay, Clariti 1-Day, Biofinity, and then the Hydrogel One Day product, the Hydrogel One Day portfolio.

So looking at this one site at a time, in Puerto Rico, we'd now have expanded the manufacturing capacity of our Puerto Rico facility to roughly one billion lenses per year. When all the expansions currently underway are completed, we'll have approximately 550,000 square feet of manufacturing space. We currently have, in Puerto Rico, around 1,600 direct employees. And of course, Puerto Rico, in addition to the manufacturing, also has a large secondary packaging operation which is currently handling over 600 million lenses per year.

This will give you an idea of the kind of expansion that we've done in the Puerto Rico site. I know there are people in the audience who visited Puerto Rico a few years' back. If you saw it now, it's about twice the size of what that facility used to be.

First of all, that area in orange, that's the building that I referred to before, it's the new packaging and raw materials warehouse. So by adding that facility and that is now completed and fully operational, by adding that, we've been able to free up space in the existing buildings that are now converted to clean room, manufacturing space and we're already putting lines there for MyDay and for other products.

In addition to that, under construction but fairly advanced, we have what we call Phase G of the facility which is the additional 60,000 square feet of manufacturing space. So that is the expansion that has been underway in the Puerto Rico site.

Scottsville continues to be our low volume, high mix manufacturing site. Everything that we make in Scottsville is either made-to-order or very low volume, very small lot size made to stock. The volume for the facility has remained steady at about 10 million lenses per year. However, the facility has become a lot more efficient over time.

So at one point, a few years ago, we had close to 700 employees in Scottsville to make the same 10 million lenses. And today, we have about 460. No expansions to the size of 50,000 square feet. It's basically the same, the same footprint, a lot more efficient as of facility.

U.K. manufacturing and this is the original CVI site. This is without including Sauflon. Producttion rate is now over 600 million lenses per year. We have about 1,800 employees and by the time or including the Speedwell addition, we have approximately 350,000 square feet in those operations.

When we talk about Speedwell, this is just to give you more of a picture of what we're talking about. Speedwell is a standalone building. We were fortunate to be able to locate a building that is in the Chandler's Ford. The same Chandler's Ford Industrial Park where our Warrior Close manufacturing site is. So the Speedwell building actually sits right between the Warrior Close plant and our R&D facility in the U.K. which have allowed us to build three buildings but basically into sort of a campus in that area.

It was a building that required a lot of work. When we took over, it was a warehouse for a beer distributor. It was nowhere near what you need for a medical device manufacturing. So you can see what it looked like. At one point, we had to rip the roof, we had to add a lot of structural steel. There was a lot of work that went into that.

The team, the project team in U.K. manufacturing did an outstanding job with this project and the photo at the bottom there shows you what the space looks like now. Clean room space, ready to start putting MyDay lines in it now.

So moving into the Sauflon sites, this is the Fareham site. Fareham is a relatively small manufacturing site. We're talking about roughly 22,000 square feet of space, 200 people and manufactures about 50 million lenses a year. So relatively small but very good technical capabilities.

And then we have the facility in Budapest, Hungary. Budapest is designed to be a high-volume facility. It's currently producing around 370 million lenses per year, 142,000 square feet, 900 people in the facility.

But this is a facility that is growing very quickly.

We have the ability in the Budapest site to double the space without a major construction. At present, we have a total of eight lines in production, but we're adding two additional lines and we have more lines on the plan.

And I want to reemphasize something that Bob said a few minutes ago. The lines that we're talking about are lines that are -- first of all, the capital cost is under $10 million per line. But the most important thing perhaps is that these lines are extremely flexible, so the same line can manufacture spheres, toric, or multifocal 1days. It can manufacture either conventional hydrogel or silicone hydrogel. So that is something that's invaluable for the manufacturing organization because the level of flexibility that we get with that platform is really a major advantage.

Obviously, the other thing that's very significant here is we're able to process that formulation without the requirement for lots of alcohol and that's also a major productivity improvement from a manufacturing perspective.

This is Ashford. Ashford is the Solutions manufacturing site. Production volume is roughly over 30 million bottles per year. It's a relatively small site, 55,000 square feet, 170 people.

We have the capability to significantly increase production out of that site if we needed to. The site is currently operating with only two shifts, so without any major capital investment there is an opportunity to significantly raise output of the site.

And then I will talk a little bit about Costa Rica. Costa Rica is being set-up also to be a high-volume manufacturing site to complement our other existing operations.

The location is near the capital city of San Jose. It's in a free trade zone park by the name of Coyol -- the Coyol Free Trade Zone Park in a town called Alajuela.

The plan with Costa Rica is to gradually ramp-up the site through four different phases. What we're currently implementing is Phase 1, which will be about 100,000 square feet. We have plans for a second phase with another 100,000 square feet that could done fairly quickly. And we have acquired enough land in the site to allow for two additional phases in a total of 400,000 square feet of manufacturing space.

Where we are right now is the construction of the building shell for Phase one is essentially completed. We're now working on internal facilities and utilities for the site. We expect to start rolling in production equipment in the January timeframe or by the January timeframe, and we expect to be in production and actual product shipped out of the Costa Rica site by Q4 2015.

So just to give you an idea, this is what the site looks like. This is the Coyol Free Trade Zone Park in Costa Rica. You can see the entrance there. It's an old photo. It's about two years old. It was a lot emptier then. If we had a recent photo, which unfortunately I couldn't get, it's a lot more populated.

At that time, there were still some empty lots. And right now if you look at it, it's pretty much sold out mostly with medical device companies.

So that's a lot that we acquire initially about 42,000 square meters inside the park. We later added another piece of land -- and I'm not sure what is -- Okay.

So we added another piece of land for 46,000 square meters. This land is actually outside the boundaries of the park, but we're working to integrate because it is adjacent to the Free Trade Zone Park. We're now going through the process to integrate this to the Free Trade Zone Park. So in total, almost 22 acres of land that we have acquired, and like I said before we have enough space there for a 400,000 square feet manufacturing site.

This is what it looked like in November 2013 when we were in the early stages of construction. This is what it looked like in June. If you look at it now, there is paint on the building. It looks like pretty much a finished building, and we're just working on the inside, all the facilities, and getting the things ready to be able to design installing, manufacturing, equipment.

So before I move away from Costa Rica, one of the things that we're looking at is we will still go ahead with a plan to start Costa Rica using hydrogel legacy products. So the first product coming out of Costa Rica will probably be something like Proclear spheres, the monthly product. However, we're now evaluating using Costa Rica as our dual-sourcing site for Clariti 1day. It lends itself very well to the kind of manufacturing.

Strategically in CooperVision manufacturing, we always look to do outsource key products, so manufacturing more than one manufacturing site for risk management reasons. So we're looking at Costa Rica as the dual-sourcing site for Clariti 1day, which means that Clariti 1day will be manufactured both in Hungary, in the Hungary plant and in the Costa Rica plant.

So moving to distribution operations, these are the CooperVision distribution sites, the major sites prior to Sauflon. With Sauflon we're adding another site in the U.K., which is the Sevington site. Sevington is right next to Ashford, very close to the Solutions manufacturing site.

So going through these one site at a time, West Henrietta, this will be our main distribution site for the Americas, primarily US and Canada. Approximately 490 million lenses, almost 300,000 square feet of manufacturing space, over 400 employees. And we also have there a packaging operation where we do secondary packaging for about 165 million lenses a year.

Delta Park is our largest distribution operation in the European region. Delta Park distributes approximately 730 million lenses per year. It also has a very large secondary packaging operation, so they do secondary packaging for about 660 million lenses per year. Delta Park is a very efficient distribution site, 140,000 feet, about 340 employees for that distribution volume and that packaging volume.

Liege is a Tier two distribution center, but it's the largest Tier two distribution center that we have. Liege continues to be the place where we distribute direct to customers in the core European market. It has a volume of about 190 million per year, about 180 employees, and 124,000 square feet. And in Liege, one of the advantages that we have is that we have room for expansion as the business grows.

In Tokyo, Japan, we have a distribution operation that is very high volume, about 500 million lenses per year distributed just for the Japanese market. This operation is run by a third party logistics provider, Nippon Express, with supervision from our own logistics team. Very efficient operation, about 34,000 square feet of space, and they move a lot of products.

And then we have the Sevington distribution operations. And Sevington is basically the distribution center for Sauflon. All the Sauflon products, be it solutions or lenses, go through Sevington. So it has a volume right now of about 30 million bottles of solution and about 400 million lenses a year, 70,000 square feet, and about 200 people operating Sevington.

I want to show some trends, which are particularly important to manufacturing and to operations. This is our production volume in lenses. This is how many lenses we have manufactured annually for the last five years. You can see that it continues to increase, fairly stay increased, driven primarily by the silicone FRP segments, so Biofinity, Avaira, and also by 1day hydrogels including MyDay.

The other chart that we always like to show is -- and this is something that we're very proud of, that's headcount, that's total manufacturing headcount in CooperVision. Of course, these charts do not yet include Sauflon. This is without Sauflon.

And the message is very clear. For the last four years we have continued to increase manufacturing capacity. Headcount has remained completely flat. So the statistics that Robert Weiss referred to before for Cooper as a whole also apply to CooperVision Manufacturing very much so.

And then in closing, I would also like to point out what our key initiatives right now in operations. Well, obviously, a very important area of focus right now is -- a very important area of focus is the Sauflon integration.

We're spending a lot of time in the integration planning phase to make sure not only we do the integration quickly and efficiently but that we do it right. We want to make sure that we gain the most out of the acquisition and that we leverage everything that Sauflon has that we could take us an improvement to the overall CooperVision operations.

We will continue to focus on the manufacturing capacity expansion projects so that means that we need to complete the expansions that we have underway in the Puerto Rico site. That means that we need to do a startup of the Costa Rica facility, and we need to continue to concentrate on capacity expansion, the manufacturing capacity ramp-up for both Clariti 1day and MyDay.

We will continue investing in the development of advanced manufacturing processes and technology. This is a big area for us, and this is at the end of the day what allows us to continue to improve our efficiency because every year we roll out better processes, better technology to our manufacturing and to our operations that results in improved productivity.

We're beginning to put a lot of focus and attention on our distribution and logistics systems. And how do we improve -- how can we improve the overall efficiency of our global logistics and supply chain.

And last but not least, we will continue the development of what we call a culture of continuous improvement. This is very important for us. Its core to who we are as an organization. And we think that process are two things that we're very strong on and it's the philosophy of Six Sigma and Lean manufacturing. And we will continue to develop that.

Okay. With that, I'll hand it over to Al White.

Al White - *The Cooper Companies, Inc. - Chief Strategy Officer*

Thank you, Fernando. I don't know. Is my mic on?

Great presentation, obviously impressive. As everyone can tell, we have a lot going on. A couple of things to take away. Dan said it well. We're very excited about where we are right now. We have everything obviously under control. We have our arms around it. We're excited. Very, very positive future.

We're running right on time right now, so why don't we go ahead and open the floor to some questions?

QUESTIONS AND ANSWERS

Matthew O'Brien - *William Blair - Analyst*

Good morning. Matt O'Brien from William Blair. I was hoping we could start off with the product rationalization commentary. I think from the Sauflon deal, this high piece of that was about $85 million. You seem pretty committed to the Solutions business as well, so let's call it $150 million or $200 million revenue base that you bought.

Is it fair to say that 25% is probably the likely maximum rationalization? And for modeling purposes maybe we could use something 10% to 20%.

Daniel McBride - *The Cooper Companies - COO, President - CooperVision, Inc.*

Yes. I think it's fair to say that where you look at rationalization is primarily at the hydrogel space, and that's partly because, as Fernando said, the flexibility of the lines. So any lines that we free up from hydrogel in the Sauflon manufacturing system we can convert to silicone hydrogel and help drive that growth.

Obviously, when we go through any rationalization we do and we haven't fully baked all of those plans, our intent is to keep those customers to the extent we can. And really when you look at the product offerings they are very, very similar if not the same, so we think that we can be successful in that.

Matthew O'Brien - *William Blair - Analyst*

Okay. And then just a follow-up question, Dan. I think you mentioned eventually getting to a third market share that's I think a bit of new information for most folks here certainly. But can you just talk about, first of all, that organic growth to get to there? And I know it's over a multi-year period. But then the other components to get Cooper to that kind of market share that's 10 full basis points from where you're at today.

Daniel McBride - *The Cooper Companies - COO, President - CooperVision, Inc.*

Yes, I mean, when we look at that we think that a lot of that can be done organically. With the shift to -- in the 1day marketplace where we are positioned for that, we're bullish. It's an aggressive target, but it's something that we see that is achievable and partly dependent too on what the competitors do.

When I talk about seeing a vision of a third, a third, a third, it's assuming a competitive dynamic doesn't change dramatically from what we're seeing today. So yes, that's what we want to target as a business.

Al White - *The Cooper Companies, Inc. - Chief Strategy Officer*

Let me add one thing to add, just a little more color. When we have the products we prove them we can be that successful. I mean, if you look at some of the sub-categories, you look at torics as an example, you look at the multifocal market where we do have in that 30% market share range.

So now that we have the products and the spheres and especially the single-use spheres, there's no reason that we should be able to move in that same direction with those product portfolios.

Larry?

Lawrence Biegelsen - *Wells Fargo - Analyst*

Thanks. Larry Biegelsen, Wells Fargo. One market question and one manufacturing question starting with the market.

Dan, today you said you expect the contact lens market to grow 6% the next five years. I think the market grew about five the last five years.

J&J said they expect its growth 5% the next five years. Novartis said 4% at both these companies' recent analyst meetings. So what's driving your bullishness on the market? And if your goal is grow faster than the market, is it fair to say that your goal is to grow at least high single-digits over the next five years? And I did have a follow-up on manufacturing.

Daniel McBride - *The Cooper Companies - COO, President - CooperVision, Inc.*

Sure. You know, why we're bullish on the market is that when you see the economics of shifting from FRP to 1day and the economics is shifting from hydrogel to silicone hydrogel, that was really driving the bulk of it. The other part of it would be geographic expansion and where we see the markets developing and the rest of the world.

And I don't know they are giving guidance on where we are for performance, but we intend to continue to grow faster in the market. And then I -- go ahead.

Robert Weiss - *The Cooper Companies - President, CEO*

Let me just add one thing...

Daniel McBride - *The Cooper Companies - COO, President - CooperVision, Inc.*

Sure.

Robert Weiss - *The Cooper Companies - President, CEO*

...in my mind, one thing to that, that if you're comparing our outlook to Novartis or J&J, J&J's portfolio right now is not particularly conducive to the double trade-up in the 1day modality going to a -- from a 2-week lens into a daily lens and going into a silicone hydrogel daily lens.

Novartis has the same problem. Their conversion into the single-use lenses is at a premium so it's a niche market. Not everyone can afford Total1 whereas we're going into the sweet spot of the market with Clariti, so there's a lot more bullishness in the double trade-up.

Frequently when I talk about trading up, that's four to six times going from an average FRP we're into the 1day modality, and then you have another factor for 20% to 40% for silicone hydrogel trading up. So I think we're more bullish on our outlook because we can see that transition at 13% silicone hydrogel of the 1day modality into a much higher percent happening faster than either J&J or Novartis, [might view it].

Lawrence Biegelsen - *Wells Fargo - Analyst*

Just to be clear, those were their market growth rates over the next five years.

Robert Weiss - *The Cooper Companies - President, CEO*

Right.

Lawrence Biegelsen - *Wells Fargo - Analyst*

Novartis was 4, J&J 5. You're at 6.

Robert Weiss - *The Cooper Companies - President, CEO*

For the market, yes.

Lawrence Biegelsen - *Wells Fargo - Analyst*

For the 5-year outlook for the market.

Robert Weiss - *The Cooper Companies - President, CEO*

Right.

Lawrence Biegelsen - *Wells Fargo - Analyst*

On manufacturing -- I apologize it's a multi-part question. But on taking the alcohol out, can you help us quantify the benefit of that, how quickly you could -- you may be able to apply that to your legacy Cooper silicone hydrogel lenses, maybe a little bit of color on the puts and takes on the gross margin for CooperVision over the next five years? Thanks.

Robert Weiss - *The Cooper Companies - President, CEO*

Maybe I'll start. I'll let either Fernando or Dan jump in.

I think we're saying that they have come up with a magic formula that no one else has to remove the alcohol. At this early stage, we're not sure whether or not we can convert any of our other products.

When I think about Biofinity and its platform, Avaira and its platform, MyDay and its platform, it may take some work to figure out can any one of those three or maybe in a fourth product be the one that can move into that non-alcohol base.

I think many of the people in this room understand we've had kind of a nasty view of alcohol forever in a day and would love to get it out of multiple modalities. I don't think at this juncture we know it's doable. But Fernando or Dan, you can feel free to jump on.

Fernando Torre - *The Cooper Companies - Global Operations & Regulatory Affairs EVP - CooperVision, Inc.*

I don't see a direct path to translate the fact that Sauflon has a formulation that doesn't require alcohol to being able to eliminate alcohol from our existing products.

A product like Biofinity we use alcohol in the process. It's required by Biofinity formulation. It goes together with Biofinity being the excellent product that it is. What we have done is we have become, over time, we have become a lot more efficient in processing alcohol and managing alcohol as part of our manufacturing platform. But I don't see that.

There is no direct connection from the fact that Sauflon has a magic formula that doesn't require alcohol to being able to take alcohol away from Biofinity or Avaira, or other existing products.

Lawrence Biegelsen - *Wells Fargo - Analyst*

Sorry. And the last part on the CooperVision, gross margin over the next five years, just to put some takes there. Thanks.

Robert Weiss - *The Cooper Companies - President, CEO*

Yes, to put some takes on gross margin for CooperVision in the next five years, clearly there are some tailwinds. The royalty runoff is one tailwind, the expansion into low manufacturing locations -- Hungary clearly ramping up in capacity to ramp up further and Costa Rica. So labor will be a factor.

The low cost -- since so much of our growth will be in lower capital cost equipment, I mentioned some 10 million lines for Clariti, and the fact that Clariti will be clearly a driver of accelerating revenue growth. So that's on the positive side.

On the negative side, clearly, as we move into the 1day modality, the 1day modality is a pressure point on our overall gross margin mix. 1days have a much lower gross margin on average than clearly a monthly would have that add into the scale.

We tend to shift our view down to the operating income line and there's no doubt that Sauflon and the fact that it's moving is into the 1day modality and the fact that it's a low cost producer of silicone hydrogel family will not stress or operating income in its direction.

That's why we have the 26% plus. That will happen really somewhat ratably over the next five years, probably 2015 being the most disruptive because of the amount of restructuring and transition that's still going through.

I don't know if anyone wants to jump on any further. Okay.

Al White - *The Cooper Companies, Inc. - Chief Strategy Officer*

Carol?.

Joanne Wuensch - *BMO Capital Markets - Analyst*

Joanne Wuensch from BMO Capital Markets. Good morning. Two questions.

The first one, one of the things that both Ciba Vision and Johnson & Johnson do well is they have a very active direct-to-consumer campaign. In your efforts to get to a third of the market, how do you think about transitioning to using that as a vehicle?

Daniel McBride - *The Cooper Companies - COO, President - CooperVision, Inc.*

Yes. I'll let Dennis add color into this. We look at where we are effective in the marketplace. We're not looking at television ads or traditional media as really a direct-to-consumer approach that we take.

We do do stuff on social media and on the Internet, but our primary focus is really driving business through the eye care practitioners and not going right out to the consumers.

Dennis Murphy - *The Cooper Companies - Global Sales and Marketing EVP - CooperVision, Inc.*

Yes. I mean, just to build on what Dan said, I mean, a lot of times what we do is we're going direct to the consumer with our own brands. As an example in Japan, we're doing a lot of that. That's part of the relationship with some of the key customers.

So we are reaching out to the consumer. And again it's a very pointed advertising effort, and it's done in conjunction with some of the store banners that exist there. So I think in the future we're going to continue to do more of that.

I don't think we'll do Sunday inserts or television advertisements. Recent metrics don't really seem to support the amount of investment that takes. But I think being smart on the social and digital side is where we're going to continue to focus our efforts.

Joanne Wuensch - *BMO Capital Markets - Analyst*

Okay. So my second question then is when you talk about expense savings or synergies that could come about from Sauflon, you went through a laundry list including distribution and overhead. Have you started to put a number or a percent of revenue or some type of category around that that would help with our modeling? And over what period of time do you think you could take that out of the combined organization? Thank you.

Daniel McBride - *The Cooper Companies - COO, President - CooperVision, Inc.*

Yes. So we don't have a number to give you at this time. We definitely see majority of the synergies we're going to get we should have exiting to 2015. So we see the integration efforts largely being consumed in 2015.

Al White - *The Cooper Companies, Inc. - Chief Strategy Officer*

Jon?

Jonathan Block - *Stifel Nicolaus - Analyst*

Thanks. Good morning. I'm Jon Block at Stifel.

My first question has to do with maybe the components of market growth and maybe if you can just talk to us. You've shared some five years old, but how about where you see this SiH as a percent of the daily market when you look out five years. And then with Cooper sort of dual lens approach within that market, maybe you can also share with us your market share with SiH dailies when you look out to some of the bogeys of 2018, 2019?

Robert Weiss - *The Cooper Companies - President, CEO*

Yes. I'll start and then I'll let Dennis or Dan jump on that.

Clearly, that 13% of the 1day market that is silicone hydrogel, we think that will move rapidly up if you have an affordable 1day silicone hydrogel. And that's really what Sauflon is about. It has all three. There are two criteria One is it's one thing to have an affordable [seer] only, but it's a lot more to have the family of products as Dan mentioned and Dennis.

It's that portfolio that a practitioner doesn't have to want to be reaching over here to this and over that to that. So any patients coming in the door, they can reach in and get a Clariti. So the driver of what will move the needle, in my opinion, is most strongly Clariti, not MyDay and not Total1.

They're going to be more in the premium sector that's going to be a narrow sector. Clearly, Total1 has proved there is enough room in that premium sector, but that's not the majority of the wears.

So when we look at FRP, FRP is already 71% silicone hydrogel. Keep in mind all the numbers I am throwing out are dollars. They're not wears, they're dollars. When we talk about 1day 42% we're talking about 42% of the dollars.

Clearly, the wear base is a lot smaller. Clearly, there's a lot more upside mobility to grow the wear base which then will accelerate the dollar growth.

So I think by 2018, five years down the road with Clariti and the ramp-up of Clariti and then the premium side, I would not be surprised to see that 13% -- number 1, 42% should be approaching. I think we have more like a 50-50 split. That seems realistic, maybe a tad bit, even conservative if I say the second piece of the equation is a low cost silicone hydrogel because that should accelerate the continuation of the shift.

Probably the only thing that's going to hold back the mix of the 50% and that is 1day revenue, how far SiH can go will be the ramping up capability. How far can you go in five years with lead of equipment in that ramp-up and that rollout?

I still think that 13 will probably move to the midpoint of 13. It should have a fair shot at approaching 50% over a 5-year period. And that's assuming some robust ramp-up throughout the family of silicone hydrogels that's in the marketplace.

Dennis Murphy - *The Cooper Companies - Global Sales and Marketing EVP - CooperVision, Inc.*

Yes, I guess, just a quick comment. So if it's the US market we're talking about, I agree with what Bob is saying. I think it will go from the 13 to potentially 50% of the market of silicone hydrogel. A lot depends on which lenses come into the market during that course of time.

The other thing though on sources of growth, second question, one of the things that's helping us is as we look at the market, we segment the market within a particular region or country. So where our sources of growth are going to come from, two key areas will be penetrating mature markets.

So as an example, in Japan, we had not traditionally called on the ophthalmology market, which is a third of the market. We're doing that now and we're enjoying some growth as a result.

The other is the other -- the emerging market is another area where we've been very underindexed, and we're picking up a lot of momentum and a lot of traction there. So I think in terms of the global silicone picture, those markets have not been fully penetrated. But usually, once we establish the presence, the blend of legacy technology and silicone technology has a home in those markets.

Jonathan Block - *Stifel Nicolaus - Analyst*

Okay, great and just as a follow-up to shift, I think Sauflon had a policy prior to the acquisition. They're just making their lenses available to the ECPs, the eye care professionals. I don't believe that's going to be CVI's approach. I know we're only one month post the close of the deal. But can you talk about your approach there and maybe some interaction with the customers and the feedback you received? Thank you.

Daniel McBride - *The Cooper Companies - COO, President - CooperVision, Inc.*

Yes. So they call it the practitioner-only policy, and it was very prevalent in Europe. And here, UPP, their stance on offering UPP on Clariti received more attention. I think the jelly center on that whole subject is the pure play Internet entities with the very low cost basis, undercutting pricing across the board.

So as you read through what they are attempting to do, they had things in there like non-prescripting pharmacies, supermarkets, and such. So as we go into it, the conversations we're having with customers philosophically were there.

But we want to get to a level of detail as to what some of these broad descriptions really mean. You know, does this mean booths who actually fits the lenses? So we're going through that right now. And I think the smart thing we're doing is we're having active conversations with our customers, trying to get them in our chair to refine how it is we go after this market.

I think the spirit of what they were doing is very appealing to us. The trick is just the execution once we bring the two companies together.

Al White - *The Cooper Companies, Inc. - Chief Strategy Officer*

Okay. I want to make sure we have time for break here so I will just need two more questions. Steve?

Steve Willoughby - *Cleveland Research - Analyst*

Okay. Steve Willoughby, Cleveland Research.

Sort of following up on Jon's question, I think if Cooper -- historically, Cooper has been the Company that's probably have been the closest to the eye care professional, and so you made some comments today, Dennis, regarding this new global office focusing on multinationals.

It sounds like your viewpoint on UPP is still kind of up in the air where your competitors have more clearly defined that they're going towards UPP. Just wondering how you kind of balance your historical strong relationships with eye care professionals, but would also seems like maybe also getting a little bit closer to some of the larger multinational retailers.

Dennis Murphy - *The Cooper Companies - Global Sales and Marketing EVP - CooperVision, Inc.*

Really good question. It's a delicate balance, and I have material that would have taken up two hours today. But essentially, the way we look at it is we have a portfolio of product that also things that we do with the customer. And the depth and selection of those call it value-adds or programs that we do varies with region to region, but also within a particular market segment. So there are things we do for the practitioner that simply aren't appropriate or we would not do for a Costco or a Wal-Mart.

And then the opposite is true. There are things we do there which are more broad-based merchandising elements that we bring to the party. So it's not as if we're trying to be Switzerland here, it's more what brings the highest value to that particular customer.

The other thing I think on this particular issue is again we're exploring it with the customer because this particular approach, we don't know what consumer reaction is, and in today's world, if consumer reaction gets momentum that's bad for the entire category. So we're trying to anticipate not where things stand today and this just looks like it's a pretty good idea to what's a comprehensive program around the corner. And if we're all serving the patient, let's take a second look at this.

Robert Weiss - *The Cooper Companies - President, CEO*

One other thing on that, Steve, right now it's a highly energized emotional issue out there, which is the bad news or maybe the good news because it will get -- it means the level -- the playing field will level quicker.

Eye care professionals will figure out it's not the greatest thing since silced bread. There clearly will be examples where the policies aren't being administered the way the eye care professional wants. We'll let that play out.

We're not at all abandoning the eye care professional. We're very loyal to them. We never were loyal to the 1-800 Internet companies. Our loyalty has always been to the person writing a prescription wherever they work out of. We've never been disloyal to retail. We just didn't have the market share that some of our competitors have in that area.

We bring a lot of value services that service of made-to-order. You can't go to J&J and say please give me made-to-order. That's what the 10 million lenses are about in Rochester, Scottsville.

So all those loyal things, LensFerry, all the nuances of WebSystem3 that is delivering products, helping the eye care professional be better business people with the customer, reaching out to the customer via the eye care professional, all of those things were just as loyal to today as we ever been.

Steve Willoughby - *Cleveland Research - Analyst*

Just one other quick one, Al. Just if you guys could comment if there's any update as related to the FDA warning letter you received a few months ago.

Robert Weiss - *The Cooper Companies - President, CEO*

Yes, I'll answer that. We're actively working with the FDA on that warning letter. We obviously take any warning letter very seriously. We think we're making progress in being responsive. But at this point in time, the warning letter is in place. We still expect activity between now and the end of the year hopefully to resolve where we are in that.

Al White - *The Cooper Companies, Inc. - Chief Strategy Officer*

Last question here, Chris.

Chris Pasquale - *JPMorgan - Analyst*

Yes, thanks. Chris Pasquale, JPMorgan. A couple of quick ones on the daily silicone hydrogel franchises.

So first with MyDay, can you give us an update on the timing in the US? I think you had previously talked about the limited launch by the end of this calendar year and then broader in early 2015. Are you still on track to hit that time line?

Daniel McBride - *The Cooper Companies - COO, President - CooperVision, Inc.*

Yes. So one of the things with the acquisition of Sauflon is we do have a full launch of Clariti going on right now. That's going into the hands of our sales force. It's being pushed out there.

As a result of that, we still are 100% committed to MyDay and MyDay's positioning, but we will push the MyDay launch into 2015 mainly just to give separations of sales force can focus on getting Clariti well-established into the marketplace then focus on getting MyDay well-established in the marketplace.

So it's just really a function of opportunity and timing, and the fact that Clariti had already been launched into the marketplace and we need to make sure that franchise is well-established and not any real commentary to the negative on MyDay.

Chris Pasquale - *JPMorgan - Analyst*

I think you had previously talked about a $75 million target for MyDay next year. Did that change that now? Is that no longer realistic?

Daniel McBride - *The Cooper Companies - COO, President - CooperVision, Inc.*

No, I think it's still realistic to hit the targets on the MyDay sales. It just may be in different markets.

Robert Weiss - *The Cooper Companies - President, CEO*

And I think we're also looking at that as a package deal since there'll be some trade-offs of MyDay timing versus Clariti timing. It's more important to focus in on how you're doing with your silicone hydrogel one-day strategy. Part of the answer will be how robust is the platform on the manufacturing side, which one could ramp up further and faster.

What we don't want to do is overextend. Get out there and get a product, create demand.

We'll walk into a practitioner and say three months from now you'll have this and you'd start talking about this, meaning MyDay and you should be talking about Clariti if you have it available today. That's a mistake. So those things we need to realign in our thinking. And as a result of that, if we don't get to $75 million next year of MyDay, I think if we elect to do maybe more activities in fitting sets instead of revenue producing, which is one trade-off also, then so be it. It's the whole category that's more important.

Chris Pasquale - *JPMorgan - Analyst*

And it leads me to my next question, which was around itself. So understanding that some of the decisions around how you allocate Sauflon's capacity and how much you do in fitting sets are still up in the air, how should we think about the level of sales of Clariti that you can support a year from now versus today?

Robert Weiss - *The Cooper Companies - President, CEO*

I think the package of Clariti and MyDay, I kind of said $110 million -- let's say $100 million to $110 million run rate 2014 should easily be able to expand north of 50% as a package growing through 2015. And your exit run rate should be considerably higher than that.

Al White - *The Cooper Companies, Inc. - Chief Strategy Officer*

All right.

Chris Pasquale - *JPMorgan - Analyst*

That's helpful thanks.

Al White - *The Cooper Companies, Inc. - Chief Strategy Officer*

It's 10.20, so let's go ahead and take about a 10-minute break and then we'll start again about 10.30.

(BREAK)

presentation

Unidentified Company Representative

Ladies and gentlemen, and please take your seats. Our presentation will begin just a moment. So if you could please take your seats. We will resume the presentation. Thank you.

Al White - *The Cooper Companies, Inc. - Chief Strategy Officer*

We'll go ahead and get started here in just one or two minutes.

Daniel McBride - *The Cooper Companies - COO, President - CooperVision, Inc.*

So at this point, we're going to shift the presentation and focus in on CooperVision's sister company, CooperSurgical.

CooperSurgical is our women's health business that was established in around 1990. It's one that we've built from scratch through a series of acquisitions. One of the big architects of that is Paul Remmell who is going to spend the next half hour talking to you about the surgical business and the opportunities there.

Surgical was built around the concept of delivering service to the Ob/Gyn in an in-office setting. It's evolved to include surgical products. And probably the biggest evolution of CooperSurgical was in 2012 with the acquisition of Origio, which made us a major player in the media segment of the IVF market.

So Paul Remmell is here to present on his CooperSurgical. We also have Dr. Bob Auerbach in the audience who is the chief medical officer for the CooperSurgical business.

Paul Remmell - *The Cooper Companies, Inc. - President & CEO - CooperSurgical*

Thanks, Dan. Good morning.

Like Dan said, I'm Paul Remmell. I'm going to talk about the women's healthcare business.

A couple of takeaways that hopefully you'll get from the presentation today is that we built a quality, unique women's healthcare franchise that's well-positioned to take advantage of the changing marketplace that's going on in our world these days and be able to be a partner with those new healthcare associations that are popping up mostly driven by the healthcare reform that's going on.

And the other takeaway is, as Dan said, with the acquisition of Origio, we're in the IVF space, the fertility space. A very exciting marketplace, a lot of growth potential. And right now we are the market leader going forward.

So I'm going to take you through a brief overview of CooperSurgical, talk a little bit about the market as we identify it and where we're going to focus in on that market over the next five years, talk briefly about our historical performance, some growth drivers, and more importantly what the future looks like for us going forward.

So again CooperSurgical is dedicated to providing medical devices for procedures and primarily the Ob/Gyn space. We sell primarily to the medical professional. We're dedicated to that women's healthcare space. We sell, like I said, exclusively to those medical professionals.

We have about a 1,000 employees. We're located in Trumbull, Connecticut, with core operations in the US and Denmark.

We follow that medical professional everywhere he goes. As Dan said, we started out as an office-based business. We offered some product solutions way back in 1990. Now we follow that medical professional everywhere they go -- to hospitals, to surgery centers, the IVF clinics, labor and delivery.

So we touch them in every place they go. And in order to do that, we've got a variety of different sales organizations since those call points are so unique and so different so we have a direct sales business unit that calls on them in their office every day. We follow them into the operating room in the surgery centers.

We're the surgical sales force. We do have an IVF dedicated sales organization also. And right now we're starting to build what we will call corporate accounts for the changing marketplace that's happening today.

Historical performance, pretty nice. You can kind of see year-over-year growth every year since 2004 mostly primarily through acquisition, but organic growth has been pretty good up until this year.

You can see compounded annual growth almost 14% over that 10-year period. And the thing we're so much proud of is the operating margins, but I can see on mine but you guys can see on yours.

Steady gross profit improvements. We started out at about 55% back in 2004. We reached the peak of 66% in 2012. And you can see the little dip that's happened there is really the acquisition of Origio that carries a much lower margin than the CooperSurgical product line right now. And you'll hear about some good things that we're going to do to hopefully restore that going forward.

Business on a geographical basis, CooperSurgical is women's healthcare business, primarily US-based. You can see that about almost 90% of our revenue is in the US; about 10% to 12% is outside the US.

For the Origio business, completely different, it's a worldwide business. They have primarily 65% sales outside the US, 35% inside the US, so it gives us a nice split of about 70-30 on a consolidated basis going forward.

Manufacturing locations that we have throughout the world, you can kind of see where they are. We acquired five different manufacturing locations through the Origio acquisition. Again, Origio was kind of put together the same way we were through acquisitions. They just never did any of the integrations.

This is where we'll get a lot of that gross profit improvement that I just talked about. We'll wind up integrating many of those businesses, kind of tapping into some of the core competencies that we have at CooperSurgical in that Origio business and being able to drive those margins back to where we think they should be.

So again, in our world, CooperSurgical is the primary women's healthcare producer. We had over 600 medical products that we sell to the medical professional.

And again, when we look at it you can see all the different brand names that we have acquired over the years. Many or most of those are the gold standard or the most recognized brands that are out there, very unique position for us in the marketplace where every one of our products are recognized by the Ob/Gyn or the medical professionals. Very high standards, very high quality, and we don't think there's a medical professional that treats women that hasn't used at least one of the products that we offer in our product portfolio.

Again, we built the business on acquisitions. As everybody said before, we've done over 30 of them since 1991, again pretty nice story. We've bought many of the brand names that we just talked about. Last one we did was the Origio acquisition, which puts us in a primary position with IVF.

Today, we have a changing marketplace. The healthcare reform has really transitioned our world from individually owned practices to physicians now selling their practices to healthcare associations, hospital groups. And they're becoming more employees than they are standalone business owners. So again in our world with that change, obviously, the complexity in order to meet those changes, we're going to need to change what we do from a sales organization, from a marketing organization, from a product portfolio, from an R&D standpoint.

And again we believe that we're pretty well-positioned to be that partner going forward with those healthcare associations because of the depth and breadth of the product line that we have. And more importantly, the clinical ability that we have through our sales organization to help those organizations drive efficiencies, drive standardization, drive all of the aspects that they need in order to be able to assimilate these now new businesses that they bought and be able to drive those efficiently going forward into the future.

So through all of that, we are trying to build strategic partnerships. We no longer sell medical devices as a single medical device. We don't go in there and promote that. We promote medical solutions for procedures and problems that women have. We go in there and we sell the strategic partnership in order to be able to meet the needs of those new organizations that are being formulated today.

When you look at what we used to do, we used to sell products through a single physician in his organization. He was the primary decision-maker. That is no longer happening now. Now you have larger organizations much more sophisticated buying groups that run those organizations, and they're expecting an awful lot more from the vendors that they deal, do business with.

Now when you look at our product line, our product line allows us to be able to deal with the woman from the first visit that she had. So as a teenager when they go in to have their first visit with an Ob/Gyn, there's obviously procedures that they perform and we follow that woman all the way through all of her child-bearing years through menopause, post-menopausal which allows us to build that relationship with those new healthcare associations and be able to deliver the quality products through the life of those patients.

So a little bit about our market. This is not intended to be the whole women's healthcare market, it's really the target market that we look at on an everyday basis and say -- where would we want to be if everything was available to us at this point. So we look at the marketplace in four different segments. We look at it in the office marketplace and you can see that that's about $1.7 billion broken up in four major categories -- right now the office procedures and devices, which is the primary marketplace that we focus in on which is the everyday products that they use.

And there's other key areas, for instance, in-office diagnostics, the pharma device and the IUDs that are out there that many companies offer, and even cord blood, which is an area of interest for us. So when we look at the marketplace we look at it from if there were companies for sale or acquisitions that we could target, this is what we're looking at.

Second segment is the IVF marketplace. We've identified that to be a little bit over $500 million in revenue and with the acquisition of Origio puts us in a nice leadership position there.

We jump over to the surgical area. Now these are specialty surgery instruments primarily used by the Ob/Gyn that also has some crossover into the general surgery area since they perform some of those procedures also. We identify that is about $1.6 billion in opportunities for us. And a sub-segment of that, which is the labor and delivery obstetrics and neonatal area, which we love, is also a little bit over $500 million and going to be a focus area of ours going forward.

So we take a look at the office marketplace, like I said it's about $1.7 billion that we've identified that we'd love to be in. Right now, CooperSurgical participates in that smaller segment, about the $400 million market. And we have revenue in that space of about $100 million, so pretty nice position. You have about 25% of the revenue in there so it's still gives us room for organic growth to take market share, but we have certainly a market leadership position there. And those are the everyday products that the physician uses that are well-recognized, gold standard, and perform at a very high clinical level.

We do all of the primary products that they have, that they need from their general care to cervical care, to family planning, incontinence, and so forth. It's about 16,500 offices that we call on an everyday basis. And we have about 68 full-time employees that call on that space directly on an everyday basis.

As I said before, it's undergoing a transition. You can kind of see from that chart going way back when most of the physician offices were independently owned. That transition continues to happen. We're about one-third of them now are independently owned and most of them now are either owned or controlled by a larger organization. And for the most part they're becoming employees.

So a pretty big transition for our world from the folks that we built relationships with overall these years, the decision-makers on the products, we were able to influence it. Now they're really just one of the decision-makers in those product purchases going forward.

So what does the consolidation mean for us? Right now, the frustration that we have is that there is so much going on from the acquisition side and so many of these offices have been purchased, but they really haven't gotten any guidance from the new organization that they work for. So it's kind of business as usual for them which prohibits us from being able to go in there and really sell our services and products because they're waiting for some direction from the new ownership.

Again, as I said in the beginning, we believe we're very well-positioned to be able to be the primary supplier of women's healthcare products to all of these new healthcare organizations that get established. We just need to let it kind of work its way through the system.

Right now, people aren't focusing on their efficiencies yet as they're focusing on trying to get control of the businesses from an accounting standpoint, try to get control of that. And we see that happening through the next year or two until the marketplace kind of frees up and we're able to go in there and sell the services and the activities that we know are successful.

So other things that are happening there, reimbursement continues to be an issue. Every year reimbursement gets reestablished for many of the procedures. That over the years has continued to decline and continues to be an issue from a physician standpoint, and now these new hospital associations.

So what do we see over the next five years? We do see for the next couple of years very slow growth while this transition is continuing to happen. And we're going to continue to position ourselves in order to be able to meet the needs of those new organizations going forward. And then after that we see it getting back to the normal 3% to 5% steady rate of growth.

We see the consolidation continuing to happen. From our standpoint, it's going to create a very nice opportunity for us because what it's going to do is it's going to limit the number of call points you have so your frequency of calling can increase your value propositions that you present to them will be much more received because it will be on a much larger scale.

Again, we're seeing that the buyers now are becoming much more sophisticated. So instead of it being on a one-on-one decision on potentially a small clinical advance, what they want is not only the clinical advancement. What they want is an economic story also, which we're able to supply.

From our standpoint, the value proposition that we offer which is unique, and we don't know of any other company that can offer these services is the clinical support that they're going to need in order to make the changes going forward, so you think of it. So they buy 40 different offices that are all using 40 different products from 40 different suppliers. All their procedures are different for each one. Each one has a different way of using it.

At one point, they're going to want to take -- use some of that for -- get efficiencies, and they're going to want to standardize on some of those products. Our sales organization is the only one out there clinically capable of going in and training up all those physicians on whatever direction they go on their purchasing decisions.

So again with the depth and breadth of the product line, with the unique ability of our sales organization to be able to deliver the clinical stories, we're going to be able to position ourselves very well to be that primary supplier for those new associations in the future.

So our value proposition is pretty easy. We're going to kind of drive that standardization. We're going to convince everybody that, look, you're going to get those efficiencies if you standardize on these products, which are the gold standards. We're going to be able to train up your physicians. You'll be able to reduce your time in the hospitals. You'll be able to reduce your time in the offices, and from that they'll get those efficiency gains and hopefully some profitability.

We'll be able to be their reliable vendor. No longer of the small vendors is going to be able to supply one widget to an office. It's just not going to happen going forward. They're going to look to be able to consolidate a lot of that going forward. We talked about the clinical support. And, of course, that's going to lower their transaction cost going forward.

So our action plan is pretty simple. We're going to try to take advantage of the changes that are happening right now. We believe it's a great opportunity for us to continue to sell that value proposition, to drive and help that standardization, to give them all that full clinical support that they need, and hopefully meet the needs from both the clinical and an economic story going forward.

We really do believe we're going to gain a lot of market share once all of the dust settles and they're back in there looking at what products they want to use in what situations. And for that we're going to kind of transition our sales organization from again individual product sales people to more selling the value proposition and all the services that we have to offer going forward.

When you jump into the surgical arena, again we've identified that to be a little bit over $2 billion opportunity. Right now we have a very small piece of that, but we have about $100 million in specialty products in that space made up of Gyn-specific products. Again a little bit of crossover into the general surgery area.

Product lines include sterilization products with the Filshie Clip, port site closure. We have hysterectomy products and certainly laparoscopic instruments to meet the needs of the marketplace.

And further we have a hybrid sales organization. We started out years and years ago with full independent sales people that had relationship with a lot of these physicians and the facilities. And we've transitioned that to about a 50-50 sales organization. So we have about 65 full-time employees that call on the hospitals in the surgery centers, and the same number that are still independent reps that continue to produce year after year after year.

Laparoscopic procedures unlike the office marketplace continue to grow every year in the 3% to 5% range, and we'll continue to grow those product lines going forward.

Some of you may have heard about the morcellation issues that are out there. J&J had to pull a product off the marketplace. It really don't affect our product lines at all.

Again, in the marketplace, endometrial ablation continues to decline. We have a very small product line that's in that, about $450 million space that continues to decline at about 10% a year. And robotic procedures in the Gyn space look like they have kind of flattened out as some of those procedures have come under question as far as the cost and efficiencies that are driving those.

So actions in the surgical market space, again we're going to drive the market expansion on a product line that we have, which is port site closure. Right now it's only about 30% penetrated. We continue to believe that we can drive the expansion there and drive that product line.

There is four new products that we're launching into the marketplace over the next 12 months and we'll talk about that a little bit later with our R&D initiatives. Again, we believe we can get market share gains in some of those products.

We are going to expand -- we took a decision many years ago that we would sell all of our products directly to the end-users. There's a huge opportunity to put our products through what we'll call the distribution channel through purchasing group, group organizations, which we have not done in the past. But now that a lot of those products are kind of standard of care and the intellectual property is no longer valid, we're going to put those through distribution and we believe we'll have a pretty nice opportunity to grow there.

We're going to continue to look for specialty products through acquisition, and then we're again going to size this and scale the sales organization to meet the requirements of the marketplace.

Labor and delivery is going to be one of the focus areas -- sub-focus areas that we have going forward. We kind of love that space. They spend whatever they need in order to get the best clinical products in the marketplace. There's about 4.3 million births that happen on an annual basis so it's pretty nice volume, about 10% of those or 450,000 of them are premature births that require special treatment with the neonates. And again we have products today that meet some of those needs and we're going to continue to expand that product portfolio.

There's many, many small players in that marketplace so it's right for acquisition. We believe we can take advantage of that going forward.

As I said before, they are willing to pay for clinical products that produce better results going forward, and there are no reimbursement issues in that space that we know about today.

Again, right now, we've identified that as a $500 million opportunity. There are many small players as we talked about. We only have about $10 million in revenue, so a lot of room for us to be able to expand and grow in.

You can see the primary products that we have and right now, we're building a small organization that's going to go out there, eight full-time employees to go out and promote the product lines that we have identified the opportunities and then again, be able to grow that going forward.

Next step for us, as I said, we're going to put that team together. We're going to explore target acquisitions. And when I talk about the product development, you'll see that there are quite a few products that we're developing -- have been developing the last year that hopefully we'll be able to introduce into the marketplace. And it's our hope in the next five years to get about 20% market share of that $500 million space.

IVF marketplace as we're talking about is a really big key focus for us going forward. We made the big acquisition of Origio in 2012. It truly is a worldwide business. As I said, 65% of their sales right now are outside the U.S. and that's going to continue to grow going forward.

The good news is it's the same business model. Unlike many of our other products where we sell to an OB-GYN in his office, office settings don't really exist in a lot of other countries. This truly has the same business model going forward. It's the same procedures and protocols. There are no specialty products that have to be produced for the international market versus the U.S. market. So it really is you use the same products going forward.

Very small amount of call points, so there is 4,600 call points throughout the world that make up that $500 million. So pretty easy to get to, we know where they all are, they're unique, distinguished, standalone entities.

The decision-makers are all there. It's usually the IVF clinic manager or, you know, the endocrinologist or the embryologist. They make all the decisions in those marketplaces. We have very good relations with -- relationships with them today and we'll continue to build on that going forward.

Again, pretty nice volume percentages that go through there. There's about 2 million IVF cycles that happen, 1.4 million in fresh cycles and 600,000 in frozen cycles. I'll talk a little bit about that in a second.

And again, there is a pretty high barrier to entry in that marketplace especially due to the regulatory path. So we believe the players that are in the marketplace right now are the players that are going to continue to exist. We don't believe there will be any big entries into that marketplace going forward.

So again, as we identified, about $500 million in revenue and Origio currently has products that play in almost all of those areas. There's a few that we need to get in order to round up the product portfolio but for the most part, we have all of those products and all of those primary activities that go on there. And Origio is clearly the market leader.

As you can see from this chart, we have about 23% market share of that $500 million market. And you can see there are not many other significant players. You know, the bar all the way to the right shows you that, you know, many, many small players make up, you know, about 20% of that marketplace.

So again, another nice market that has a lot of acquisition potential, be able to roll up and consolidate that marketplace, and we're going to continue to focus on it going forward.

Right now, Origio plays in 13 of the key marketplaces. Those are all where most of the high-volume IVF procedures are done. And you can kind of see where they are geographically.

What happened here?

Growth drivers in the marketplace, again, IVF cycles are expected to grow 6% to 7% a year. That's broken out to lower volume on the fresh cycles, higher volume on the frozen cycles. You can kind of see that from then chart below.

The reason why that's important to us is because there's significantly more dollars in a -- for products that we sell in a frozen cycle than there is in a fresh cycle.

So as the ASP expands, so will our revenue as those procedures continue to migrate over to frozen cycles. There's also geographic expansion. We're going to continue to look at other go-to direct marketplaces.

So we're in 13 currently and there is a handful of them that we're looking at right now which will probably make the move and go direct. And then there is product additions that we have, and again, you'll see that in the R&D piece when I get to it that we're launching over the next 12 months.

So a lot of areas for growth opportunities there. We believe we're going to be able to continue to grow that business pretty nicely going forward.

Just a real quick chart, you can kind of see where those IVF cycles are in a geographic basis. You know, believe it or not, right now, China is the largest number of cycles worldwide and you can kind of see where those growth rates are that we looked at going forward, so pretty diverse.

So in areas like China, areas like India, you see the growth in the low to mid-teens. In areas like mature markets like France and Italy and even the U.K., much less growth in those marketplaces going forward.

But we see the cycles growing at 6% to 7%, and because of some of the ASP expansion new products, we see that marketplace is growing at 8% to 10% a year. And as the market leader, we would expect ourselves to take more than our fair share of that market.

So trends that we see in the marketplace, you know, again, we see a lot of activity moving to single embryo transfers. That means taking one embryo and transferring it versus multiple. And the reason for that is pretty obviously.

I mean there are a lot of complications that are around, you know, multiple births. You know, there's a lot of side effects from a lot of the -- you know, the drug treatments that women undergo for stimulation. And we also believe that, you know, moving towards that will reduce costs and hopefully bring new people that can afford those procedures into the marketplace.

The freeze in embryos -- you know, they freeze those excess embryos and that's where we're calling those frozen cycles. So if you do a normal fresh cycle and you get six or eight embryos, you transfer one, you freeze the other five or six.

If they don't get pregnant from that fresh cycle, you now thaw those frozen embryos and you can do another transfer from there. You don't have to do the stimulation drugs. You don't have to retrieve any more oocytes. So much simpler procedure, but for us, a much higher growth -- ASP dollars going forward.

We also see a new technology that's out there and kind of a buzz in the marketplace which they're calling time lapse which is really just imaging of the development of those embryos. You know, it takes interval snapshots of the development of an embryo. And nothing proven yet but they believe that looking at that will determine if an embryo is developing slower then those are not the ones that you want to do the transfer.

So again, some new technologies out there that might prove themselves in the future. Right now, there is really no proof in the marketplace. And we'll stay very close to it and hopefully enter that marketplace as -- you know, as it develops.

Next step is Origio, again, lots of product development that's going on there. We get to the right page. And Origio has a world-class product development team that's already onboard. They have a proven track record of launching products into the marketplace and we're going to take advantage of that going forward.

You know, we are going to complete a lot of the integration that they really didn't do. Remember, they bought a lot of their little companies. They really didn't put all those together. We're going to take advantage of that.

And right now where you have many of the subs running completely independent, and I mean 100% independent, we're going to kind of take control of those and get them as part of the CooperSurgical Origio team.

We're going to evaluate those go-to-market opportunities. We are going to launch the -- you know, the products that we -- that we have in the pipeline. We're going to invest pretty heavily in those sales and marketing activities in various countries so that we can take advantage of the growth opportunities in those expanding marketplaces.

And as I talked earlier, we are going to integrate a lot of the manufacturing and again, drive those gross profits back to where we believe they should be and we believe we can impact it by 400 or 500 basis points going forward. And we're going to leverage all the CooperSurgical core competencies that we have.

The last initiative that we have, they have many, many, we'll call it capital equipment products that they were so low -- very low margin because they don't really own them, they have licensing arrangements.

We're going to work our way through those if we can establish better relationships, better economics then we'll continue with some of those products but the odds are most of them will be discontinued over some period of time.

So I talked about it before, product development initiative, about a year ago, we started building some of those capabilities within the organization focused both on women's healthcare and the IVF business.

Not intended to be research, it's really we're identifying product opportunities, next-generation opportunities, areas that we can fill our product portfolio in order to be more competitive in the marketplace.

First products that are going to be launched shortly from that, we believe we can add $75 million in revenue during this next five years from some of those product initiatives. And you can kind of see what we have.

So first couple that are going to come off the line, this is how we look at it from a product development standpoint. You can see the number of days that it's -- that it's expected for us to be able to launch on the marketplace.

And below that, you can kind of see what those estimated revenues are going to be. This happened to be in the women's healthcare space. Next one is happened to be in the IVF space. So we've got lots of product initiatives that are going on. We have all the core capabilities in order to be able to launch products on a regular basis going forward.

So going forward with CooperSurgical, again, we believe we're well-positioned in the women's healthcare space. The two markets that we're going to focus on the most while this transition is happening is in the IVF space and the labor and delivery and neonatal spaces.

We're going to continue to establish those products -- product development capabilities and then we're going to eventually leverage the international infrastructure that's in place. Right now, CooperSurgical has no direct business in any country outside the U.S. Origio does. So eventually we'll leverage sometime during this five-year period the infrastructure that they have in place going forward.

So we're pretty excited about the future. And with that, I will turn it over to Mr. Matz.

Greg Matz - *The Cooper Companies Inc - CFO*

Good morning, everyone. Still morning, a few more minutes. What I'd like to do today in the next 25 minutes is give you a few minutes on Sauflon, a couple of key points pretty on that and then turn it to really looking at historical perspective of the Cooper Companies and looking at some financial metrics to kind of share with you the trajectory of those metrics as we've been in the past and showing you the path forward.

So if we look at Sauflon, a couple quick things. I think by now, you realized we didn't close off on August 6th. We are doing our first financial close literally as we speak. So we've not had a chance to close their books from a financial perspective till now and we're working through the team at this moment.

Pro formas, the SEC requires us to provide pro forma information 75 days after close. Make it easy for you on the calendar, it's October 20th. And we will be providing April full year pro forma financial statements. We'll be providing July year-to-date 2014 financial statements and also July year-to-date 2013. So those are the three periods that will show up in the pro formas that get filed on 8-K on October 20th.

In addition, we'll also provide as soon as possible but before the -- our December earnings call for Q4, a pro forma by quarter for 2014. So we'll give you Q1, Q2 and Q3, and that way, you'll have that information going forward.

The next thing I want to talk about is taxes. Everybody is very focused on what we're going to do with the tax structure. Right now, Sauflon has a tax structure that's not as favorable as CooperVision's. So we are looking at that tax structure and trying to determine how much all or a part, large part of it we would transfer over into our current tax structure.

To do that, what we have to do is we have to finish the valuation. So right now, as I'm speaking, we have teams that are working on a financial and a tax valuation. On the tax valuation, you look by country, you're looking at the intellectual property.

When we move Sauflon into our tax structure, would that really mean as we're moving intellectual property, we're selling that intellectual property? So in those jurisdictions, that only the intellectual property mainly the United Kingdom, obviously, there'll be a tax payment because there will be a gain on sale.

As we look at that, that gain on sales, any of the tax consequences, we will treat that as a callout in a non-GAAP item so that when you look at Sauflon incorporated into our financials going forward, what you'll see is what they look like under our current structure.

So by the end of this calendar year, we hope to have most of that dealt with. We have a real good path to understand how that works. We've got a number of people trying to align all the pieces up. And again, the valuation is the one key piece that we need to really make some of those final decisions.

In line with that, we also in the first part of August announced a three-year $700 million senior unsecured term loan. That term loan matures August 4th, 2017. And that term loan helped to partially fund the Sauflon acquisition, as well, it's also helping out with some other working capital needs.

When you combine all our other facilities, we have a credit availability of a little bit over $2 billion. We also maintained our investment grade with S&P which is BBB minus.

So what I'd like to do now is just take a -- take a wake through some of our historical metrics, and again, showing you that trajectory growth that we've had, the performance that we've had over the last few years.

Looking at revenue, you know, growing almost 11% compound annual growth rate. It's exciting, when you look at the businesses, each business has had a chance to contribute. And you've heard from Dan and Dennis, they've talked about CooperVision, and Fernando, you've listened to Paul talking about CooperSurgical.

You know, on the CooperVision side, over this time period, we've basically launched things like Biofinity Multifocal. We've launched Proclear 1-Day Multifocal. We've launched MyDay which is our single use silicone lens that we're very excited about, and at the same time, we've grown our share of silicone sales.

So in 2010, we're about 23% of our revenue, was in silicone hydrogel. Now, if you look at our last earnings call Thursday night, we said it was about 50% in silicone hydrogel. So you can see that growth over the years. We're taking as the rest of our competitors, we're growing the market up into the silicone family.

We've also in CooperVision gone through the geographic expansion and we continue to focus on that. So over this time period, we -- you know, we have expanded into Russia, into China, into Eastern Europe. And so those are just some of the countries that we've had a chance to again expand our reach.

When you look at CooperSurgical, Paul just touched on the fact that, you know, the business has been growing. It's grown to a lot of acquisitions over the years. That's how we've formulated that business and grown it over the past.

If you look at kind of the pressures, the headwinds that CooperSurgical has had over the last couple of years, again, the market -- the market pressure in the entire industry with fewer office visits, fewer procedures, confusion on the Affordable Care Act, all of those things have provided some headwinds most recently and will take time to kind of grow out of.

You know, we've had good success in the surgical space and our latest acquisition there which was the IVF business with Origio. That complimented our SAGE IVF business which has done very, very well.

Moving on and looking at gross margins -- excuse me -- strong gross margins improvement over this time period, again, you can see every year kind of growing. As you start to look at the -- towards the end of that scale, you see a flattening out of it.

And that flattening out really comes as the market is kind of changing, our mix is changing. So you have Biofinity with great, great gross margins, being offset by some other products like our daily products, like in the future, will be the Sauflon products and the IVF products, all products that have a lower than average gross margin for our portfolio.

Now, mentioning IVF, Paul also mentioned them, we started to reduce some of the capital equipment in the IVF business which dramatically raised our gross margins in our last quarterly earnings release.

On the CooperVision side, we look at 1day. You know, Larry was asking, you know, what -- what does it mean? Where it is -- where the gross margins go over time. And Bob, I think answered it really clearly which is the market will change depending upon where 1day goes as an example. The 1day market, as that grows, we'll continue to put headwinds on the gross margin but not the operating income.

So even though our gross margin may flatten out or stay flat or even dip, what you will see is our operating income goes up because it brings more operating income to the bottom line.

So it really depends on how this market grows and we're well-positioned to handle growth in either way because we are unique in that fact that we have all products, all modalities, all materials. So again, very, very comfortable to where we stand.

One of the footnote, if you take this back to 2009, our gross margin was actually 55.7%. So you can really see all the manufacturing efficiencies and the new products that have come onboard, they have really driven that growth. Fernando and his team and our lab have just done a -- just a fantastic job in making us competitive and bringing the financial success that we've seen over the years.

Looking at operating expenses, we have been in investment mode, as Dan and Bob have mentioned. And 2010 to 2013, both businesses have been looking at growing their marketing and their sales, making sure we're indexed in the proper sales so that we have people selling our products in the right markets. And over that time period, we have grown rapidly in that area.

Now, for SG&A, you'll see in the second half of 2013, we actually start to see some leverage. And so that leverage has continued on into 2014.

On the R&D front, same thing, we've invested heavily in R&D over the last few years. If you look at our last quarterly report Thursday night, it's a little bit of pulling back in the R&D spend from a growth rate year-over-year but still spending at or above our revenue.

Amortization, and I'll touch on this in a few minutes, but we did change our non-GAAP reporting where we are pulling out amortization. And we're doing that mainly because again, in our industry, we look at the other companies in our industry. We want to be comparable and very, very difficult to compare us when we have amortization built in and they don't. So we've made that change effective Q4.

One of the reasons why we did that and we announced by quarter what that amortization impact on earnings per share was, I wouldn't go through that today but you can have it on our investor website and on the transcript.

But one of the things, this amortization is tax-effective. So it was not as simple as saying, "Okay, well, you, guys, had $7.5 million of amortization, so I'll just pull that out and that makes the equivalent." There was a tax impact on some of that amortization.

If you look at this model 2013, you'd see a big uptick in amortization, and that is $8 million worth of amortization for intangibles for Origio. So that had a big impact at that point.

As you start to see in 2014 the second half, you start to see our amortization drop off. Part of that, a good chunk of that is [AINI]. That was our Japanese business that we bought, the hard lenses and solutions business that we bought in December 2011.

So there was about 650K a quarter starting in the second half that dropped off year-over-year. And you will see that same benefit in 2015, about $1.3 million of reduction in amortization.

The big drop in 2015 is Ocular Sciences. We bought Ocular Sciences in 2005, January, and so when you look in 2015, beginning in January, about 500K a month, we'll start to fall off year-over-year in amortization based on Ocular Sciences. You'll see another million fall off in 2016 and then the remaining Ocular Sciences amortization actually falls off in 2020.

Operating margins, again, strong improvement year-over-year, and this is driven by revenue growth as we've been taking share. It's been driven by gross margin improvement as we've done a fantastic job both in the CooperSurgical side and the CooperVision side.

And, you know, that growth, we've also seen some SG&A leverage as I mentioned in the latter half of 2013-2014. So excellent story. You know, our plan is to be 26%-plus by 2018. That excludes the amortization, it included Sauflon.

Effective tax rate, a tax has been in the news a lot over this last year, even more so I think in prior years. We feel real good with our structure that we have in place. We feel with the current rules in place that that structure is sustainable.

A lot of -- you know, a large portion of our intellectual property is held outside the U.S. and the majority of our manufacturing is outside the U.S.

You know, the model that we employ for taxes is the same model that many, many other companies do. So we're not unique, it's not a rare model. And the good news is we had it for well over a decade. And in that time period, we've been audited in multiple jurisdictions multiple times. And in all cases, we've come out with that structure being supported.

Looking at foreign exchange, we're in a lot of different countries, so we have a lot of different currencies that impact us. The three that stand out for us and that we watch the most would be yen, the euro and the pound.

And the yen and the euro have the biggest impact on our revenue. The pound also has impact on the revenue. But the pound is special because of where we manufacture. About 45% of our value of production or manufacturing is actually in the U.K. and it is impacted by the pound.

So when you look at that, these currencies again, we watch those. You look at where the rates are today, we can already tell that we will have a currency impact in the first three quarters of next year, a negative currency impact.

We said in our earnings call, if you look at where our FX has been over the last three years, it's been you had a $0.40 impact in 2012, a $0.50 impact in 2013 and a $0.31 impact we projected for the year in our earnings call and that was based on currency rates where the euros at 1.31, the yen was at 1.05 and the pounds at 1.65. If anybody has looked at rates right now, they've deteriorated from there so obviously, that number will go up.

When I was talking about gross margins, you saw that great improvement in gross margins, we also had a lot of currency headwinds in gross margins, so we were able to achieve those gross margins while at the same time taking on the headwinds of currency.

If you're looking at earnings per share -- if we look at earnings per share, I think this -- it doesn't matter if you do it with or without amortization. So the fact of the matter is we're growing at about 22% compound annual growth rate.

If you look at how we've been able to grow all these years, and it's really a testament to executing on every line of the P&L. So we've had strong revenue growth. We've talked about gross margin improvement.

We've talked about in the last year and a half or so the SG&A leverage. We've talked about -- and we haven't mentioned about the fact that interest expense has come down. The effective tax rate has come down. So if you look at every line of our P&L, we've really been contributing to accelerating the growth of EPS.

CapEx, so a lot of interesting CapEx. If you take this chart back to 2008, since 2008 to 2012, what you will see is that we basically had just under $100 million of a CapEx per year. In the 2013, that started to ramp up and that was based on our hydrogel -- or basically our dailies production which was also hydrogel and silicone hydrogel.

So we start to invest in those platforms and all the buildings and space that you saw Fernando out up there. You're starting to see that investment rise and we're seeing that investment continue in 2014, also other silicone production like Biofinity as we continue to add lines.

And the CapEx is more than just equipment because if you saw Fernando talked about -- and put those facilities up, it's actually expanding the space so that you can actually put equipment in that space.

And we had expansions in the U.K., we had expansions in Puerto Rico, we're building Costa Rica and now, we have great new plant in [Bircas]. So a lot of good activity there. For 2014, we would expect to see CapEx probably north of the 220 range including Sauflon.

So going on to the strong free cash flow, obviously, free cash flow starts with strong earnings which you've been able to see that we've been able to do consistently year after year after year. Offset that with the CapEx that we've been spending especially recently, yet we still been able to deliver over $200 million worth of free cash flow over this time period. And in 2014, we would expect to be north of 200 for free cash flow.

From the period of 2014 to 2018, we would expect to be able to at least $1.3 billion worth of free cash flow. And again, this free cash flow has really opened up the opportunities and our ability to be able to execute on opportunities that we've seen in the marketplace much like when we bought IVF business with Origio, much like when we bought Sauflon.

Guidance, I know it's forefront in everybody's mind what the guidance is. Normally, we would not have provided guidance until our Q4 earnings call in December. We did buy Sauflon, we knew that was a big deal, we knew a lot of you had your models that you had to be able to work through and get it out to your clients.

So we sat back as a business, determine where we thought we were going to be. And there are a lot of questions that are still unanswered, there are still things we don't know that we're working through.

I mentioned we didn't have a valuation. The teams are still going through a lot of the data that we're not attributed to prior to actually having the keys handed to us. So we wanted to took a step and provide you the guidance that we gave you last Thursday night.

So just to go through this real quickly, on a non-GAAP basis, our guidance for Q4 is $2 and $2.10. So that includes Sauflon in Q4 and it excludes amortization. And there is about $0.10 of amortization that's been excluded.

If you take full year '14, $7.34 to $7.44, again, that excludes amortization about $0.44. And it includes Sauflon obviously for Q4.

2015, $8.20 to $8.60, again obviously, Sauflon is in there for the full year and the amortization is -- has been back out which is $0.32 prior to Sauflon. Obviously, we have no idea what the Sauflon amortization will be on a GAAP basis until we finish the valuation model.

Looking at capital deployment, for those of you who have covered us, you looked at this, listened, and said say, "Yes, we know this is pretty much what we've done. It's pretty much in priority order."

Even though we reserve the right to be able to take advantage of opportunities as they arrive and move this mix around, but we have a great business. You've listened to everybody upfront talked about this business over the course of the morning. We know we need to invest in that business to keep it fresh, to keep it leading edge, and so one of our first areas of cash management is to put it to our -- investing in our core business.

Strategic M&A, if you look across our history, obviously, CooperSurgical born on tuck-in acquisitions and did a larger acquisition with Origio in the IVF space in July a couple of years ago.

If you look at CooperVision, a lot of acquisitions around distributors and obviously, the huge acquisition here with Sauflon just closing a month ago.

So we will do that with gunstock buyback. We had a $500 million program approved. We still have just under $212 million left and we purchased 2.8 million shares approximately over the last couple of years.

One thing that's not up here is dividend. We do have a dividend. We have a $0.06 per share per year dividend, it's very small. It's not where we see placing our money. We don't see the value. We think we can provide more value to our shareholders by investing that cash in the first two activities, and so we definitely feel that's the right place and our track record has proven that out.

I skipped debt pay down but obviously, debt pay down is important. We have a lot of flexibility in how we do that and we will be focused on that over the coming years.

So I'll leave you with a -- just a couple of takeaways. First off, solid revenue growth, this business has done well. You saw that almost 11% compound annual growth rate over the last few years.

If you take that model out farther, again, you'll still see that same strong growth rate. So the trajectory and revenue was looking good. Our portfolio, we're extremely excited about on both the women's healthcare in the CooperVision side.

We've got improving operating margins. Again, we've talked about being 26%-plus by 2018 and again, we feel very confident there. Double-digit EPS growth, you know, 22% compound annual growth rate.

And again, the key thing about that, it was done through every level of the P&L. You had the revenue growth, you had gross margin improvements, you had leverage on our operating expenses, interests, tax rate, all of that contributed, we can send you to see that kind of contribution going forward.

And then significant free cash flow as I talked about, this is really the blood that allowed us to be able to move out and take advantage of opportunities.

So leaving you before I wrap up, you've got a chance to listen to these folks and talked about the business. I think we feel very, very excited about that business. Bob has talked about our employees are our number one asset. It's that list of employees that have really contributed to making this business and growing this business over the last few years as we've showed you here today. And also, that same group of employees that will carry that business forward and make a huge success story going forward into the future.

So with that, let me turn it over to Al White, our chief strategy officer, to finish up on the prepared remarks.

Al White - *The Cooper Companies, Inc. - Chief Strategy Officer*

Great. Thank you, Greg. We're running a little bit long here so I'm going to wrap up fairly quickly and we'll go right in the Q&A. We can ask a few questions here.

One of the slides that you saw earlier that many of you know I like to spend time on as does Bob is our long-term objectives. And I'm not going to walk through each of these because I think we spent enough time covering, but the endpoint is probably the most important.

You know, we moved our operating margin up to 26%-plus. It was 25% before the Sauflon acquisition. The key being on that is that Sauflon is adding revenues. You know, it's adding revenue growth to us.

So the combination of additional revenue growth with improving operating margin is obviously going to drive some strong EPS and also cash flow. So that is a key point to take away from here. I guess that little plus sign is pretty important to us.

If we look at the last page here, look at leadership, it's a great leadership team, I mean it's a very, very successful team, we've done very, very well over the years obviously and we're going to continue to perform well.

If anyone has not had a chance to speak to the leadership team up here and I would strongly recommend to come up afterwards, introduce yourselves. Everyone will be here for a little while to take some time to get to know the folks.

Consistency, you could see that through the presentation Greg just gave in the numbers. We've been consistently strong performer. We anticipate we'll continue to be a strong performer through both of our businesses, be it through the Sauflon acquisition or continuing growth with Origio.

And lastly is opportunity, I think you heard that today, you heard the excitement. Dan started off talking about the excitement in our businesses and hopefully you heard that from everybody today as we went through the presentations.

So with that, let's go ahead and go to some questions. Jeff?

Jeff Johnson - *Robert W. Baird - Analyst*

Yes, thanks. Jeff Johnson, Robert W. Baird. So Dennis, I want to start with you back on the contact lens side of the business. On the bubble chart you put up there showing the price versus the relative value I guess of the benefits of MyDay and some of the other products.

It looks like you were talking about potentially pricing MyDay below -- I get below the dailies' total one but also potentially a little bit below TruEye which given some of the benefits that it seems like MyDay might have relative to TruEye, my assumption was going to be that -- you know, was that, yes, you could price maybe more in parity, if not, even maybe a little above TruEye. So maybe talk to me about that decision?

Dennis Murphy - *The Cooper Companies - Global Sales and Marketing EVP - CooperVision, Inc.*

Sure. We want to keep it close to TruEye, and again, when I put those bubble charts, the pricing strategy is keeping the relationship despite which country. Excuse me.

So when we first launched MyDay in Europe, we had given advice to the store fronts and mainly, you know, around where the position might be and what are the attributes of the lens.

Now, what happened out of that experience is in the -- I think it was -- eight countries -- Germany was the only country that followed the advice and they ended up pricing MyDay, I believe it was 3% or 5% below TruEye.

What happened is the -- if you were to graph the growth in Germany, it shut up immediately or substantial whereas in the other markets, we didn't see the same type of growth and time started to drag out.

So when we went back and looked at it, the work on the (technical difficulty).

On the hand with the clariti, me terrible analogy is women's perfume. If you price it too low, it's going to send a message, it's not a great lens, but we may be slightly more aggressive there into the retail market with Clariti versus [AM Moist].

Jeff Johnson - *Robert W. Baird - Analyst*

All right, thanks. And then Dan, maybe on the European positioning of MyDay versus Clariti, right now, with the retail price level, the two are very, very similar. You know, maybe how do you -- how do you get the staging right there and then kind of bring those price points to where you have the tiered price points of the higher MyDay and the lower and then the (technical difficulty)

At the same time, your selling price, and you and I talked about this a little bit last night, but your selling price in Europe, it seems to me -- I think remind me probably have some -- has a little bit of room on the upside potentially for MyDay. Is that a -- is that a fair comment?

Daniel McBride - *The Cooper Companies - COO, President - CooperVision, Inc.*

I'll let Dennis handle the European on MyDay.

Dennis Murphy - *The Cooper Companies - Global Sales and Marketing EVP - CooperVision, Inc.*

Yes, I think on the -- we just had a meeting with the European team. I think because MyDay has been in the Europe for a period of time, the positioning needs an update.

What we're going to do in Europe in particular is be patient as to how we place the lenses over time, again, recommended sale price to the storefronts themselves. But on the planet, obviously, it's been there the longest. That's the area that the separation frankly will be the least and it's going to take some time and energy to move it forward. So that's on our to-do list. So a good observation.

Matt Mishan - *KeyBanc Capital Markets - Analyst*

Thank you. Matt Mishan, KeyBanc. I guess my first question is for Fernando. I think you mentioned you have eight lines up and running in the Budapest facility. How many of those are actually traditional hydrogel lines?

Fernando Torre - *The Cooper Companies - Global Operations & Regulatory Affairs EVP - CooperVision, Inc.*

Where -- where is the person? Okay, sorry, I lose you. Two of those lines in production right now are manufacturing hydrogel although there are three lines that are fully validated for conventional hydrogel. Two are in production.

Matt Mishan - *KeyBanc Capital Markets - Analyst*

How long -- how long would it take to switch those over?

Fernando Torre - *The Cooper Companies - Global Operations & Regulatory Affairs EVP - CooperVision, Inc.*

There are couple in the case of both lines, we will say are the older lines. There are a couple small equipment changes that need to take place. So it's contingent on the lead time for the -- from the equipment suppliers, but I think it's in the order of four months max.

Matt Mishan - *KeyBanc Capital Markets - Analyst*

And then the last question from me is, you have MyDay and you have clariti in Europe right now. I know -- I know it's really early and I know there are competing products, competing companies, but maybe some early takeaways from where those guys are winning business and if there is any cannibalization, you know, of Clariti when MyDay came in?

Fernando Torre - *The Cooper Companies - Global Operations & Regulatory Affairs EVP - CooperVision, Inc.*

That's probably for you.

Unidentified Company Representative

Yes. Well, with the MyDay introduction, I'm trying to think of certain instance where we're banging the heads. I mean we -- I don't think we really cannibalized a lot of the business with Clariti.

I mean Clariti obviously in the U.K. is a very popular lens and also in a couple of the other countries. So as we grew, you know, I don't -- I really can't answer it. I don't recall any particular country or situation where we were -- we were running the clariti and actually displacing them.

Chris Pasquale - *JPMorgan - Analyst*

Thanks. Chris Pasquale at JPMorgan. A couple of questions for Greg. First, do you have an estimated point of what your FX headwind in FY '15 would be given where rates are today?

Greg Matz - *The Cooper Companies Inc - CFO*

Well, we did mention Thursday night that we saw a $0.20 impact going into next year. Obviously, that rate, that's going to be a little bit higher if rates stay where they've been for the last week so rates have deteriorated, so that only goes up.

Chris Pasquale - *JPMorgan - Analyst*

Okay. And then on the capital deployment priorities, I would think that debt pay down would be higher up on the list particularly in the next three years post Sauflon. Given just paying back that new term loan would consume the majority of your free cash flow over the next three years, so how are you thinking about the total leverage at the Company today and where it needs to be optimally to give you the flexibility that you like to have and also the Company's exposure to rising interest rates?

Unidentified Company Representative

Yes, it's...

Robert Weiss - *The Cooper Companies - President, CEO*

I'll jump on that. As far as priorities go, I would say those three go neck on neck, the debt pay down M&A activity and developing the core business.

If there is transaction available out there, we certainly have dry powder to continue to acquire. So I see as debt pay down is kind of a default zone more than a, gee, we've got to get that done where we have a strong balance sheet that continue to develop, we're adding over $350 million to equity each year so our debt capital is coming down even if we kept the same debt level.

And then obviously, the other consideration now which is where is interest rate headed. They are where they are today. And they keep at this rate the next five years which I don't see any rush to pay down debt if you have good alternatives to use cash.

Chris Pasquale - *JPMorgan - Analyst*

Thanks.

Anthony Petrone - *Jefferies & Company - Analyst*

Thank you. Anthony Petrone from Jefferies. Maybe to follow up on capital deployment. We just heard the presentation on CooperSurgical. CooperSurgical has done a number of acquisitions, you know, over the years. It's been an acquisitive story.

I would think about the rate of acquisitions for CSI now that Sauflon has been closed here and it's one of the largest acquisitions in the Company's history. So maybe walk us through the cadence of the acquisitions for CooperSurgical in 2015 and beyond.

Robert Weiss - *The Cooper Companies - President, CEO*

Yes. I think what Paul identified was a host of opportunities out there. I -- my prepared remarks alluded to the fact that the Affordable Care Act is going to be a lot of consolidation with the little guys, one product company over the next five years in my opinion. So I think the opportunities are there and as things are build in the right price, we'll see some of them.

If you look kind of back over the last two or three years, we find out there is some one employee, so just the fact you're out there looking doesn't mean that it always makes the right economic sense.

And we've indicated in the past we'll be patient. We've waited -- some of you know, we've waited on Sauflon quite a while. That dialog was said -- happened many, many years earlier.

There have been other acquisitions in the surgical that have gone on with the dance, so to speak, has occurred over a decade. So we'll prepare to be patient about it, but having said that, we do think there'll be something that pops out of that over the next five years.

I'm not prepared to say, "Gee, starting in 2015 or 2016, you're going to start seeing two or three-year." I hope that's the case but there are no guarantees with that.

Anthony Petrone - *Jefferies & Company - Analyst*

And then just one follow-up on the margins, can you just review where the clariti and MyDay margins are today and where they can go to, say, you know, the next three years, 2015, 2016 and beyond? Thanks.

Robert Weiss - *The Cooper Companies - President, CEO*

The clariti margins are already respectable. I think those that went into their statutory financials, they had I think north of 60 which was under U.K. GAAP not U.S. GAAP. So I'm sorry, overall, they were north of 60 -- they're in the 50s, if you will, selling with opportunities to continue to improve on that.

MyDay is on a ramp up. We've indicated by the end of this year we'll move into the upper single digit, low double digit theater. That is moving, you know, according to plan or likely ahead of plan but we're satisfied with the progress we're making on that front.

Down the road, our expectation is to move to MyDay into the teams next year and then into the 20s and 30s the following year as we roll out, ramp up in total, there is no reason MyDay shouldn't get into the 40% or 50% range ultimately.

Joanne Wuensch - *BMO Capital Markets - Analyst*

Thanks. Joanne Wuensch from BMO. Can we talk a little bit about the margins at Cooper -- excuse me -- CooperSurgical? It took a dip down with the Sauflon acquisition but it's also during the time of more pressured volumes.

What moved with those in the -- those margins in a more positive direction? And when you think about 26%-plus operating margins by 2018, is any of that coming from CooperSurgical improvement or is it all CooperVision? Thank you.

Robert Weiss - *The Cooper Companies - President, CEO*

Yes. I think the dip was, you're alluding to in surgical, is IVF-related. So when we bought Origio, we've had lower gross margin and lower operating margins and was a complicated global structure unlike that U.S.-centric hub that we already had the infrastructure.

So there's a lot more work that goes into that so the dip is flexible. I think Paul alluded to a lot of activities that are going on, some of which is consolidation of our satellite facilities that really lack critical mass.

There -- the other important thing was that equipments, some of the equipment, the way Origio was acquired and they had equipment just for revenue sake and it was -- the margins were so low -- low that it also took not only a toll on gross profit which dipped but also a toll on operating income, so all of those things are fixable.

We're doing a lot of consolidation, back office work type consolidation that makes sense on the surgical side. So to answer your question, surgical will be part of the solution to improving gross margin -- operating income north of 26% going forward.

Larry Keusch - *Raymond James - Analyst*

Larry Keusch. Two questions, first, for Greg, the $1.3 billion in free cash flow that you're talking about generated over the next four years. I know that in Bob's prepared comments, he alluded to CapEx sort of being at levels that would inflect down after '15 of '16.

But can you put some brackets around where you think CapEx spending is over the next couple of years, where might it go, that we can try to calibrate when you really start to generate the majority of that -- of that free cash flow? And then I have another question.

Greg Matz - *The Cooper Companies Inc - CFO*

Okay. So you saw for 2014 we've said that it would be north of 220. We could see in '15, you know, again, you know, we're still looking at Sauflon and looking at different manufacture lines. So we would see probably a similar amount not a whole lot different. Potentially, it have lowered but it's hard to tell at this point.

In '16, we would see it starting to dip down and then where it ends up eventually in '17, '18, I don't know if it's -- and again, expecting in, you know, the 150s, again, I'm not sure, we'd have to determine. But we see that definitely it will trail off in those time periods and that will allow us again to achieve those numbers.

Robert Weiss - *The Cooper Companies - President, CEO*

I think one of the beauties of Sauflon is with the low-cost capital equipment requirements they have per unit of production, if you will, from 50 -- I think of the time like 50 million unit production.

[Their sell] being the at the rate it is and being close to 1/3 our cost then 1/5 to some of our competitors' cost. It means that we'll -- to the extent we could find things to put on there and as we expand and set the highest growth area that if anything, the -- our CapEx requirements over the next five years may not be much different than they were before the acquisition because there are some synergies, there are some tradeoffs, some things we were going to do in the product pipeline that we no longer have to do because we have clariti. Those things that we were going to do were more expensive equipment and clearly, the Sauflon equipment.

So the ramp up of free cash flow post-2015 is a reflection that CapEx probably will not go up much above the 2014, 2015 level, yet the business will continue to ramp up. And when you think about growth from production, if our revenue line has grown to 10%, our units of production given the shift to 1day may be growing 20%.

So it's a pretty big step up in the requirements like when I talked about barriers of entry, if you are -- if you are thinking of coming in or you're thinking to make a serious run at 1day, you've got to think long and hard.

Some people will not have the stomach to play the game. It's the right thing if you already have a leg up and you have a low cost structure which we do. But cash -- free cash flow will really start popping again I think post-2015.

Larry Keusch - *Raymond James - Analyst*

Okay. And then the second question is, you know, you talked a lot about the drivers of the business, Dan talked about this aspiration of, you know, a third of the market share, you've got optimization of the women's healthcare business, the surgical business.

You're going to try to drive margin in the CVI business. And so when you bundle all that together and you look at where this business is heading, you've talked about this 26%-plus operating margin goal, but I guess what I'm really curious is what is the upper bounce in that plus if you really start to hit on these things?

Robert Weiss - *The Cooper Companies - President, CEO*

All I could -- I'll only give you with a thought and how far it might go. And that is if you look at some of our small competitors and some of our other competitors occasionally allude to where their operating margin is, they're north of 30%.

So Ginko and Hydron in China can run north of 30%. [Senchine], these are public companies you can certify it, run north of 30%. So undoubtedly, we're still investing in the business, we're investing in new products, we're investing in building a franchise, and we're investing in geographic expansion.

We've just reached into international for surgical lens step functions. We're doing that knowingly. You know, if you were going to take a P&L for CooperSurgical International and just look at that piece, you kind of go, oh gee, see that's really a weight on your business, kind of so off. We've got to look down the road. So we're doing some of that on purpose, but yes, 26-plus could be considerably better.

Unidentified Company Representative

Just one or two more people and we'll wrap up.

Jonathan Block - *Stifel Nicolaus - Analyst*

I just got one more, Jon Block from Stifel. Just to go back earlier, I think there was a question on synergies with Sauflon expense synergies and you, guys, didn't want to put in exact number on it.

But you also alluded to some of the opportunities between distribution centers and manufacturing and salespeople. Can you help us with the cadence of how you achieved the synergies?

In other words, when you look at what's in front of you, and maybe drawing back to earlier days from ocular, the majority of those synergies are achieved when on a percentage basis? Is it -- you get some low hanging fruit in '15, '16, the big year, and then a little bit of a tail in '17, '18. Can you help us with those moving parts? Thank y8uo.

Robert Weiss - *The Cooper Companies - President, CEO*

Well, I'll start and then I'll let maybe Dan jump on. A lot of those synergies happen in the first nine months that deal with things that are, "Gee, I can do it, I can do it cheaper and I can do better." So what's in your lot.

It's worth the product [ag] so I'm taking a product, throwing it into my existing infrastructure. The example might be the U.S. where we're launching in the U.S. They were going down the path where it's complete startup with them. We're going down the path where we already have $400 million, $500 million business. It's dropping. So you get some synergy very quick.

There are others where you're going, gee, I think I'm going to consolidate this legal entity into my illegal entity to different country where you didn't get into the requirements of the local law, what you can do and how fast you can do it. So that dictates what you can do immediately. It may actually because the law takes 12 months.

When you get into plant's alignment or distribution center, how you ship the product, you see they're a little longer and more complicate. And sometimes you sit and you take a pause, that could be one or two years down the road before you really say, you know, "Here's what I can do. I can take this product off of this plant, put it over here on my Gen 2 equipment, let's say, free up capacity."

Some of those are more complicated and may have 5, 10K -- you know, might have registration requirements throughout the world and you start moving products around in the different plants, you may start the clock all over in China for two years, stuff like that, or in Japan in two years. So you've got to think -- to be cautious about that.

Daniel McBride - *The Cooper Companies - COO, President - CooperVision, Inc.*

From my perspective, you know, we're going -- we're going to go as fast as we can with the commercial side because it is really important to get the sales forces aligned and going forward with the products together.

So that's -- you know, that, you would see closer to the front half of 2015 and as quick as we can do it based on whatever the restrictions and regulations that allow us to do that.

When you look at going to the back office and distribution and I think that, you know, we think that that's achievable in 2015 but it's going to be more towards the back half. And then as Bob said, there are some longer lead time things that you would look at if you're doing broader things.

But I think both of the synergies that we'll see out of the deal are in those 2015 activities. So I think we'll see a lot of that so the run rate going into 2016 is really what you're going -- where you're going to see the pickup.

Unidentified Company Representative

The last question?

Lawrence Biegelsen - *Wells Fargo - Analyst*

Thanks. Larry Biegelsen, Wells Fargo, a couple of quick ones. First, MyDay toric, will we see that in 2016? And then lastly, Bob, no one wants to see you go but maybe you could talk a little bit about succession planning? Thanks.

Robert Weiss - *The Cooper Companies - President, CEO*

MyDay toric, who wants to -- MyDay toric, go ahead, Dennis.

Dennis Murphy - *The Cooper Companies - Global Sales and Marketing EVP - CooperVision, Inc.*

Well, thank you. You know, we're going to see it for sure especially when you think about Japan and the opportunity. And, you know, originally, we have to add out within a two-year timeframe. I think with the things on the table, you know, that may move, but, you know, it's early stage processes right now for us.

Lawrence Biegelsen - *Wells Fargo - Analyst*

Not committing to -- not committing to 2016?

Dennis Murphy - *The Cooper Companies - Global Sales and Marketing EVP - CooperVision, Inc.*

No, no, sorry.

Robert Weiss - *The Cooper Companies - President, CEO*

And right now, MyDay toric -- MyDay is going into a zone where it's only spheres. So we have TruEye on at spheres [total one only] sphere. That obviously will change at some point in time and say -- and everyone else gets their cost down at least enough to have -- have that.

But if you already have an expensive cost structure on your sphere, I hate to think that's the toric. It's complicated. It's going to maybe 160 SKUs or down below the number to the 1,000s of SKUs. And if you have a tough cost structure, it's going to be a tough transition. And that's really the beauty of clariti because they figured out the formula, if you will.

On the -- your last question, how old is Warren Buffet, by the way? Yes, there are -- there are -- there a number of people that have asked -- you know, asked that question on transition in my intentions and I'm having fun. And I guess when I look in the mirror, I ask that guy the same question and he never gives me an answer. So I don't know -- I don't know what the answer is.

I would say if we're -- we always aren't in control of things, if we were tomorrow and I weren't here tomorrow, life must go on. We have a very deep team as you can see and I'm confident that the train keeps going. But if I'm having fun five years from now, that's cool also.

Unidentified Company Representative

Thank you, everyone.
