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

FORM 10-Q

(Mark One)

[X] **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended December 31, 2016

OR

[ ] **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ____ to _____

Commission File Number: 001-32433

PRESTIGE BRANDS HOLDINGS, INC.

(Exact name of Registrant as specified in its charter)

Delaware	**20-1297589**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

660 White Plains Road
Tarrytown, New York 10591
(Address of principal executive offices) (Zip Code)

(914) 524-6800
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer x	Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes o No x
As of January 27, 2017, there were 52,936,255 shares of common stock outstanding.

Prestige Brands Holdings, Inc.
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Trademarks and Trade Names

Trademarks and trade names used in this Quarterly Report on Form 10-Q are the property of Prestige Brands Holdings, Inc. or its subsidiaries, as the case may be. We have italicized our trademarks or trade names when they appear in this Quarterly Report on Form 10-Q.

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Prestige Brands Holdings, Inc.

Consolidated Statements of Income and Comprehensive Income

(Unaudited)

	Three Months Ended December 31,		Nine Months Ended December 31,	
(In thousands, except per share data)	**2016**	**2015**	**2016**	**2015**
Revenues				
Net sales	$ 216,732	$ 199,485	$ 640,519	$ 596,034
Other revenues	31	710	871	2,358
Total revenues	216,763	200,195	641,390	598,392
Cost of Sales				
Cost of sales (exclusive of depreciation shown below)	92,216	83,411	271,287	249,432
Gross profit	124,547	116,784	370,103	348,960
Operating Expenses				
Advertising and promotion	30,682	29,935	86,909	84,250
General and administrative	22,131	18,135	60,383	52,186
Depreciation and amortization	5,852	6,071	18,700	17,478
(Gain) loss on divestitures	(3,405)	—	51,552	—
Total operating expenses	55,260	54,141	217,544	153,914
Operating income	69,287	62,643	152,559	195,046
Other (income) expense				
Interest income	(46)	(31)	(149)	(91)
Interest expense	18,600	19,493	60,660	62,104
Loss on extinguishment of debt	—	—	—	451
Total other expense	18,554	19,462	60,511	62,464
Income before income taxes	50,733	43,181	92,048	132,582
Provision for income taxes	19,092	15,186	33,743	46,611
Net income	$ 31,641	$ 27,995	$ 58,305	$ 85,971
Earnings per share:				
Basic	$ 0.60	$ 0.53	$ 1.10	$ 1.63
Diluted	$ 0.59	$ 0.53	$ 1.09	$ 1.62
Weighted average shares outstanding:				
Basic	52,999	52,824	52,960	52,727
Diluted	53,359	53,203	53,339	53,106
Comprehensive income, net of tax:				
Currency translation adjustments	(8,736)	4,922	(11,857)	(6,562)
Total other comprehensive (loss) income	(8,736)	4,922	(11,857)	(6,562)
Comprehensive income	$ 22,905	$ 32,917	$ 46,448	$ 79,409

See accompanying notes.

Prestige Brands Holdings, Inc.
Consolidated Balance Sheets
(Unaudited)

(In thousands)	December 31, 2016	March 31, 2016
Assets		
Current assets		
Cash and cash equivalents	$ 63,289	$ 27,230
Accounts receivable, net	104,388	95,247
Inventories	100,926	91,263
Deferred income tax assets	12,602	10,108
Prepaid expenses and other current assets	10,005	25,165
Total current assets	291,210	249,013
Property and equipment, net	12,865	15,540
Goodwill	345,485	360,191
Intangible assets, net	2,156,378	2,322,723
Other long-term assets	4,914	1,324
Total Assets	$ 2,810,852	$ 2,948,791
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	$ 45,250	$ 38,296
Accrued interest payable	8,399	8,664
Other accrued liabilities	78,675	59,724
Total current liabilities	132,324	106,684
Long-term debt		
Principal amount	1,437,000	1,652,500
Less unamortized debt costs	(21,421)	(27,191)
Long-term debt, net	1,415,579	1,625,309
Deferred income tax liabilities	459,780	469,622
Other long-term liabilities	3,312	2,840
Total Liabilities	2,010,995	2,204,455
Commitments and Contingencies — Note 17		
Stockholders' Equity		
Preferred stock - $0.01 par value		
Authorized - 5,000 shares		
Issued and outstanding - None	—	—
Common stock - $0.01 par value		
Authorized - 250,000 shares		
Issued - 53,269 shares at December 31, 2016 and 53,066 shares at March 31, 2016	532	530
Additional paid-in capital	455,684	445,182
Treasury stock, at cost - 332 shares at December 31, 2016 and 306 shares at March 31, 2016	(6,594)	(5,163)
Accumulated other comprehensive loss, net of tax	(35,382)	(23,525)
Retained earnings	385,617	327,312
Total Stockholders' Equity	799,857	744,336
Total Liabilities and Stockholders' Equity	$ 2,810,852	$ 2,948,791

See accompanying notes.

Prestige Brands Holdings, Inc.
Consolidated Statements of Cash Flows
(Unaudited)

	Nine Months Ended December 31,	
(In thousands)	**2016**	**2015**
Operating Activities		
Net income	$ 58,305	$ 85,971
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	18,700	17,478
Loss on divestitures and sales of property and equipment	51,807	—
Deferred income taxes	(12,530)	31,591
Amortization of debt origination costs	6,129	5,433
Stock-based compensation costs	6,260	7,098
Loss on extinguishment of debt	—	451
Gain on sale or disposal of property and equipment	—	(36)
Changes in operating assets and liabilities, net of effects from acquisitions:		
Accounts receivable	(12,374)	2,453
Inventories	(16,589)	(7,114)
Prepaid expenses and other current assets	11,149	5,472
Accounts payable	7,168	(17,553)
Accrued liabilities	22,323	5,207
Net cash provided by operating activities	140,348	136,451
Investing Activities		
Purchases of property and equipment	(1,935)	(2,540)
Proceeds from divestitures	110,717	—
Proceeds from the sales of property and equipment	85	344
Proceeds from Insight Pharmaceuticals working capital arbitration settlement	—	7,237
Proceeds from DenTek working capital arbitration settlement	1,419	—
Net cash provided by investing activities	110,286	5,041
Financing Activities		
Term loan repayments	(130,500)	(50,000)
Borrowings under revolving credit agreement	20,000	15,000
Repayments under revolving credit agreement	(105,000)	(81,100)
Payments of debt origination costs	(9)	(4,211)
Proceeds from exercise of stock options	3,444	6,600
Proceeds from restricted stock exercises	—	544
Excess tax benefits from share-based awards	800	1,850
Fair value of shares surrendered as payment of tax withholding	(1,431)	(2,187)
Net cash used in financing activities	(212,696)	(113,504)
Effects of exchange rate changes on cash and cash equivalents	(1,879)	(333)
Increase in cash and cash equivalents	36,059	27,655
Cash and cash equivalents - beginning of period	27,230	21,318
Cash and cash equivalents - end of period	$ 63,289	$ 48,973
Interest paid	$ 54,615	$ 58,867
Income taxes paid	$ 25,127	$ 9,014

See accompanying notes.

1. Business and Basis of Presentation

Nature of Business

Prestige Brands Holdings, Inc. (referred to herein as the "Company" or "we", which reference shall, unless the context requires otherwise, be deemed to refer to Prestige Brands Holdings, Inc. and all of its direct and indirect 100% owned subsidiaries on a consolidated basis) is engaged in the marketing, sales and distribution of over-the-counter ("OTC") healthcare and household cleaning products to mass merchandisers, drug stores, supermarkets, club, convenience, and dollar stores in North America (the United States and Canada) and in Australia and certain other international markets. Prestige Brands Holdings, Inc. is a holding company with no operations and is also the parent guarantor of the senior credit facility and the senior notes described in Note 10 to these Consolidated Financial Statements.

Basis of Presentation

The unaudited Consolidated Financial Statements presented herein have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial reporting and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. All significant intercompany transactions and balances have been eliminated in these Consolidated Financial Statements. In the opinion of management, these Consolidated Financial Statements include all adjustments, consisting of normal recurring adjustments, that are considered necessary for a fair statement of our consolidated financial position, results of operations and cash flows for the interim periods presented. Our fiscal year ends on March 31st of each year. References in these Consolidated Financial Statements or related notes to a year (e.g., "2017") mean our fiscal year ending or ended on March 31st of that year. Operating results for the three and nine months ended December 31, 2016 are not necessarily indicative of results that may be expected for the fiscal year ending March 31, 2017. These unaudited Consolidated Financial Statements and related notes should be read in conjunction with our audited Consolidated Financial Statements and notes thereto included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2016.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on our knowledge of current events and actions that we may undertake in the future, actual results could differ from those estimates. As discussed below, our most significant estimates include those made in connection with the valuation of intangible assets, stock-based compensation, fair value of debt, sales returns and allowances, trade promotional allowances and inventory obsolescence, and the recognition of income taxes using an estimated annual effective tax rate.

Cash and Cash Equivalents

We consider all short-term deposits and investments with original maturities of three months or less to be cash equivalents. Substantially all of our cash is held by a large regional bank with headquarters in California. We do not believe that, as a result of this concentration, we are subject to any unusual financial risk beyond the normal risk associated with commercial banking relationships. The Federal Deposit Insurance Corporation ("FDIC") and Securities Investor Protection Corporation ("SIPC") insure these balances up to $250,000 and $500,000, with a $250,000 limit for cash, respectively. Substantially all of the Company's cash balances at December 31, 2016 are uninsured, and approximately 58.5% of our consolidated cash balances at December 31, 2016 are located in the United States.

Accounts Receivable

We extend non-interest-bearing trade credit to our customers in the ordinary course of business. We maintain an allowance for doubtful accounts receivable based upon historical collection experience and expected collectability of the accounts receivable. In an effort to reduce credit risk, we (i) have established credit limits for all of our customer relationships, (ii) perform ongoing credit evaluations of customers' financial condition, (iii) monitor the payment history and aging of customers' receivables, and (iv) monitor open orders against an individual customer's outstanding receivable balance.

Inventories
Inventories are stated at the lower of cost or market value, with cost determined by using the first-in, first-out method. We reduce inventories for diminution of value resulting from product obsolescence, damage or other issues affecting marketability, equal to the difference between the cost of the inventory and its estimated market value. Factors utilized in the determination of estimated market value include: (i) current sales data and historical return rates, (ii) estimates of future demand, (iii) competitive pricing pressures, (iv) new product introductions, (v) product expiration dates, and (vi) component and packaging obsolescence.

Property and Equipment
Property and equipment are stated at cost and are depreciated using the straight-line method based on the following estimated useful lives:

	Years
Machinery	5
Computer equipment and software	3
Furniture and fixtures	7
Leasehold improvements	*

*Leasehold improvements are amortized over the lesser of the term of the lease or the estimated useful life of the related asset.

Expenditures for maintenance and repairs are charged to expense as incurred. When an asset is sold or otherwise disposed of, we remove the cost and associated accumulated depreciation from the respective accounts and recognize the resulting gain or loss in the Consolidated Statements of Income and Comprehensive Income.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. An impairment loss is recognized if the carrying amount of the asset exceeds its fair value.

Goodwill
The excess of the purchase price over the fair market value of assets acquired and liabilities assumed in business combinations is classified as goodwill. Goodwill is not amortized, although the carrying value is tested for impairment at least annually in the fourth fiscal quarter of each year, or more frequently if events or changes in circumstances indicate that the asset may be impaired. Goodwill is tested for impairment at the product group level, which is one level below the operating segment level.

Intangible Assets
Intangible assets, which are comprised primarily of trademarks, are stated at cost less accumulated amortization. For intangible assets with finite lives, amortization is computed using the straight-line method over estimated useful lives, typically ranging from 10 to 30 years.

Indefinite-lived intangible assets are tested for impairment at least annually in the fourth fiscal quarter of each year, or more frequently if events or changes in circumstances indicate that the asset may be impaired. Intangible assets with finite lives are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may exceed their fair values and may not be recoverable. An impairment loss is recognized if the carrying amount of the asset exceeds its fair value.

Debt Origination Costs
We have incurred debt origination costs in connection with the issuance of our long-term debt. These costs are amortized over the term of the related debt, using the effective interest method for our bonds and our term loan facility and the straight-line method for our revolving credit facility.

Revenue Recognition
Revenues are recognized when the following criteria are met: (i) persuasive evidence of an arrangement exists, (ii) the selling price is fixed or determinable, (iii) the product has been shipped and the customer takes ownership and assumes the risk of loss, and (iv) collection of the resulting receivable is reasonably assured. We have determined that these criteria are met and the transfer of the risk of loss generally occurs when the product is received by the customer, and, accordingly, we recognize revenue at that time. Provisions are made for estimated discounts related to customer payment terms and estimated product returns at the time of sale based on our historical experience.

As is customary in the consumer products industry, we participate in the promotional programs of our customers to enhance the sale of our products. The cost of these promotional programs varies based on the actual number of units sold during a finite period of time. These promotional programs consist of direct-to-consumer incentives, such as coupons and temporary price reductions,

as well as incentives to our customers, such as allowances for new distribution, including slotting fees, and cooperative advertising. Estimates of the costs of these promotional programs are based on (i) historical sales experience, (ii) the current promotional offering, (iii) forecasted data, (iv) current market conditions, and (v) communication with customer purchasing/marketing personnel. We recognize the cost of such sales incentives by recording an estimate of such cost as a reduction of revenue, at the later of (a) the date the related revenue is recognized, or (b) the date when a particular sales incentive is offered. At the completion of a promotional program, the estimated amounts are adjusted to actual results.

Due to the nature of the consumer products industry, we are required to estimate future product returns. Accordingly, we record an estimate of product returns concurrent with recording sales, which is made after analyzing (i) historical return rates, (ii) current economic trends, (iii) changes in customer demand, (iv) product acceptance, (v) seasonality of our product offerings, and (vi) the impact of changes in product formulation, packaging and advertising.

Cost of Sales

Cost of sales includes product costs, warehousing costs, inbound and outbound shipping costs, and handling and storage costs. Warehousing, shipping and handling and storage costs were $10.7 million and $32.1 million for the three and nine months ended December 31, 2016, respectively, and $10.1 million and $29.2 million for the three and nine months ended December 31, 2015, respectively.

Advertising and Promotion Costs

Advertising and promotion costs are expensed as incurred. Allowances for distribution costs associated with products, including slotting fees, are recognized as a reduction of sales. Under these new distribution arrangements, the retailers allow our products to be placed on the stores' shelves in exchange for such fees.

Stock-based Compensation

We recognize stock-based compensation by measuring the cost of services to be rendered based on the grant-date fair value of the equity award. Compensation expense is recognized over the period a grantee is required to provide service in exchange for the award, generally referred to as the requisite service period.

Income Taxes

Deferred tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. A valuation allowance is established when necessary to reduce deferred tax assets to the amounts expected to be realized.

The Income Taxes topic of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 740 prescribes a recognition threshold and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The guidance only allows the recognition of those tax benefits that have a greater than 50% likelihood of being sustained upon examination by the various taxing authorities. As a result, we have applied such guidance in determining our tax uncertainties.

We are subject to taxation in the United States and various state and foreign jurisdictions.

We classify penalties and interest related to unrecognized tax benefits as income tax expense in the Consolidated Statements of Income and Comprehensive Income.

Earnings Per Share

Basic earnings per share is calculated based on income available to common stockholders and the weighted-average number of shares outstanding during the reporting period. Diluted earnings per share is calculated based on income available to common stockholders and the weighted-average number of common and potential common shares outstanding during the reporting period. Potential common shares, composed of the incremental common shares issuable upon the exercise of outstanding stock options and unvested restricted stock units, are included in the earnings per share calculation to the extent that they are dilutive. In loss periods, the assumed exercise of in-the-money stock options and restricted stock units has an anti-dilutive effect, and therefore these instruments are excluded from the computation of diluted earnings per share.

Recently Issued Accounting Standards

In January 2017, the FASB issued Accounting Standards Update ("ASU") 2017-04, *Intangibles - Goodwill and Other (Topic 350)*. The amendments in this update simplify the test for goodwill impairment by eliminating Step 2 from the impairment test, which required the entity to perform procedures to determine the fair value at the impairment testing date of its assets and liabilities following the procedure that would be required in determining fair value of assets acquired and liabilities assumed in a business

combination. The amendments in this update are effective for public companies for annual or any interim goodwill impairments tests in fiscal years beginning after December 15, 2019. We are evaluating the impact of adopting this guidance on our Consolidated Financial Statements.

In January 2017, the FASB issued ASU 2017-01, *Business Combinations (Topic 805); Clarifying the Definition of a Business.* The amendments in this update clarify the definition of a business to help companies evaluate whether transactions should be accounted for as acquisitions or disposals of assets or businesses. The amendments in this update are effective for public companies for annual periods beginning after December 15, 2017, including interim periods within those periods. We are evaluating the impact of adopting this guidance on our Consolidated Financial Statements.

In December 2016, the FASB issued ASU 2016-20, *Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers*. The amendments in this update affect narrow aspects of the guidance issued in ASU 2014-09, *Revenue from Contracts with Customers*. For public business entities, the amendments in this update are effective for annual reporting periods beginning after December 15, 2017, including interim reporting periods therein. We are evaluating the impact of adopting this guidance on our Consolidated Financial Statements.

In December 2016, the FASB issued ASU 2016-19, *Technical Corrections and Improvements*. The amendments in this update affect a wide variety of topics in the Accounting Standards Codification. For public business entities, the amendments in this update are effective for annual periods beginning after December 15, 2017, and interim periods in the annual periods beginning after December 15, 2018. The adoption of ASU 2016-19 is not expected to have a material impact on our Consolidated Financial Statements.

In October 2016, the FASB issued ASU 2016-16, *Intra-Entity Transfers of Assets Other Than Inventory.* The amendments in this update require recognition of the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. For public business entities, the amendments in this update are effective for annual reporting periods beginning after December 15, 2017, including interim reporting periods within those annual reporting periods. The adoption of ASU 2016-16 is not expected to have a material impact on our Consolidated Financial Statements.

In August 2016, the FASB issued ASU 2016-15, *Classification of Certain Cash Receipts and Cash Payments*. The amendments in this update provide clarification and guidance on eight cash flow classification issues. For public business entities, the amendments in this update are effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. The adoption of ASU 2016-15 is not expected to have a material impact on our Consolidated Financial Statements.

In May 2016, the FASB issued ASU 2016-12, *Revenue from Contracts with Customers*. The amendments do not change the core principle of the guidance in FASB ASC 606, discussed below. Rather, the amendments in this update affect only certain narrow aspects of FASB ASC 606. The effective date and transition requirements for the amendments in this update are the same as the effective date and transition requirements of ASU 2014-09 described below. We are evaluating the impact of adopting this guidance on our Consolidated Financial Statements.

In April 2016, the FASB issued ASU 2016-10, *Revenue from Contracts with Customers*. The amendments in this update clarify the implementation guidance on identifying performance obligations and licensing in FASB ASC 606. The effective date and transition requirements for the amendments in this update are the same as the effective date and transition requirements of ASU 2014-09 described below. We are evaluating the impact of adopting this guidance on our Consolidated Financial Statements.

In March 2016, the FASB issued ASU 2016-09, *Improvements to Employee Share-Based Payment Accounting*. The amendments in this update involve several aspects of accounting for share-based payment transactions, including income tax consequences, classification of awards, and classification on the statement of cash flows. For public business entities, the amendments in this update are effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods. We are evaluating the impact of adopting this guidance on our Consolidated Financial Statements.

In March 2016, the FASB issued ASU 2016-08, *Revenue from Contracts with Customers*. The amendments in this update clarify the implementation guidance on principals versus agent considerations in FASB ASC 606. The effective date and transition requirements for the amendments in this update are the same as the effective date and transition requirements of ASU 2014-09 described below. We are evaluating the impact of adopting this guidance on our Consolidated Financial Statements.

In February 2016, the FASB issued ASU 2016-02, *Leases.* The amendments in this update include a new FASB ASC Topic 842, which supersedes Topic 840. The core principle of Topic 842 is that a lessee should recognize the assets and liabilities that arise from leases. For public business entities, the amendments in this update are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early application is permitted for all entities as of the beginning of

interim or annual reporting periods. We are evaluating the impact of adopting this guidance on our Consolidated Financial Statements.

In November 2015, the FASB issued ASU 2015-17, *Balance Sheet Classification of Deferred Taxes*. The amendments in this update require that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. The amendments in this update may be applied either prospectively to all deferred tax liabilities and assets or retrospectively to all periods presented. For public business entities, the amendments in this update are effective for financial statements issued for annual periods beginning after December 15, 2016, and interim periods within those annual periods. Early application is permitted for all entities as of the beginning of interim or annual reporting periods. We are evaluating the impact of adopting this guidance on our Consolidated Financial Statements.

In July 2015, the FASB issued ASU 2015-11, *Simplifying the Measurement of Inventory*. The amendments in this update more closely align the measurement of inventory in GAAP with the measurement of inventory in International Financial Reporting Standards, under which an entity should measure inventory at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. For public business entities, the amendments are effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. The adoption of ASU 2015-11 is not expected to have a material impact on our Consolidated Financial Statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers - Topic 606*, which supersedes the revenue recognition requirements in FASB ASC 605. The new guidance primarily states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. In August 2015, the FASB issued ASU 2015-14, which deferred the effective date of ASU 2014-09 from annual and interim periods beginning after December 15, 2016 to annual and interim periods beginning after December 15, 2017. Earlier application is permitted only as of annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. We are evaluating the impact of adopting this guidance on our Consolidated Financial Statements.

2. Acquisitions

Acquisition of DenTek

On February 5, 2016, the Company completed the acquisition of DenTek Holdings, Inc. ("*DenTek*"), a privately-held marketer and distributor of specialty oral care products. The closing was finalized pursuant to the terms of the merger agreement, announced November 23, 2015, under which Prestige agreed to acquire *DenTek* from its stockholders for a purchase price of $226.9 million. The acquisition expands Prestige's portfolio of brands, strengthens its existing oral care platform and increases its geographic reach in parts of Europe. The Company financed the transaction with a combination of available cash on hand, available cash from its asset based loan revolver, and financing of an additional unsecured bridge loan. The *DenTek* brands are primarily included in the Company's North American and International OTC Healthcare segments.

The *DenTek* acquisition was accounted for in accordance with the Business Combinations topic of the FASB ASC 805, which requires that the total cost of an acquisition be allocated to the tangible and intangible assets acquired and liabilities assumed based upon their respective fair values at the date of acquisition.

We prepared an analysis of the fair values of the assets acquired and liabilities assumed as of the date of acquisition. The following table summarizes our allocation of the assets acquired and liabilities assumed as of the February 5, 2016 acquisition date.

(In thousands)	**February 5, 2016**
Cash acquired	$ 1,359
Accounts receivable	9,187
Inventories	14,304
Deferred income taxes	3,303
Prepaids and other current assets	6,728
Property, plant and equipment, net	3,555
Goodwill	73,737
Intangible assets, net	206,700
Total assets acquired	318,873
Accounts payable	3,261
Accrued expenses	14,336
Deferred income tax liabilities - long term	74,352
Total liabilities assumed	91,949
Total purchase price	$ 226,924

Based on this analysis, we allocated $179.8 million to non-amortizable intangible assets and $26.9 million to amortizable intangible assets. We are amortizing the purchased amortizable intangible assets on a straight-line basis over an estimated weighted average useful life of 18.5 years. The weighted average remaining life for amortizable intangible assets at December 31, 2016 was 17.7 years.

In December 2016, as a result of an arbitration settlement and other post-closing adjustments, we recorded a reduction to goodwill of $2.8 million. As a result, we recorded goodwill of $73.7 million based on the amount by which the purchase price exceeded the fair value of the net assets acquired. Goodwill is not deductible for income tax purposes.

The pro forma effect of this acquisition on revenues and earnings was not material.

3. Divestitures

Divestitures

Late in the first quarter of fiscal 2017, the Company was approached and discussed the potential to sell certain businesses. Prior to these discussions, the Company did not contemplate any divestitures, and the Company did not commit to any course of action to divest any of the businesses until entering into an agreement on June 29, 2016 to sell *Pediacare*, *New Skin* and *Fiber Choice*, which were reported under the North American OTC Healthcare segment in the Cough & Cold, Dermatologicals and Gastrointestinal product groups, respectively.

On July 7, 2016, we completed the sale of the *Pediacare, New Skin and Fiber Choice* brands for $40.0 million plus the cost of inventory. As a result, we received approximately $40.1 million including the cost of preliminary inventory of $2.6 million, less certain immaterial holdbacks, which will be paid upon meeting certain criteria as defined in the asset purchase agreement and within approximately 18 months following the closing date of the transaction. During the nine months ended December 31, 2016, we recorded a preliminary pre-tax loss on sale of $56.2 million. The proceeds were used to repay debt and related income taxes due on the dispositions.

The following table sets forth the components of the assets sold and the pre-tax loss recognized on the sale in July 2016.

(In thousands)	July 7, 2016
Components of assets sold:	
Inventory	$ 2,380
Intangible assets, net	91,208
Goodwill	2,920
Assets sold	96,508
Total purchase price received	42,380
	54,128
Costs to sell	2,018
Pre-tax loss on divestitures	$ 56,146

Concurrent with the completion of the sale of these brands, we entered into a transitional services agreement with the buyer, whereby we agreed to provide the buyer with various services, including marketing, operations, finance and other services, from the date of the acquisition through January 7, 2017. We also entered into an option agreement with the buyer to purchase *Dermoplast* at a specified earnings multiple as defined in the option agreement. The buyer paid a $1.25 million deposit in September 2016 and later notified us of its election to exercise the option.

In December 2016, we completed the sales of the *Dermpolast* and *e.p.t* brands for an aggregate amount of $59.6 million. As a result, we recorded a pre-tax net gain on these divestitures of $3.9 million.

The following table sets forth the components of the assets sold and the pre-tax net gain recognized on the sales of *e.p.t* and *Dermoplast* in December 2016.

(In thousands)	December 2016
Components of assets sold:	
Inventory	$ 2,998
Intangible assets, net	45,870
Goodwill	6,889
Assets sold	55,757
Total purchase price received	59,614
Pre-tax net (gain) on divestitures	$ (3,857)

4. Accounts Receivable

Accounts receivable consist of the following:

(In thousands)	December 31, 2016	March 31, 2016
Components of Accounts Receivable		
Trade accounts receivable	$ 115,967	$ 105,592
Other receivables	289	1,261
	116,256	106,853
Less allowances for discounts, returns and uncollectible accounts	(11,868)	(11,606)
Accounts receivable, net	$ 104,388	$ 95,247

5. Inventories

Inventories consist of the following:

(In thousands)	December 31, 2016	March 31, 2016
Components of Inventories		
Packaging and raw materials	$ 7,944	$ 7,563
Finished goods	92,982	83,700
Inventories	$ 100,926	$ 91,263

Inventories are carried and depicted above at the lower of cost or market value, which includes a reduction in inventory values of $4.1 million and $4.8 million at December 31, 2016 and March 31, 2016, respectively, related to obsolete and slow-moving inventory.

6. Property and Equipment

Property and equipment consist of the following:

(In thousands)	December 31, 2016	March 31, 2016
Components of Property and Equipment		
Machinery	$ 8,217	$ 7,734
Computer equipment	13,238	12,793
Furniture and fixtures	2,504	2,445
Leasehold improvements	7,347	7,389
	31,306	30,361
Accumulated depreciation	(18,441)	(14,821)
Property and equipment, net	$ 12,865	$ 15,540

We recorded depreciation expense of $1.3 million and $4.3 million for the three and nine months ended December 31, 2016, respectively. We recorded depreciation expense of $1.2 million and $3.7 million for the three and nine months ended December 31, 2015, respectively.

7. Goodwill

A reconciliation of the activity affecting goodwill by operating segment is as follows:

(In thousands)	North American OTC Healthcare	International OTC Healthcare	Household Cleaning	Consolidated
Balance — March 31, 2016	$ 330,615	$ 22,776	$ 6,800	$ 360,191
Reductions	(12,601)	—	(555)	(13,156)
Effects of foreign currency exchange rates	—	(1,550)	—	(1,550)
Balance — December 31, 2016	$ 318,014	$ 21,226	$ 6,245	$ 345,485

In August 2016, we sold the rights to use of the *Comet* brand in certain geographic areas (see Note 8 below for further information) and reduced goodwill by $0.6 million as a result.

On July 7, 2016, we completed the sale of *Pediacare*, *New Skin* and *Fiber Choice (*see Note 3 above for further details) for $40.0 million plus the cost of inventory and received $40.1 million including preliminary inventory, less certain immaterial holdbacks, and reduced goodwill by $2.9 million as a result. In addition, as discussed in Note 3, in connection with this sale, the buyer exercised its option to purchase the *Dermoplast* brand. The sale of *Dermoplast* was completed on December 30, 2016 and, as a result, we reduced goodwill by $5.5 million.

On December 28, 2016, we completed the sale of the *e.p.t* brand and, as a result, we reduced goodwill by $1.4 million.

In addition, in December 2016, we received $1.4 million as a result of an arbitration associated with the *DenTek* acquisition. As a result, we reduced goodwill by $2.8 million, including other post-closing adjustments of $1.4 million.

Under accounting guidelines, goodwill is not amortized, but must be tested for impairment annually, or more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of the reporting unit below the carrying amount.

On an annual basis during the fourth quarter of each fiscal year, or more frequently if conditions indicate that the carrying value of the asset may not be recoverable, management performs a review of the values assigned to goodwill and tests for impairment. At February 29, 2016, during our annual test for goodwill impairment, there were no indicators of impairment under the analysis. Accordingly, no impairment charge was recorded in fiscal 2016. We utilize the discounted cash flow method to estimate the fair value of our reporting units as part of the goodwill impairment test. We also considered our market capitalization at February 29, 2016, which was the date of our annual review, as compared to the aggregate fair values of our reporting units, to assess the reasonableness of our estimates pursuant to the discounted cash flow methodology. The estimates and assumptions made in assessing the fair value of our reporting units and the valuation of the underlying assets and liabilities are inherently subject to significant uncertainties. Consequently, changing rates of interest and inflation, declining sales or margins, increases in competition, changing consumer preferences, technical advances, or reductions in advertising and promotion may require an impairment charge to be recorded in the future. As of December 31, 2016, no events have occurred that would indicate potential impairment of goodwill.

8. Intangible Assets

A reconciliation of the activity affecting intangible assets is as follows:

(In thousands)	**Indefinite Lived Trademarks**	**Finite Lived Trademarks and Customer Relationships**	**Totals**
Gross Carrying Amounts			
Balance — March 31, 2016	$ 2,020,046	$ 417,880	$ 2,437,926
Reductions	(77,248)	(76,903)	(154,151)
Effects of foreign currency exchange rates	(5,185)	(230)	(5,415)
Balance — December 31, 2016	1,937,613	340,747	2,278,360
Accumulated Amortization			
Balance — March 31, 2016	—	115,203	115,203
Additions	—	14,412	14,412
Reductions	—	(7,610)	(7,610)
Effects of foreign currency exchange rates	—	(23)	(23)
Balance — December 31, 2016	—	121,982	121,982
Intangible assets, net - December 31, 2016	$ 1,937,613	$ 218,765	$ 2,156,378
Intangible Assets, net by Reportable Segment:			
North American OTC Healthcare	$ 1,755,635	$ 196,391	$ 1,952,026
International OTC Healthcare	80,716	1,004	81,720
Household Cleaning	101,262	21,370	122,632
Intangible assets, net - December 31, 2016	$ 1,937,613	$ 218,765	$ 2,156,378

Historically, we received royalty income from the licensing of the names of certain of our brands in geographic areas or markets in which we do not directly compete. We have had royalty agreements for our *Comet* brand for several years, which included options on behalf of the licensee to purchase license rights in certain geographic areas and markets in perpetuity. In December

2014, we amended these agreements and we sold rights to use of the *Comet* brand in certain Eastern European countries to a third-party licensee in exchange for $10.0 million as a partial early buyout of the license. The amended agreement provided that we would continue to receive royalty payments of $1.0 million per quarter for the remaining geographic areas and also granted the licensee an option to acquire the license rights in the remaining geographic areas anytime after June 30, 2016. In July 2016, the licensee elected to exercise its option. In August 2016, we received $11.0 million for the purchase of the remaining license rights and, as a result, we recorded a pre-tax gain of $1.2 million and reduced our indefinite-lived trademarks by $9.0 million. Furthermore, the licensee is no longer required to make additional royalty payments to us, and as a result, our future royalty income will be reduced accordingly.

On July 7, 2016, we completed the sale of the *Pediacare*, *New Skin* and *Fiber Choice* (see Note 3 above for further details) brands for $40.0 million plus the cost of inventory and received $40.1 million including the cost of preliminary inventory, less certain immaterial holdbacks, and reduced our indefinite and finite-lived trademarks by $37.2 million and $54.0 million, respectively. During the nine months ended December 31, 2016, we recorded a preliminary pre-tax loss of $56.2 million on the sale of these brands. In addition, as discussed in Note 3, in connection with this sale, the buyer exercised its option to purchase the *Dermoplast* brand. The sale of *Dermoplast* was completed on December 30, 2016, and we received $48.4 million. As a result, we reduced intangible assets by $31.0 million.

In December 2016, we also completed the sale of the *e.p.t* brand and, as a result, we reduced intangible assets by $14.8 million.

Under accounting guidelines, indefinite-lived assets are not amortized, but must be tested for impairment annually, or more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of the asset below the carrying amount. Additionally, at each reporting period, an evaluation must be made to determine whether events and circumstances continue to support an indefinite useful life. Intangible assets with finite lives are amortized over their respective estimated useful lives and are also tested for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable and exceeds its fair value.

On an annual basis during the fourth fiscal quarter, or more frequently if conditions indicate that the carrying value of the asset may not be recoverable, management performs a review of both the values and, if applicable, useful lives assigned to intangible assets and tests for impairment.

We utilize the excess earnings method to estimate the fair value of our individual indefinite-lived intangible assets. We also considered our market capitalization at February 29, 2016, which was the date of our annual review. The estimates and assumptions made in assessing the fair value of our reporting units and the valuation of the underlying assets and liabilities are inherently subject to significant uncertainties. Consequently, changing rates of interest and inflation, declining sales or margins, increases in competition, changing consumer preferences, technical advances, or reductions in advertising and promotion may require an impairment charge to be recorded in the future.

The weighted average remaining life for finite-lived intangible assets at December 31, 2016 was approximately 12.1 years, and the amortization expense for the three and nine months ended December 31, 2016 was $4.5 million and $14.4 million, respectively. At December 31, 2016, finite-lived intangible assets are being amortized over a period of 10 to 30 years, and the associated amortization expense is expected to be as follows:

(In thousands)

Year Ending March 31,		**Amount**
2017 (Remaining three months ending March 31, 2017)	$	4,527
2018		17,945
2019		17,945
2020		17,945
2021		17,522
Thereafter		142,881
	$	218,765

9. Other Accrued Liabilities

Other accrued liabilities consist of the following:

(In thousands)	**December 31, 2016**	**March 31, 2016**
Accrued marketing costs	$ 33,786	$ 26,373
Accrued compensation costs	7,686	9,574
Accrued broker commissions	1,277	1,497
Income taxes payable	13,327	3,675
Accrued professional fees	3,142	1,787
Deferred rent	609	836
Accrued production costs	5,216	3,324
Accrued lease termination costs	351	448
Income tax related payable	6,354	6,354
Other accrued liabilities	6,927	5,856
	$ 78,675	$ 59,724

10. Long-Term Debt

2012 Term Loan and 2012 ABL Revolver:
On January 31, 2012, Prestige Brands, Inc. (the "Borrower") entered into a new senior secured credit facility, which consists of (i) a $660.0 million term loan facility (the “2012 Term Loan”) with a 7-year maturity and (ii) a $50.0 million asset-based revolving credit facility (the “2012 ABL Revolver”) with a 5-year maturity. In subsequent years, we have utilized portions of our accordion feature to increase the amount of our borrowing capacity under the 2012 ABL Revolver by $85.0 million to $135.0 million and reduced our borrowing rate on the 2012 ABL Revolver by 0.25% (discussed below). The 2012 Term Loan was issued with an original issue discount of 1.5% of the principal amount thereof, resulting in net proceeds to the Borrower of $650.1 million. In connection with these loan facilities, we incurred $20.6 million of costs, which were capitalized as deferred financing costs and are being amortized over the terms of the facilities. The 2012 Term Loan is unconditionally guaranteed by Prestige Brands Holdings, Inc. and certain of its domestic 100% owned subsidiaries, other than the Borrower. Each of these guarantees is joint and several. There are no significant restrictions on the ability of any of the guarantors to obtain funds from their subsidiaries or to make payments to the Borrower or the Company.

On February 21, 2013, we entered into Amendment No. 1 ("Term Loan Amendment No. 1") to the 2012 Term Loan. Term Loan Amendment No. 1 provided for the refinancing of all of the Borrower's existing Term B Loans with new Term B-1 Loans (the "Term B-1 Loans"). The interest rate on the Term B-1 Loans under Term Loan Amendment No. 1 was based, at our option, on a LIBOR rate plus a margin of 2.75% per annum, with a LIBOR floor of 1.00%, or an alternate base rate, with a floor of 2.00%, plus a margin. The new Term B-1 Loans would have matured on the same date as the Term B Loans' original maturity date. In addition, Term Loan Amendment No. 1 provided the Borrower with certain additional capacity to prepay subordinated debt, the Company's 8.125% senior notes due in 2020 and certain other unsecured indebtedness permitted to be incurred under the credit agreement governing the 2012 Term Loan and 2012 ABL Revolver. In connection with Term Loan Amendment No. 1, during the fourth quarter ended March 31, 2013, we recognized a $1.4 million loss on the extinguishment of debt.

On September 3, 2014, we entered into Amendment No. 2 ("Term Loan Amendment No. 2") to the 2012 Term Loan. Term Loan Amendment No. 2 provided for (i) the creation of a new class of Term B-2 Loans under the 2012 Term Loan (the "Term B-2 Loans") in an aggregate principal amount of $720.0 million, (ii) increased flexibility under the credit agreement governing the 2012 Term Loan and 2012 ABL Revolver, including additional investment, restricted payment and debt incurrence flexibility and financial maintenance covenant relief, and (iii) an interest rate on (x) the Term B-1 Loans that was based, at our option, on a LIBOR rate plus a margin of 3.125% per annum, with a LIBOR floor of 1.00%, or an alternate base rate, with a floor of 2.00%, plus a margin, and (y) the Term B-2 Loans that was based, at our option, on a LIBOR rate plus a margin of 3.50% per annum, with a LIBOR floor of 1.00%, or an alternate base rate, with a floor of 2.00%, plus a margin (with a margin step-down to 3.25% per annum, based upon achievement of a specified secured net leverage ratio).

Also, on September 3, 2014, we entered into Amendment No. 3 ("ABL Amendment No. 3") to the 2012 ABL Revolver. ABL Amendment No. 3 provided for (i) a $40.0 million increase in revolving commitments under the 2012 ABL Revolver and (ii)

increased flexibility under the credit agreement governing the 2012 Term Loan and 2012 ABL Revolver, including additional investment, restricted payment and debt incurrence flexibility. Borrowings under the 2012 ABL Revolver, as amended, bear interest at a rate per annum equal to an applicable margin, plus, at our option, either (i) a base rate determined by reference to the highest of (a) the Federal Funds rate plus 0.50%, (b) the prime rate of Citibank, N.A., and (c) the LIBOR rate determined by reference to the cost of funds for U.S. dollar deposits for an interest period of one month, adjusted for certain additional costs, plus 1.00% or (ii) a LIBOR rate determined by reference to the costs of funds for U.S. dollar deposits for the interest period relevant to such borrowing, adjusted for certain additional costs. The applicable margin for borrowings under the 2012 ABL Revolver may be increased to 2.00% or 2.25% for LIBOR borrowings and 1.00% or 1.25% for base-rate borrowings, depending on average excess availability under the 2012 ABL Revolver during the prior fiscal quarter. In addition to paying interest on outstanding principal under the 2012 ABL Revolver, we are required to pay a commitment fee to the lenders under the 2012 ABL Revolver in respect of the unutilized commitments thereunder. The initial commitment fee rate is 0.50% per annum. The commitment fee rate will be reduced to 0.375% per annum at any time when the average daily unused commitments for the prior quarter is less than a percentage of total commitments by an amount set forth in the credit agreement covering the 2012 ABL Revolver. We may voluntarily repay outstanding loans under the 2012 ABL Revolver at any time without a premium or penalty.

On May 8, 2015, we entered into Amendment No. 3 ("Term Loan Amendment No. 3") to the 2012 Term Loan. Term Loan Amendment No. 3 provided for (i) the creation of a new class of Term B-3 Loans under the 2012 Term Loan (the "Term B-3 Loans") in an aggregate principal amount of $852.5 million, which combined the outstanding balances of the Term B-1 Loans of $207.5 million and the Term B-2 Loans of $645.0 million, and (ii) increased flexibility under the credit agreement governing the 2012 Term Loan and 2012 ABL Revolver, including additional investment, restricted payment, and debt incurrence flexibility and financial maintenance covenant relief. The maturity date of the Term B-3 Loans remains the same as the Term B-2 Loans' original maturity date of September 3, 2021.

The 2012 Term Loan, as amended, bears interest at a rate per annum equal to an applicable margin plus, at our option, either (i) a base rate determined by reference to the highest of (a) the Federal Funds rate plus 0.50%, (b) the prime rate of Citibank, N.A., (c) the LIBOR rate determined by reference to the cost of funds for U.S. dollar deposits for an interest period of one month, adjusted for certain additional costs, plus 1.00% and (d) a floor of 1.75% or (ii) a LIBOR rate determined by reference to the costs of funds for U.S. dollar deposits for the interest period relevant to such borrowing, adjusted for certain additional costs, with a floor of 0.75%. For the nine months ended December 31, 2016, the average interest rate on the 2012 Term Loan was 4.7%.

On June 9, 2015, we entered into Amendment No. 4 (“ABL Amendment No. 4”) to the 2012 ABL Revolver. ABL Amendment No. 4 provided for (i) a $35.0 million increase in the accordion feature under the 2012 ABL Revolver and (ii) increased flexibility under the credit agreement governing the 2012 Term Loan and 2012 ABL Revolver, including additional investment, restricted payment, and debt incurrence flexibility and financial maintenance covenant relief and (iii) extended the maturity date of the 2012 ABL Revolver to June 9, 2020, which is five years from the effective date of ABL Amendment No. 4. We may voluntarily repay outstanding loans under the 2012 ABL Revolver at any time without a premium or penalty. For the nine months ended December 31, 2016, the average interest rate on the amounts borrowed under the 2012 ABL Revolver was 2.7%.

In connection with the *DenTek* acquisition on February 5, 2016, we entered into Amendment No. 5 (“ABL Amendment No. 5”) to the 2012 ABL Revolver. ABL Amendment No. 5 temporarily suspended certain financial and related reporting covenants in the 2012 ABL Revolver until the earliest of (i) the date that was 60 calendar days following February 4, 2016, (ii) the date upon which certain of *DenTek’s* assets were included in the Company’s borrowing base under the 2012 ABL Revolver and (iii) the date upon which the Company received net proceeds from an offering of debt securities.

2013 Senior Notes:
On December 17, 2013, the Borrower issued $400.0 million of senior unsecured notes, with an interest rate of 5.375% and a maturity date of December 15, 2021 (the "2013 Senior Notes"). The Borrower may redeem some or all of the 2013 Senior Notes at redemption prices set forth in the indenture governing the 2013 Senior Notes. The 2013 Senior Notes are guaranteed by Prestige Brands Holdings, Inc. and certain of its 100% domestic owned subsidiaries, other than the Borrower. Each of these guarantees is joint and several. There are no significant restrictions on the ability of any of the guarantors to obtain funds from their subsidiaries or to make payments to the Borrower or the Company. In connection with the 2013 Senior Notes offering, we incurred $7.2 million of costs, which were capitalized as deferred financing costs and are being amortized over the term of the 2013 Senior Notes.

2016 Senior Notes:
On February 19, 2016, the Borrower completed the sale of $350.0 million aggregate principal amount of 6.375% senior notes due 2024 (the “2016 Senior Notes”), pursuant to a purchase agreement, dated February 16, 2016, among the Borrower, the guarantors party thereto (the “Guarantors”) and the initial purchasers party thereto. The 2016 Senior Notes are guaranteed by Prestige Brands Holdings, Inc. and certain of its domestic 100% owned subsidiaries, other than the Borrower. Each of these guarantees is joint

and several. There are no significant restrictions on the ability of any of the Guarantors to obtain funds from their subsidiaries or to make payments to the Borrower or the Company. In connection with the 2016 Senior Notes offering, we incurred $5.5 million of costs, which were capitalized as deferred financing costs and are being amortized over the term of the 2016 Senior Notes.

The 2016 Senior Notes were issued pursuant to an indenture, dated February 19, 2016 (the “Indenture”). The Indenture provides, among other things, that interest will be payable on the 2016 Senior Notes on March 1 and September 1 of each year, beginning on September 1, 2016, until their maturity date of March 1, 2024. The 2016 Senior Notes are senior unsecured obligations of the Borrower.

Redemptions and Restrictions:
At any time prior to December 15, 2016, we had the option to redeem the 2013 Senior Notes in whole or in part at a redemption price equal to 100% of the principal amount of notes redeemed, plus an applicable "make-whole premium" calculated as set forth in the indenture governing the 2013 Senior Notes, together with accrued and unpaid interest, if any, to the date of redemption. On or after December 15, 2016, we have the option to redeem some or all of the 2013 Senior Notes at redemption prices set forth in the indenture governing the 2013 Senior Notes. In addition, at any time prior to December 15, 2016, we had the option to redeem up to 35% of the aggregate principal amount of the 2013 Senior Notes at a redemption price equal to 105.375% of the principal amount thereof, plus accrued and unpaid interest, if any, to the redemption date, with the net cash proceeds of certain equity offerings, provided that certain conditions were met. Subject to certain limitations, in the event of a change of control, as defined in the indenture governing the 2013 Senior Notes, the Borrower will be required to make an offer to purchase the 2013 Senior Notes at a price equal to 101% of the aggregate principal amount of the 2013 Senior Notes repurchased, plus accrued and unpaid interest, if any, to the date of repurchase.

The Borrower has the option to redeem all or a portion of the 2016 Senior Notes at any time on or after March 1, 2019 at the redemption prices set forth in the Indenture, plus accrued and unpaid interest, if any. The Borrower may also redeem all or any portion of the 2016 Senior Notes at any time prior to March 1, 2019, at a price equal to 100% of the aggregate principal amount of the notes redeemed, plus an applicable "make-whole premium" calculated as set forth in the Indenture, and accrued and unpaid interest, if any, to the date of redemption. In addition, before March 1, 2019, the Borrower may redeem up to 40% of the aggregate principal amount of the 2016 Senior Notes with the net proceeds of certain equity offerings at the redemption price set forth in the Indenture, provided that certain conditions are met. Subject to certain limitations, in the event of a change of control, as defined in the Indenture, the Borrower will be required to make an offer to purchase the 2016 Senior Notes at a price equal to 101% of the aggregate principal amount of the notes repurchased, plus accrued and unpaid interest, if any, to the date of repurchase.

The indentures governing the 2013 Senior Notes and the 2016 Senior Notes contain provisions that restrict us from undertaking specified corporate actions, such as asset dispositions, acquisitions, dividend payments, repurchases of common shares outstanding, changes of control, incurrences of indebtedness, issuance of equity, creation of liens, making of loans and transactions with affiliates. Additionally, the credit agreement with respect to the 2012 Term Loan and the 2012 ABL Revolver and the indentures governing the 2013 Senior Notes and the 2016 Senior Notes contain cross-default provisions, whereby a default pursuant to the terms and conditions of certain indebtedness will cause a default on the remaining indebtedness under the credit agreement governing the 2012 Term Loan and the 2012 ABL Revolver and the indentures governing the 2013 Senior Notes and the 2016 Senior Notes. At December 31, 2016, we were in compliance with the covenants under our long-term indebtedness.

At December 31, 2016, we had an aggregate of $1.0 million of unamortized debt costs related to the 2012 ABL Revolver included in other long-term assets, and $21.4 million of unamortized debt costs included in long-term debt costs, the total of which is comprised of $4.8 million related to the 2013 Senior Notes, $5.0 million related to the 2016 Senior Notes, and $11.6 million related to the 2012 Term Loan.

At March 31, 2016, we had an aggregate of $1.3 million of unamortized debt costs related to the 2012 ABL Revolver included in other long-term assets, and $27.2 million of unamortized debts costs included in long-term debt costs, the total of which is comprised of $5.4 million related to the 2013 Senior Notes, $5.4 million related to the 2016 Senior Notes, and $16.4 million related to the 2012 Term Loan.

At December 31, 2016, we had $0.0 million outstanding on the 2012 ABL Revolver and a borrowing capacity of $135.0 million.

Long-term debt consists of the following, as of the dates indicated:

(In thousands, except percentages)	**December 31, 2016**	**March 31, 2016**
2016 Senior Notes bearing interest at 6.375%, with interest payable on March 1 and September 1 of each year. The 2016 Senior Notes mature on March 1, 2024.	$ 350,000	$ 350,000
2013 Senior Notes bearing interest at 5.375%, with interest payable on June 15 and December 15 of each year. The 2013 Senior Notes mature on December 15, 2021.	400,000	400,000
2012 Term B-3 Loans bearing interest at the Borrower's option at either a base rate with a floor of 1.75% plus applicable margin or LIBOR with a floor of 0.75% plus applicable margin, due on September 3, 2021.	687,000	817,500
2012 ABL Revolver bearing interest at the Borrower's option at either a base rate plus applicable margin or LIBOR plus applicable margin. Any unpaid balance is due on June 9, 2020.	—	85,000
Total long-term debt (including current portion)	1,437,000	1,652,500
Current portion of long-term debt	—	—
Long-term debt	1,437,000	1,652,500
Less: unamortized debt costs	(21,421)	(27,191)
Long-term debt, net	$ 1,415,579	$ 1,625,309

At December 31, 2016, aggregate future principal payments required in accordance with the terms of the 2012 Term Loan, 2012 ABL Revolver and the indentures governing the 2016 Senior Notes and the 2013 Senior Notes are as follows:

(In thousands)	
Year Ending March 31,	**Amount**
2017 (remaining three months ending March 31, 2017)	$ —
2018	—
2019	—
2020	—
2021	—
Thereafter	1,437,000
	$ 1,437,000

11. Fair Value Measurements

For certain of our financial instruments, including cash, accounts receivable, accounts payable and other current liabilities, the carrying amounts approximate their respective fair values due to the relatively short maturity of these amounts.

The Fair Value Measurements and Disclosures topic of the FASB ASC 820 requires fair value to be determined based on the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market assuming an orderly transaction between market participants. The Fair Value Measurements and Disclosures topic established market (observable inputs) as the preferred source of fair value, to be followed by the Company's assumptions of fair value based on hypothetical transactions (unobservable inputs) in the absence of observable market inputs. Based upon the above, the following fair value hierarchy was created:

Level 1 - Quoted market prices for identical instruments in active markets;

Level 2 - Quoted prices for similar instruments in active markets, as well as quoted prices for identical or similar instruments in markets that are not considered active; and

Level 3 - Unobservable inputs developed by the Company using estimates and assumptions reflective of those that would be utilized by a market participant.

The market values have been determined based on market values for similar instruments adjusted for certain factors. As such, the 2016 Senior Notes, the 2013 Senior Notes, the Term B-3 Loans, and the 2012 ABL Revolver are measured in Level 2 of the above hierarchy (see summary below detailing the carrying amounts and estimated fair values of these borrowings at December 31, 2016 and March 31, 2016).

	December 31, 2016		March 31, 2016	
(In thousands)	**Carrying Value**	**Fair Value**	**Carrying Value**	**Fair Value**
2016 Senior Notes	$ 350,000	$ 367,500	$ 350,000	$ 363,125
2013 Senior Notes	400,000	413,000	400,000	408,000
Term B-3 Loans	687,000	692,153	817,500	818,522
2012 ABL Revolver	—	—	85,000	85,000

At December 31, 2016 and March 31, 2016, we did not have any assets or liabilities measured in Level 1 or 3.

12. Stockholders' Equity

The Company is authorized to issue 250.0 million shares of common stock, $0.01 par value per share, and 5.0 million shares of preferred stock, $0.01 par value per share. The Board of Directors may direct the issuance of the undesignated preferred stock in one or more series and determine preferences, privileges and restrictions thereof.

Each share of common stock has the right to one vote on all matters submitted to a vote of stockholders. The holders of common stock are also entitled to receive dividends whenever funds are legally available and when declared by the Board of Directors, subject to prior rights of holders of all classes of outstanding stock having priority rights as to dividends. No dividends have been declared or paid on the Company's common stock through December 31, 2016.

During the three months ended December 31, 2016 and 2015, we repurchased 780 shares and 0 shares, respectively, of restricted common stock from our employees pursuant to the provisions of various employee restricted stock awards. The repurchases for the three months ended December 31, 2016 were at an average price of $45.83. During the nine months ended December 31, 2016 and 2015, we repurchased 25,768 shares and 39,429 shares, respectively, of restricted common stock from our employees pursuant to the provisions of various employee restricted stock awards. The repurchases for the nine months ended December 31, 2016 and 2015 were at an average price of $55.51 and $41.66, respectively. All of the repurchased shares have been recorded as treasury stock.

13. Accumulated Other Comprehensive Loss

The table below presents accumulated other comprehensive loss (“AOCI”), which affects equity and results from recognized transactions and other economic events, other than transactions with owners in their capacity as owners.

AOCI consisted of the following at December 31, 2016 and March 31, 2016:

(In thousands)	**December 31, 2016**	**March 31, 2016**
Components of Accumulated Other Comprehensive Loss		
Cumulative translation adjustment	$ (35,382)	$ (23,525)
Accumulated other comprehensive loss, net of tax	$ (35,382)	$ (23,525)

14. Earnings Per Share

Basic earnings per share is computed based on the weighted-average number of shares of common stock outstanding during the period. Diluted earnings per share is computed based on the weighted-average number of shares of common stock outstanding plus the effect of potentially dilutive common shares outstanding during the period using the treasury stock method, which includes stock options and restricted stock units. In loss periods, the assumed exercise of in-the-money stock options and restricted stock units has an anti-dilutive effect, and therefore these instruments are excluded from the computation of diluted earnings per share. The following table sets forth the computation of basic and diluted earnings per share:

(In thousands, except per share data)	Three Months Ended December 31, 2016	Three Months Ended December 31, 2015	Nine Months Ended December 31, 2016	Nine Months Ended December 31, 2015
Numerator				
Net income	$ 31,641	$ 27,995	$ 58,305	$ 85,971
Denominator				
Denominator for basic earnings per share — weighted average shares outstanding	52,999	52,824	52,960	52,727
Dilutive effect of unvested restricted stock units and options issued to employees and directors	360	379	379	379
Denominator for diluted earnings per share	53,359	53,203	53,339	53,106
Earnings per Common Share:				
Basic net earnings per share	$ 0.60	$ 0.53	$ 1.10	$ 1.63
Diluted net earnings per share	$ 0.59	$ 0.53	$ 1.09	$ 1.62

For the three months ended December 31, 2016 and 2015, there were 0.2 million and 0.2 million shares, respectively, attributable to outstanding stock-based awards that were excluded from the calculation of diluted earnings per share because their inclusion would have been anti-dilutive. For the nine months ended December 31, 2016 and 2015, there were 0.2 million and less than 0.1 million shares, respectively, attributable to outstanding stock-based awards that were excluded from the calculation of diluted earnings per share because their inclusion would have been anti-dilutive.

15. Share-Based Compensation

In connection with our initial public offering, the Board of Directors adopted the 2005 Long-Term Equity Incentive Plan (the “Plan”), which provides for grants of up to a maximum of 5.0 million shares of restricted stock, stock options, restricted stock units and other equity-based awards. In June 2014, the Board of Directors approved, and in July 2014, the stockholders ratified, an increase of an additional 1.8 million shares of our common stock for issuance under the Plan, increased the maximum number of shares subject to stock options that may be awarded to any one participant under the Plan during any fiscal 12-month period from 1.0 million to 2.5 million shares, and extended the term of the Plan by ten years to February 2025. Directors, officers and other employees of the Company and its subsidiaries, as well as others performing services for the Company, are eligible for grants under the Plan.

During the three and nine months ended December 31, 2016, pre-tax share-based compensation costs charged against income were $2.4 million and $6.3 million, respectively, and the related income tax benefit recorded was $1.3 million and $2.5 million, respectively. During the three and nine months ended December 31, 2015, pre-tax share-based compensation costs charged against income were $2.1 million and $7.1 million, respectively, and the related income tax benefit recorded was $0.7 million and $2.5 million, respectively.

At December 31, 2016, there were $10.5 million of unrecognized compensation costs related to nonvested share-based compensation arrangements under the Plan, based on management's estimate of the shares that will ultimately vest. We expect to recognize such costs over a weighted-average period of 0.9 year. The total fair value of options and restricted stock units vested during the nine months ended December 31, 2016 and 2015 was $6.0 million and $6.6 million, respectively. For the nine months ended December 31, 2016 and 2015, we issued 94,718 and 153,603 shares of restricted stock units, respectively, and received cash from the exercise of stock options of $3.4 million and $6.6 million, respectively. Accordingly, we realized $1.8 million and $3.5 million, respectively, in tax benefits from the tax deductions resulting from these restricted stock issuances and stock option exercises. At December 31, 2016, there were 2.4 million shares available for issuance under the Plan.

On May 9, 2016, the Compensation Committee of our Board of Directors granted 49,064 shares of restricted stock units and stock options to acquire 224,843 shares of our common stock to certain executive officers and employees under the Plan. All of the shares of restricted stock units vest in their entirety on the three-year anniversary of the date of grant. Upon vesting, the units will be settled in shares of our common stock. The stock options will vest 33.3% per year over three years and are exercisable for up to ten years from the date of grant. These stock options were granted at an exercise price of $57.18 per share, which is equal to

the closing price for our common stock on the date of the grant. Termination of employment prior to vesting will result in forfeiture of the unvested restricted common stock units and the unvested stock options. Vested stock options will remain exercisable by the employee after termination, subject to the terms of the Plan.

On September 12, 2016, we announced that Christine Sacco had been appointed as Chief Financial Officer of the Company, effective that same day. In connection with Ms. Sacco's appointment as Chief Financial Officer on September 12, 2016, the Company executed an offer letter with Ms. Sacco, which sets forth the terms of her compensation as approved by the Compensation Committee of the Board of Directors. In accordance with the terms of her offer letter, the Company granted Ms. Sacco 5,012 shares of restricted stock units and stock options to acquire 25,746 shares of our common stock under the Plan. The restricted stock units vest in their entirety on the three-year anniversary of the date of grant. Upon vesting, the units will be settled in shares of our common stock. The stock options will vest 33.3% per year over three years and are exercisable for up to ten years from the date of grant. These stock options were granted at an exercise price of $47.39 per share, which is equal to the closing price of our common stock on the date of grant.

On November 14, 2016, we announced that William C. P'Pool had been appointed as Senior Vice President, General Counsel and Corporate Secretary, effective that same day. In connection with Mr. P'Pool's appointment as Senior Vice President, General Counsel and Corporate Secretary on November 14, 2016, the Company executed an offer letter with Mr. P'Pool, which sets forth the terms of his compensation as approved by the Compensation Committee of the Board of Directors. In accordance with the terms of his offer letter, the Company granted Mr. P'Pool 2,664 shares of restricted stock units and stock options to acquire 13,683 shares of our common stock under the Plan. The restricted stock units vest in their entirety on the three-year anniversary of the date of grant. Upon vesting, the units will be settled in shares of our common stock. The stock options will vest 33.3% per year over three years and are exercisable for up to ten years from the date of grant. These stock options were granted at an exercise price of $50.06 per share, which is equal to the closing price of our common stock on the date of grant.

Restricted Shares

Restricted shares granted to employees under the Plan generally vest in three to five years, primarily upon the attainment of certain time vesting thresholds, and may also be contingent on the attainment of certain performance goals of the Company, including revenue and earnings before income taxes, depreciation and amortization targets. The restricted stock unit awards provide for accelerated vesting if there is a change of control, as defined in the Plan. The restricted stock units granted to employees generally vest in their entirety on the three-year anniversary of the date of the grant. Upon vesting, the units will be settled in shares of our common stock. Termination of employment prior to vesting will result in forfeiture of the restricted stock units, unless otherwise accelerated by the Compensation Committee. The restricted stock units granted to directors vest in their entirety one year after the date of grant so long as membership on the Board of Directors continues through the vesting date, and will be settled by delivery to the director of one share of common stock of the Company for each vested restricted stock unit promptly following the earliest of the director's (i) death, (ii) disability or (iii) the six-month anniversary of the date on which the director's Board membership ceases for reasons other than death or disability.

At our annual meeting date on August 2, 2016, each of our six independent members of the Board of Directors received a grant of 1,896 restricted stock units under the Plan. Additionally, on May 26, 2016, the Compensation Committee granted 346 restricted stock units to a newly appointed Board member.

The fair value of the restricted stock units is determined using the closing price of our common stock on the date of the grant. The weighted-average grant-date fair value of restricted stock units granted during the nine months ended December 31, 2016 and 2015 was $55.44 and $42.41, respectively.

A summary of the Company's restricted stock units granted under the Plan is presented below:

Restricted Stock Units	Shares (in thousands)	Weighted-Average Grant-Date Fair Value
Nine months ended December 31, 2015		
Vested and nonvested at March 31, 2015	362.3	$ 22.74
Granted	266.1	42.41
Vested and issued	(153.6)	18.16
Forfeited	(1.4)	33.50
Vested and nonvested at December 31, 2015	473.4	35.25
Vested at December 31, 2015	69.8	14.76
Nine months ended December 31, 2016		
Vested and nonvested at March 31, 2016	467.8	$ 35.22
Granted	68.4	55.44
Vested and issued	(94.7)	28.51
Forfeited	(91.4)	41.71
Vested and nonvested at December 31, 2016	350.1	39.29
Vested at December 31, 2016	63.4	20.12

Options

The Plan provides that the exercise price of options granted shall be no less than the fair market value of the Company's common stock on the date the options are granted. Options granted have a term of no greater than ten years from the date of grant and vest in accordance with a schedule determined at the time the option is granted, generally three to five years. The option awards provide for accelerated vesting in the event of a change in control, as defined in the Plan. Termination of employment prior to vesting will result in forfeiture of the unvested stock options. Vested stock options will remain exercisable by the employee after termination of employment, subject to the terms in the Plan.

The fair value of each option award is estimated on the date of grant using the Black-Scholes Option Pricing Model that uses the assumptions noted in the table below. Expected volatilities are based on the historical volatility of our common stock and other factors, including the historical volatilities of comparable companies. We use appropriate historical data, as well as current data, to estimate option exercise and employee termination behaviors. Employees that are expected to exhibit similar exercise or termination behaviors are grouped together for the purposes of valuation. The expected terms of the options granted are derived from our historical experience, management's estimates, and consideration of information derived from the public filings of companies similar to us, and represent the period of time that options granted are expected to be outstanding. The risk-free rate represents the yield on U.S. Treasury bonds with a maturity equal to the expected term of the granted options.

The weighted-average grant-date fair values of the options granted during the nine months ended December 31, 2016 and 2015 were $21.75 and $17.24, respectively.

	Nine months ended December 31,	
	2016	2015
Expected volatility	37.8%	40.2%
Expected dividends	$ —	$ —
Expected term in years	6.0	6.0
Risk-free rate	1.7%	1.7%

A summary of option activity under the Plan is as follows:

Options	Shares (in thousands)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (in thousands)
Nine months ended December 31, 2015				
Outstanding at March 31, 2015	871.2	$ 23.40		
Granted	208.2	42.13		
Exercised	(336.9)	18.99		
Forfeited or expired	(2.1)	38.21		
Outstanding at December 31, 2015	740.4	30.63	7.9	$ 15,325
Exercisable at December 31, 2015	313.5	21.68	6.7	$ 9,341
Nine months ended December 31, 2016				
Outstanding at March 31, 2016	727.7	$ 30.70		
Granted	264.3	55.86		
Exercised	(107.9)	31.91		
Forfeited or expired	(92.2)	42.62		
Outstanding at December 31, 2016	791.9	37.54	7.4	$ 12,543
Exercisable at December 31, 2016	387.0	25.70	6.3	$ 10,217

The aggregate intrinsic value of options exercised in the nine months ended December 31, 2016 was $2.4 million.

16. Income Taxes

Income taxes are recorded in our quarterly financial statements based on our estimated annual effective income tax rate, subject to adjustments for discrete events, should they occur. The effective tax rates used in the calculation of income taxes were 37.6% and 35.2% for the three months ended December 31, 2016 and 2015, respectively. The effective rates used in the calculation of income taxes were 36.7% and 35.2% for the nine months ended December 31, 2016 and 2015, respectively. The increase in the effective tax rate for the three and nine months ended December 31, 2016 was primarily due to non-deductible goodwill associated with the sale of rights to use *Comet* in certain geographic areas and the lower tax basis in *e.p.t* and *Dermoplast*. See Note 8 above for further information on the sale of rights to use *Comet*.

During the nine months ended December 31, 2016, we realized a net reduction to our deferred tax liability of $37.7 million as a result of the sale of *Pediacare*, *New Skin*, *Fiber Choice*, *Dermoplast and e.p.t* brands.

At December 31, 2016, a 100% owned subsidiary of the Company had a net operating loss carryforward of approximately $7.1 million ($2.5 million, tax effected), which may be used to offset future taxable income of the consolidated group and begins to expire in 2025. The Company expects to fully utilize the loss carryover before it expires. The net operating loss carryforward is subject to an annual limitation as to usage under Internal Revenue Code Section 382 of approximately $33.6 million.

The balance in our uncertain tax liability was $3.7 million at December 31, 2016 and $4.1 million at March 31, 2016. During the three months ended December 31, 2016, we reduced our uncertain tax liability by $1.0 million related to the expiration of the statute of limitations and increased our uncertain tax liability by $0.6 million related to the current year. We recognize interest and penalties related to uncertain tax positions as a component of income tax expense. We did not incur any material interest or penalties related to income taxes in any of the periods presented.

17. Commitments and Contingencies

We are involved from time to time in legal matters and other claims incidental to our business. We review outstanding claims and proceedings internally and with external counsel as necessary to assess the probability and amount of a potential loss. These assessments are re-evaluated at each reporting period and as new information becomes available to determine whether a reserve should be established or if any existing reserve should be adjusted. The actual cost of resolving a claim or proceeding ultimately may be substantially different than the amount of the recorded reserve. In addition, because it is not permissible under GAAP to establish a litigation reserve until the loss is both probable and estimable, in some cases there may be insufficient time to establish a reserve prior to the actual incurrence of the loss (upon verdict and judgment at trial, for example, or in the case of a quickly negotiated settlement). We believe the resolution of routine legal matters and other claims incidental to our business, taking our reserves into account, will not have a material adverse effect on our business, financial condition, or results of operations.

Lease Commitments

We have operating leases for office facilities and equipment in New York and other locations, which expire at various dates through fiscal 2022. These amounts have been included in the table below.

The following summarizes future minimum lease payments for our operating leases as of December 31, 2016:

(In thousands)

Year Ending March 31,	Facilities	Equipment	Total (a)
2017 (Remaining three months ending March 31, 2017)	$ 524	$ 132	$ 656
2018	2,029	443	2,472
2019	2,023	174	2,197
2020	1,848	86	1,934
2021	903	7	910
Thereafter	59	4	63
	$ 7,386	$ 846	$ 8,232

(a) Minimum lease payments have not been reduced by minimum sublease rentals of $1.0 million due to us in the future under noncancelable subleases.

The following schedule shows the composition of total minimum lease payments that have been reduced by minimum sublease rentals:

(In thousands)	December 31, 2016	March 31, 2016
Minimum lease payments	$ 8,232	$ 8,434
Less: Sublease rentals	(971)	(1,165)
	$ 7,261	$ 7,269

Rent expense for the three months ended December 31, 2016 and 2015 was $0.4 million and $0.4 million, respectively.
Rent expense for the nine months ended December 31, 2016 and 2015 was $1.5 million and $1.2 million, respectively.

Purchase Commitments

Effective November 1, 2009, we entered into a ten year supply agreement for the exclusive manufacture of a portion of one of our Household Cleaning products. Although we are committed under the supply agreement to pay the minimum amounts set forth in the table below, the total commitment is less than 10% of the estimated purchases that we expect to make during the course of the agreement.

(In thousands)

Year Ending March 31,	Amount
2017 (Remaining three months ending March 31, 2017)	258
2018	1,013
2019	982
2020	559
2021	—
	$ 2,812

18. Concentrations of Risk

Our revenues are concentrated in the areas of OTC Healthcare and Household Cleaning products. We sell our products to mass merchandisers, food and drug stores, and convenience, dollar and club stores. During the three and nine months ended December 31, 2016, approximately 40.4% and 41.4%, respectively, of our total revenues were derived from our five top selling brands. During the three and nine months ended December 31, 2015, approximately 41.0% and 42.2%, respectively, of our total revenues were derived from our five top selling brands. Two customers, Walmart and Walgreens, accounted for more than 10% of our gross revenues for each of the periods presented. Walmart accounted for approximately 20.4% and 20.7%, respectively, of our gross revenues for the three and nine months ended December 31, 2016. Walmart accounted for approximately 20.2% and 19.9%, respectively, of our gross revenues for the three and nine months ended December 31, 2015. Walgreens accounted for approximately 10.0% and 10.3% of gross revenues for the three and nine months ended December 31, 2016, respectively. Walgreens accounted for approximately 9.5% and 9.6% of gross revenues for the three and nine months ended December 31, 2015, respectively. At December 31, 2016, approximately 25.7% and 10.5% of accounts receivable were owed by Walmart and Walgreens, respectively.

We manage product distribution in the continental United States through a third-party distribution center in St. Louis, Missouri. A serious disruption, such as a flood or fire, to the main distribution center could damage our inventories and could materially impair our ability to distribute our products to customers in a timely manner or at a reasonable cost. We could incur significantly higher costs and experience longer lead times associated with the distribution of our products to our customers during the time that it takes us to reopen or replace our distribution center. As a result, any such disruption could have a material adverse effect on our business, sales and profitability.

At December 31, 2016, we had relationships with 112 third-party manufacturers. Of those, we had long-term contracts with 48 manufacturers that produced items that accounted for approximately 78.5% of gross sales for the nine months ended December 31, 2016. At December 31, 2015, we had relationships with 101 third-party manufacturers. Of those, we had long-term contracts with 47 manufacturers that produced items that accounted for approximately 79.8% of gross sales for the nine months ended December 31, 2015. The fact that we do not have long-term contracts with certain manufacturers means that they could cease manufacturing our products at any time and for any reason or initiate arbitrary and costly price increases, which could have a material adverse effect on our business and results from operations. Although we are in the process of negotiating long-term contracts with certain key manufacturers, we may not be able to reach a timely agreement, which could have a material adverse effect on our business and results of operations.

19. Business Segments

Segment information has been prepared in accordance with the Segment Reporting topic of the FASB ASC 280. Our current reportable segments consist of (i) North American OTC Healthcare, (ii) International OTC Healthcare and (iii) Household Cleaning. We evaluate the performance of our operating segments and allocate resources to these segments based primarily on contribution margin, which we define as gross profit less advertising and promotional expenses.

The tables below summarize information about our reportable segments.

	Three Months Ended December 31, 2016			
(In thousands)	**North American OTC Healthcare**	**International OTC Healthcare**	**Household Cleaning**	**Consolidated**
Gross segment revenues	$ 178,097	$ 18,459	$ 21,000	$ 217,556
Elimination of intersegment revenues	(824)	—	—	(824)
Third-party segment revenues	177,273	18,459	21,000	216,732
Other revenues	—	—	31	31
Total segment revenues	177,273	18,459	21,031	216,763
Cost of sales	68,378	7,678	16,160	92,216
Gross profit	108,895	10,781	4,871	124,547
Advertising and promotion	26,800	3,502	380	30,682
Contribution margin	$ 82,095	$ 7,279	$ 4,491	93,865
Other operating expenses*				24,578
Operating income				69,287
Other expense				18,554
Income before income taxes				50,733
Provision for income taxes				19,092
Net income				$ 31,641

*Other operating expenses for the three months ended December 31, 2016 includes a pre-tax net gain on divestitures of $3.4 million related primarily to *e.p.t* and *Dermoplast*. The assets and corresponding contribution margin associated with the pre-tax net gain on these divestitures are included within the North American OTC Healthcare segment.

	Nine Months Ended December 31, 2016			
(In thousands)	**North American OTC Healthcare**	**International OTC Healthcare**	**Household Cleaning**	**Consolidated**
Gross segment revenues	$ 523,988	$ 53,061	$ 65,658	$ 642,707
Elimination of intersegment revenues	(2,188)	—	—	(2,188)
Third-party segment revenues	521,800	53,061	65,658	640,519
Other revenues	—	6	865	871
Total segment revenues	521,800	53,067	66,523	641,390
Cost of sales	198,014	21,722	51,551	271,287
Gross profit	323,786	31,345	14,972	370,103
Advertising and promotion	76,651	8,870	1,388	86,909
Contribution margin	$ 247,135	$ 22,475	$ 13,584	283,194
Other operating expenses*				130,635
Operating income				152,559
Other expense				60,511
Income before income taxes				92,048
Provision for income taxes				33,743
Net income				$ 58,305

*Other operating expenses for the nine months ended December 31, 2016 includes a pre-tax net loss of $51.6 million related to divestitures. These divestitures include *Pediacare*, *New Skin*, *Fiber Choice*, *e.p.t*, *Dermoplast*, and license rights in certain geographic areas pertaining to *Comet*. The assets and corresponding contribution margin associated with the pre-tax net loss on divestitures related to *Pediacare*, *New Skin*, *Fiber Choice*, *e.p.t* and *Dermoplast* are included within the North American OTC Healthcare segment, while the pre-tax gain on sale of license rights related to *Comet* are included in the Household Cleaning segment.

	Three Months Ended December 31, 2015			
(In thousands)	**North American OTC Healthcare**	**International OTC Healthcare**	**Household Cleaning**	**Consolidated**
Gross segment revenues**	$ 165,287	$ 13,803	$ 20,623	$ 199,713
Elimination of intersegment revenues	(228)	—	—	(228)
Third-party segment revenues	165,059	13,803	20,623	199,485
Other revenues**	—	9	701	710
Total segment revenues	165,059	13,812	21,324	200,195
Cost of sales**	62,655	4,964	15,792	83,411
Gross profit	102,404	8,848	5,532	116,784
Advertising and promotion	26,472	2,838	625	29,935
Contribution margin	$ 75,932	$ 6,010	$ 4,907	86,849
Other operating expenses				24,206
Operating income				62,643
Other expense				19,462
Income before income taxes				43,181
Provision for income taxes				15,186
Net income				$ 27,995

	Nine Months Ended December 31, 2015			
(In thousands)	**North American OTC Healthcare**	**International OTC Healthcare**	**Household Cleaning**	**Consolidated**
Gross segment revenues**	$ 489,265	$ 43,213	$ 65,984	$ 598,462
Elimination of intersegment revenues	(2,428)	—	—	(2,428)
Third-party segment revenues	486,837	43,213	65,984	596,034
Other revenues**	15	40	2,303	2,358
Total segment revenues	486,852	43,253	68,287	598,392
Cost of sales**	182,279	16,347	50,806	249,432
Gross profit	304,573	26,906	17,481	348,960
Advertising and promotion	74,107	8,338	1,805	84,250
Contribution margin	$ 230,466	$ 18,568	$ 15,676	264,710
Other operating expenses				69,664
Operating income				195,046
Other expense				62,464
Income before income taxes				132,582
Provision for income taxes				46,611
Net income				$ 85,971

**Certain immaterial amounts relating to gross segment revenues, other revenues and cost of sales for each of the three and nine months ended December 31, 2015 were reclassified between the International OTC Healthcare segment and the North American OTC Healthcare segment. There were no changes to the consolidated financial statements for any periods presented.

The tables below summarize information about our segment revenues from similar product groups.

	Three Months Ended December 31, 2016			
(In thousands)	**North American OTC Healthcare**	**International OTC Healthcare**	**Household Cleaning**	**Consolidated**
Analgesics	$ 32,439	$ 444	$ —	$ 32,883
Cough & Cold	29,803	4,166	—	33,969
Women's Health	30,896	580	—	31,476
Gastrointestinal	15,109	6,701	—	21,810
Eye & Ear Care	23,571	2,997	—	26,568
Dermatologicals	19,948	479	—	20,427
Oral Care	24,129	3,083	—	27,212
Other OTC	1,378	9	—	1,387
Household Cleaning	—	—	21,031	21,031
Total segment revenues	$ 177,273	$ 18,459	$ 21,031	$ 216,763

	Nine Months Ended December 31, 2016			
(In thousands)	**North American OTC Healthcare**	**International OTC Healthcare**	**Household Cleaning**	**Consolidated**
Analgesics	$ 90,558	$ 1,515	$ —	$ 92,073
Cough & Cold	68,876	13,718	—	82,594
Women's Health	97,051	2,151	—	99,202
Gastrointestinal	50,495	17,045	—	67,540
Eye & Ear Care	72,512	8,782	—	81,294
Dermatologicals	65,598	1,717	—	67,315
Oral Care	72,308	8,120	—	80,428
Other OTC	4,402	19	—	4,421
Household Cleaning	—	—	66,523	66,523
Total segment revenues	$ 521,800	$ 53,067	$ 66,523	$ 641,390

	Three Months Ended December 31, 2015			
(In thousands)	**North American OTC Healthcare**	**International OTC Healthcare**	**Household Cleaning**	**Consolidated**
Analgesics	$ 30,454	$ 450	$ —	$ 30,904
Cough & Cold	30,466	3,696	—	34,162
Women's Health	33,521	877	—	34,398
Gastrointestinal	17,401	5,517	—	22,918
Eye & Ear Care	21,936	2,613	—	24,549
Dermatologicals	19,734	524	—	20,258
Oral Care	9,996	126	—	10,122
Other OTC	1,551	9	—	1,560
Household Cleaning	—	—	21,324	21,324
Total segment revenues	$ 165,059	$ 13,812	$ 21,324	$ 200,195

	Nine Months Ended December 31, 2015			
(In thousands)	**North American OTC Healthcare**	**International OTC Healthcare**	**Household Cleaning**	**Consolidated**
Analgesics	$ 86,996	$ 1,668	$ —	$ 88,664
Cough & Cold	74,681	12,948	—	87,629
Women's Health	100,036	2,381	—	102,417
Gastrointestinal	56,782	14,667	—	71,449
Eye & Ear Care	71,159	9,393	—	80,552
Dermatologicals	63,026	1,669	—	64,695
Oral Care	29,706	509	—	30,215
Other OTC	4,466	18	—	4,484
Household Cleaning	—	—	68,287	68,287
Total segment revenues	$ 486,852	$ 43,253	$ 68,287	$ 598,392

During the three months ended December 31, 2016 and 2015, approximately 86.7% and 87.8%, respectively, of our total segment revenues were from customers in the United States. During the nine months ended December 31, 2016 and 2015, approximately 86.7% and 86.9%, respectively, of our total segment revenues were from customers in the United States. Other than the United States, no individual geographical area accounted for more than 10% of net sales in any of the periods presented. During the three months ended December 31, 2016, our Canada and Australia sales accounted for approximately 4.7% and 5.3%, respectively, of our total segment revenues, while during the three months ended December 31, 2015, approximately 5.0% and 5.0%, respectively, of our total segment revenues were attributable to sales to Canada and Australia. During the nine months ended December 31, 2016, our Canada and Australia sales accounted for approximately 4.9% and 5.4%, respectively, of our total segment revenues, while during the nine months ended December 31, 2015, approximately 5.2% and 5.9%, respectively, of our total segment revenues were attributable to sales to Canada and Australia.

At December 31, 2016 and March 31, 2016, approximately 95.9% of our consolidated goodwill and intangible assets were located in the United States and approximately 4.1% were located in Australia and the United Kingdom. These consolidated goodwill and intangible assets have been allocated to the reportable segments as follows:

December 31, 2016 ***(In thousands)***	**North American OTC Healthcare**	**International OTC Healthcare**	**Household Cleaning**	**Consolidated**
Goodwill	$ 318,014	$ 21,226	$ 6,245	$ 345,485
Intangible assets				
Indefinite-lived	1,755,635	80,716	101,262	1,937,613
Finite-lived	196,391	1,004	21,370	218,765
Intangible assets, net	1,952,026	81,720	122,632	2,156,378
Total	$ 2,270,040	$ 102,946	$ 128,877	$ 2,501,863

March 31, 2016 ***(In thousands)***	**North American OTC Healthcare**	**International OTC Healthcare**	**Household Cleaning**	**Consolidated**
Goodwill	$ 330,615	$ 22,776	$ 6,800	$ 360,191
Intangible assets				
Indefinite-lived	1,823,873	85,901	110,272	2,020,046
Finite-lived	277,762	2,237	22,678	302,677
Intangible assets, net	2,101,635	88,138	132,950	2,322,723
Total	$ 2,432,250	$ 110,914	$ 139,750	$ 2,682,914

20. Condensed Consolidating Financial Statements

As described in Note 10, Prestige Brands Holdings, Inc., together with certain of our 100% owned subsidiaries, has fully and unconditionally guaranteed, on a joint and several basis, the obligations of Prestige Brands, Inc. (a 100% owned subsidiary of the Company) set forth in the indentures governing the 2016 Senior Notes and the 2013 Senior Notes, including the obligation to pay principal and interest with respect to the 2016 Senior Notes and the 2013 Senior Notes. The 100% owned subsidiaries of the Company that have guaranteed the 2016 Senior Notes and the 2013 Senior Notes are as follows: Prestige Services Corp., Prestige Brands Holdings, Inc. (a Virginia corporation), Prestige Brands International, Inc., Medtech Holdings, Inc., Medtech Products Inc., The Cutex Company, The Spic and Span Company, Blacksmith Brands, Inc., Insight Pharmaceuticals Corporation, Insight Pharmaceuticals, LLC, Practical Health Products, Inc., and DenTek Holdings, Inc. (collectively, the "Subsidiary Guarantors"). A significant portion of our operating income and cash flow is generated by our subsidiaries. As a result, funds necessary to meet Prestige Brands, Inc.'s debt service obligations are provided in part by distributions or advances from our subsidiaries. Under certain circumstances, contractual and legal restrictions, as well as the financial condition and operating requirements of our subsidiaries, could limit Prestige Brands, Inc.'s ability to obtain cash from our subsidiaries for the purpose of meeting our debt service obligations, including the payment of principal and interest on the 2016 Senior Notes and the 2013 Senior Notes. Although holders of the 2016 Senior Notes and the 2013 Senior Notes will be direct creditors of the guarantors of the 2016 Senior Notes and the 2013 Senior Notes by virtue of the guarantees, we have indirect subsidiaries located primarily in the United Kingdom, the Netherlands and Australia (collectively, the "Non-Guarantor Subsidiaries") that have not guaranteed the 2016 Senior Notes or the 2013 Senior Notes, and such subsidiaries will not be obligated with respect to the 2016 Senior Notes or the 2013 Senior Notes. As a result, the claims of creditors of the Non-Guarantor Subsidiaries will effectively have priority with respect to the assets and earnings of such companies over the claims of the holders of the 2016 Senior Notes and the 2013 Senior Notes.

Presented below are supplemental Condensed Consolidating Balance Sheets as of December 31, 2016 and March 31, 2016, Condensed Consolidating Statements of Income and Comprehensive Income for the three and nine months ended December 31, 2016 and 2015, and Condensed Consolidating Statements of Cash Flows for the nine months ended December 31, 2016 and 2015. Such consolidating information includes separate columns for:

a) Prestige Brands Holdings, Inc., the parent,
b) Prestige Brands, Inc., the Issuer or the Borrower,
c) Combined Subsidiary Guarantors,
d) Combined Non-Guarantor Subsidiaries, and
e) Elimination entries necessary to consolidate the Company and all of its subsidiaries.

The Condensed Consolidating Financial Statements are presented using the equity method of accounting for investments in our 100% owned subsidiaries. Under the equity method, the investments in subsidiaries are recorded at cost and adjusted for our share of the subsidiaries' cumulative results of operations, capital contributions, distributions and other equity changes. The elimination entries principally eliminate investments in subsidiaries and intercompany balances and transactions. The financial information in this note should be read in conjunction with the Consolidated Financial Statements presented and other notes related thereto contained in this Quarterly Report on Form 10-Q.

In the second quarter of fiscal 2017, the Company determined that it had incorrectly recorded certain intercompany transactions relating to the first quarter of fiscal 2017 in the condensed consolidating financial statements. This resulted in an overstatement of equity in earnings of subsidiaries for Prestige Brands, Inc. (the “Issuer”) of $44.6 million and a net understatement of equity in earnings of subsidiaries for the eliminations of $44.6 million for the three months ended June 30, 2016.This item also resulted in corresponding adjustments to the investments in subsidiaries on the condensed consolidating balance sheet as of June 30, 2016 and adjustments to net income (loss) and equity in income of subsidiaries in the condensed consolidating statement of cash flows, although net cash provided by (used in) operating activities for the three months ended June 30, 2016 remained unchanged. These errors had no impact to the Company's consolidated balance sheet, consolidated statement of income or consolidated statement of cash flows.

The Company assessed the materiality of these errors on the previously issued interim financial statements in accordance with SEC Staff Accounting Bulletin No. 99 and No. 108, and concluded that the errors were not material to the consolidated financial statements for the three months ended June 30, 2016. The Company appropriately reflected the intercompany transactions in the condensed consolidating financial statements for the six months ended September 30, 2016 and plans to revise the comparative presentation of the condensed consolidating financial statements for the period ended June 30, 2016 in future filings.

Condensed Consolidating Statements of Income and Comprehensive Income
Three Months Ended December 31, 2016

(In thousands)	Prestige Brands Holdings, Inc.	Prestige Brands, Inc., the issuer	Combined Subsidiary Guarantors	Combined Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenues						
Net sales	$ —	$ 29,156	$ 172,216	$ 16,184	$ (824)	$ 216,732
Other revenues	—	76	31	329	(405)	31
Total revenues	—	29,232	172,247	16,513	(1,229)	216,763
Cost of Sales						
Cost of sales (exclusive of depreciation shown below)	—	12,179	74,494	6,684	(1,141)	92,216
Gross profit	—	17,053	97,753	9,829	(88)	124,547
Operating Expenses						
Advertising and promotion	—	3,009	24,266	3,407	—	30,682
General and administrative	2,486	2,004	15,644	1,997	—	22,131
Depreciation and amortization	722	154	4,860	116	—	5,852
Gain on divestitures	—	—	(3,405)	—	—	(3,405)
Total operating expenses	3,208	5,167	41,365	5,520	—	55,260
Operating income (loss)	(3,208)	11,886	56,388	4,309	(88)	69,287
Other (income) expense						
Interest income	(12,056)	(21,422)	(1,299)	(160)	34,891	(46)
Interest expense	8,495	18,598	25,099	1,299	(34,891)	18,600
Equity in (income) loss of subsidiaries	(32,821)	(23,629)	(2,089)	—	58,539	—
Total other expense (income)	(36,382)	(26,453)	21,711	1,139	58,539	18,554
Income (loss) before income taxes	33,174	38,339	34,677	3,170	(58,627)	50,733
Provision for income taxes	1,533	5,087	11,391	1,081	—	19,092
Net income (loss)	$ 31,641	$ 33,252	$ 23,286	$ 2,089	$ (58,627)	$ 31,641
Comprehensive (loss) income, net of tax:						
Currency translation adjustments	(8,736)	(8,736)	(8,736)	(8,736)	26,208	(8,736)
Total other comprehensive (loss) income	(8,736)	(8,736)	(8,736)	(8,736)	26,208	(8,736)
Comprehensive (loss) income	$ 22,905	$ 24,516	$ 14,550	$ (6,647)	$ (32,419)	$ 22,905

Condensed Consolidating Statements of Income and Comprehensive Income
Nine Months Ended December 31, 2016

(In thousands)	Prestige Brands Holdings, Inc.	Prestige Brands, Inc., the issuer	Combined Subsidiary Guarantors	Combined Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenues						
Net sales	$ —	$ 83,128	$ 512,212	$ 47,368	$ (2,189)	$ 640,519
Other revenues	—	223	865	1,309	(1,526)	871
Total revenues	—	83,351	513,077	48,677	(3,715)	641,390
Cost of Sales						
Cost of sales (exclusive of depreciation shown below)	—	35,331	220,336	19,162	(3,542)	271,287
Gross profit	—	48,020	292,741	29,515	(173)	370,103
Operating Expenses						
Advertising and promotion	—	11,505	66,689	8,715	—	86,909
General and administrative	6,224	5,954	43,260	4,945	—	60,383
Depreciation and amortization	2,474	456	15,410	360	—	18,700
Loss on divestitures	—	—	51,552	—	—	51,552
Total operating expenses	8,698	17,915	176,911	14,020	—	217,544
Operating income (loss)	(8,698)	30,105	115,830	15,495	(173)	152,559
Other (income) expense						
Interest income	(36,100)	(64,143)	(3,865)	(475)	104,434	(149)
Interest expense	25,437	60,654	75,138	3,865	(104,434)	60,660
Equity in (income) loss of subsidiaries	(59,111)	(37,390)	(8,766)	—	105,267	—
Total other expense (income)	(69,774)	(40,879)	62,507	3,390	105,267	60,511
Income (loss) before income taxes	61,076	70,984	53,323	12,105	(105,440)	92,048
Provision for income taxes	2,771	11,791	15,842	3,339	—	33,743
Net income (loss)	$ 58,305	$ 59,193	$ 37,481	$ 8,766	$ (105,440)	$ 58,305
Comprehensive (loss) income, net of tax:						
Currency translation adjustments	(11,857)	(11,857)	(11,857)	(11,857)	35,571	(11,857)
Total other comprehensive (loss) income	(11,857)	(11,857)	(11,857)	(11,857)	35,571	(11,857)
Comprehensive (loss) income	$ 46,448	$ 47,336	$ 25,624	$ (3,091)	$ (69,869)	$ 46,448

Condensed Consolidating Statements of Income and Comprehensive Income
Three Months Ended December 31, 2015

(In thousands)	Prestige Brands Holdings, Inc.	Prestige Brands, Inc., the issuer	Combined Subsidiary Guarantors	Combined Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenues						
Net sales	$ —	$ 27,598	$ 159,783	$ 12,332	$ (228)	$ 199,485
Other revenues	—	98	700	356	(444)	710
Total revenues	—	27,696	160,483	12,688	(672)	200,195
Cost of Sales						
Cost of sales (exclusive of depreciation shown below)	—	11,796	68,148	4,448	(981)	83,411
Gross profit	—	15,900	92,335	8,240	309	116,784
Operating Expenses						
Advertising and promotion	—	1,881	25,251	2,803	—	29,935
General and administrative	1,370	1,789	13,463	1,513	—	18,135
Depreciation and amortization	1,013	151	4,794	113	—	6,071
Total operating expenses	2,383	3,821	43,508	4,429	—	54,141
Operating income (loss)	(2,383)	12,079	48,827	3,811	309	62,643
Other (income) expense						
Interest income	(12,141)	(21,569)	(1,124)	(128)	34,931	(31)
Interest expense	8,602	19,443	25,255	1,124	(34,931)	19,493
Equity in (income) loss of subsidiaries	(27,711)	(15,898)	(2,033)	—	45,642	—
Total other (income) expense	(31,250)	(18,024)	22,098	996	45,642	19,462
Income (loss) before income taxes	28,867	30,103	26,729	2,815	(45,333)	43,181
Provision for income taxes	872	4,950	8,582	782	—	15,186
Net income (loss)	$ 27,995	$ 25,153	$ 18,147	$ 2,033	$ (45,333)	$ 27,995
Comprehensive (loss) income, net of tax:						
Currency translation adjustments	4,922	4,922	4,922	4,922	(14,766)	4,922
Total other comprehensive (loss) income	4,922	4,922	4,922	4,922	(14,766)	4,922
Comprehensive income (loss)	$ 32,917	$ 30,075	$ 23,069	$ 6,955	$ (60,099)	$ 32,917

Condensed Consolidating Statements of Income and Comprehensive Income
Nine Months Ended December 31, 2015

(In thousands)	Prestige Brands Holdings, Inc.	Prestige Brands, Inc., the issuer	Combined Subsidiary Guarantors	Combined Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenues						
Net sales	$ —	$ 83,438	$ 477,079	$ 37,945	$ (2,428)	$ 596,034
Other revenues	—	273	2,317	1,397	(1,629)	2,358
Total revenues	—	83,711	479,396	39,342	(4,057)	598,392
Cost of Sales						
Cost of sales (exclusive of depreciation shown below)	—	33,105	206,646	13,808	(4,127)	249,432
Gross profit	—	50,606	272,750	25,534	70	348,960
Operating Expenses						
Advertising and promotion	—	7,602	68,412	8,236	—	84,250
General and administrative	3,884	5,644	38,326	4,332	—	52,186
Depreciation and amortization	3,032	444	13,686	316	—	17,478
Total operating expenses	6,916	13,690	120,424	12,884	—	153,914
Operating income (loss)	(6,916)	36,916	152,326	12,650	70	195,046
Other (income) expense						
Interest income	(36,351)	(64,584)	(3,513)	(366)	104,723	(91)
Interest expense	26,056	61,654	75,604	3,513	(104,723)	62,104
Loss on extinguishment of debt	—	451	—	—	—	451
Equity in (income) loss of subsidiaries	(84,458)	(52,599)	(6,868)	—	143,925	—
Total other (income) expense	(94,753)	(55,078)	65,223	3,147	143,925	62,464
Income (loss) before income taxes	87,837	91,994	87,103	9,503	(143,855)	132,582
Provision for income taxes	1,866	13,867	28,243	2,635	—	46,611
Net income (loss)	$ 85,971	$ 78,127	$ 58,860	$ 6,868	$ (143,855)	$ 85,971
Comprehensive (loss) income, net of tax:						
Currency translation adjustments	(6,562)	(6,562)	(6,562)	(6,562)	19,686	(6,562)
Total other comprehensive (loss) income	(6,562)	(6,562)	(6,562)	(6,562)	19,686	(6,562)
Comprehensive income (loss)	$ 79,409	$ 71,565	$ 52,298	$ 306	$ (124,169)	$ 79,409

Condensed Consolidating Balance Sheet
December 31, 2016

(In thousands)	Prestige Brands Holdings, Inc.	Prestige Brands, Inc., the issuer	Combined Subsidiary Guarantors	Combined Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets						
Current assets						
Cash and cash equivalents	$ 36,821	$ —	$ 202	$ 26,266	$ —	$ 63,289
Accounts receivable, net	—	12,291	79,927	12,170	—	104,388
Inventories	—	16,758	75,522	9,351	(705)	100,926
Deferred income tax assets	2,372	918	8,624	688	—	12,602
Prepaid expenses and other current assets	1,611	158	7,464	772	—	10,005
Total current assets	40,804	30,125	171,739	49,247	(705)	291,210
Property and equipment, net	7,595	315	4,478	477	—	12,865
Goodwill	—	66,007	258,252	21,226	—	345,485
Intangible assets, net	—	191,387	1,882,242	82,749	—	2,156,378
Other long-term assets	2,500	2,414	—	—	—	4,914
Intercompany receivables	1,451,328	2,518,756	1,670,364	14,432	(5,654,880)	—
Investment in subsidiary	1,690,523	1,553,251	76,662	—	(3,320,436)	—
Total Assets	$ 3,192,750	$ 4,362,255	$ 4,063,737	$ 168,131	$ (8,976,021)	$ 2,810,852
Liabilities and Stockholders' Equity						
Current liabilities						
Accounts payable	$ 2,822	$ 9,418	$ 29,964	$ 3,046	$ —	$ 45,250
Accrued interest payable	—	8,399	—	—	—	8,399
Other accrued liabilities	13,722	2,721	55,162	7,070	—	78,675
Total current liabilities	16,544	20,538	85,126	10,116	—	132,324
Long-term debt						
Principal amount	—	1,437,000	—	—	—	1,437,000
Less unamortized debt costs	—	(21,421)	—	—	—	(21,421)
Long-term debt, net	—	1,415,579	—	—	—	1,415,579
Deferred income tax liabilities	—	61,047	398,380	353	—	459,780
Other long-term liabilities	—	—	3,264	48	—	3,312
Intercompany payables	2,376,349	1,249,872	1,945,431	83,228	(5,654,880)	—
Total Liabilities	2,392,893	2,747,036	2,432,201	93,745	(5,654,880)	2,010,995
Stockholders' Equity						
Common stock	532	—	—	—	—	532
Additional paid-in capital	455,684	1,280,947	1,359,921	78,774	(2,719,642)	455,684
Treasury stock, at cost	(6,594)	—	—	—	—	(6,594)
Accumulated other comprehensive (loss) income, net of tax	(35,382)	(35,382)	(35,382)	(35,382)	106,146	(35,382)
Retained earnings (accumulated deficit)	385,617	369,654	306,997	30,994	(707,645)	385,617
Total Stockholders' Equity	799,857	1,615,219	1,631,536	74,386	(3,321,141)	799,857
Total Liabilities and Stockholders' Equity	$ 3,192,750	$ 4,362,255	$ 4,063,737	$ 168,131	$ (8,976,021)	$ 2,810,852

Condensed Consolidating Balance Sheet
March 31, 2016

(In thousands)	Prestige Brands Holdings, Inc.	Prestige Brands, Inc., the issuer	Combined Subsidiary Guarantors	Combined Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets						
Current assets						
Cash and cash equivalents	$ 4,440	$ —	$ 2,899	$ 19,891	$ —	$ 27,230
Accounts receivable, net	—	12,025	74,446	8,776	—	95,247
Inventories	—	9,411	72,296	10,088	(532)	91,263
Deferred income tax assets	316	681	8,293	818	—	10,108
Prepaid expenses and other current assets	15,311	257	8,379	1,218	—	25,165
Total current assets	20,067	22,374	166,313	40,791	(532)	249,013
Property and equipment, net	9,166	210	5,528	636	—	15,540
Goodwill	—	66,007	271,409	22,775	—	360,191
Intangible assets, net	—	191,789	2,042,640	88,294	—	2,322,723
Other long-term assets	—	1,324	—	—	—	1,324
Intercompany receivables	1,457,011	2,703,192	1,083,488	10,738	(5,254,429)	—
Investment in subsidiary	1,641,477	1,527,718	81,545	—	(3,250,740)	—
Total Assets	$ 3,127,721	$ 4,512,614	$ 3,650,923	$ 163,234	$ (8,505,701)	$ 2,948,791
Liabilities and Stockholders' Equity						
Current liabilities						
Accounts payable	$ 2,914	$ 7,643	$ 24,437	$ 3,302	$ —	$ 38,296
Accrued interest payable	—	8,664	—	—	—	8,664
Other accrued liabilities	12,285	1,714	38,734	6,991	—	59,724
Total current liabilities	15,199	18,021	63,171	10,293	—	106,684
Long-term debt						
Principal amount	—	1,652,500	—	—	—	1,652,500
Less unamortized debt costs	—	(27,191)	—	—	—	(27,191)
Long-term debt, net	—	1,625,309	—	—	—	1,625,309
Deferred income tax liabilities	—	60,317	408,893	412	—	469,622
Other long-term liabilities	—	—	2,682	158	—	2,840
Intercompany payables	2,368,186	1,241,084	1,570,265	74,894	(5,254,429)	—
Total Liabilities	2,383,385	2,944,731	2,045,011	85,757	(5,254,429)	2,204,455
Stockholders' Equity						
Common stock	530	—	—	—	—	530
Additional paid-in capital	445,182	1,280,947	1,359,921	78,774	(2,719,642)	445,182
Treasury stock, at cost	(5,163)	—	—	—	—	(5,163)
Accumulated other comprehensive income (loss), net of tax	(23,525)	(23,525)	(23,525)	(23,525)	70,575	(23,525)
Retained earnings (accumulated deficit)	327,312	310,461	269,516	22,228	(602,205)	327,312
Total Stockholders' Equity	744,336	1,567,883	1,605,912	77,477	(3,251,272)	744,336
Total Liabilities and Stockholders' Equity	$ 3,127,721	$ 4,512,614	$ 3,650,923	$ 163,234	$ (8,505,701)	$ 2,948,791

Condensed Consolidating Statement of Cash Flows
Nine Months Ended December 31, 2016

(In thousands)	Prestige Brands Holdings, Inc.	Prestige Brands, Inc., the issuer	Combined Subsidiary Guarantors	Combined Non-Guarantor Subsidiaries	Eliminations	Consolidated
Operating Activities						
Net income (loss)	$ 58,305	$ 59,193	$ 37,481	$ 8,766	$ (105,440)	$ 58,305
Adjustments to reconcile net income (loss) to net cash provided by operating activities:						
Depreciation and amortization	2,474	456	15,410	360	—	18,700
Loss on divestitures and sales of property and equipment		—	51,807	—	—	51,807
Deferred income taxes	(2,056)	493	(11,101)	134	—	(12,530)
Amortization of debt origination costs	—	6,129	—	—	—	6,129
Stock-based compensation costs	6,260	—	—	—	—	6,260
Equity in income of subsidiaries	(59,111)	(37,390)	(8,766)	—	105,267	—
Changes in operating assets and liabilities, net of effects from acquisitions:						
Accounts receivable	—	(266)	(5,481)	(6,627)	—	(12,374)
Inventories	—	(7,347)	(9,409)	(6)	173	(16,589)
Prepaid expenses and other current assets	11,200	99	(525)	375	—	11,149
Accounts payable	(118)	1,775	5,981	(470)	—	7,168
Accrued liabilities	1,437	742	20,995	(851)	—	22,323
Net cash provided by operating activities	18,391	23,884	96,392	1,681	—	140,348
Investing Activities						
Purchases of property and equipment	(890)	(158)	(785)	(102)	—	(1,935)
Proceeds from divestitures	—	—	110,717	—	—	110,717
Proceeds from the sales of property and equipment	—	—	85	—	—	85
Proceeds from DenTek working capital arbitration settlement	—	—	1,419	—	—	1,419
Net cash provided by (used in) investing activities	(890)	(158)	111,436	(102)	—	110,286
Financing Activities						
Term loan repayments	—	(130,500)	—	—	—	(130,500)
Borrowings under revolving credit agreement	—	20,000	—	—	—	20,000
Repayments under revolving credit agreement	—	(105,000)	—	—	—	(105,000)
Payments of debt origination costs	—	(9)	—	—	—	(9)
Proceeds from exercise of stock options	3,444	—	—	—	—	3,444
Excess tax benefits from share-based awards	800	—	—	—	—	800
Fair value of shares surrendered as payment of tax withholding	(1,431)	—	—	—	—	(1,431)
Intercompany activity, net	12,067	191,783	(210,525)	6,675	—	—
Net cash (used in) provided by financing activities	14,880	(23,726)	(210,525)	6,675	—	(212,696)
Effect of exchange rate changes on cash and cash equivalents	—	—	—	(1,879)	—	(1,879)
Increase (decrease) in cash and cash equivalents	32,381	—	(2,697)	6,375	—	36,059
Cash and cash equivalents - beginning of period	4,440	—	2,899	19,891	—	27,230
Cash and cash equivalents - end of period	$ 36,821	$ —	$ 202	$ 26,266	$ —	$ 63,289

Condensed Consolidating Statement of Cash Flows
Nine Months Ended December 31, 2015

(In thousands)	Prestige Brands Holdings, Inc.	Prestige Brands, Inc., the issuer	Combined Subsidiary Guarantors	Combined Non-Guarantor Subsidiaries	Eliminations	Consolidated
Operating Activities						
Net income (loss)	$ 85,971	$ 78,127	$ 58,860	$ 6,868	$ (143,855)	$ 85,971
Adjustments to reconcile net income (loss) to net cash provided by operating activities:						
Depreciation and amortization	3,032	444	13,686	316	—	17,478
Deferred income taxes	148	164	31,301	(22)	—	31,591
Amortization of debt origination costs	—	5,433	—	—	—	5,433
Stock-based compensation costs	7,057	—	—	41	—	7,098
Loss on extinguishment of debt	—	451	—	—	—	451
Gain on sale or disposal of property and equipment	—	—	—	(36)	—	(36)
Equity in income of subsidiaries	(84,458)	(52,599)	(6,868)	—	143,925	—
Changes in operating assets and liabilities, net of effects from acquisitions:						
Accounts receivable	—	1,158	2,188	(893)	—	2,453
Inventories	—	(2,519)	(3,014)	(1,511)	(70)	(7,114)
Prepaid expenses and other current assets	3,557	(305)	2,752	(532)	—	5,472
Accounts payable	(33)	(1,161)	(14,613)	(1,746)	—	(17,553)
Accrued liabilities	(102)	(1,636)	5,439	1,506	—	5,207
Net cash provided by operating activities	15,172	27,557	89,731	3,991	—	136,451
Investing Activities						
Purchases of property and equipment	(1,741)	(93)	(212)	(494)	—	(2,540)
Proceeds from the sale of property and equipment	—	—	—	344	—	344
Proceeds from Insight Pharmaceuticals working capital arbitration settlement	—	—	7,237	—	—	7,237
Net cash provided by (used in) investing activities	(1,741)	(93)	7,025	(150)	—	5,041
Financing Activities						
Term loan repayments	—	(50,000)	—	—	—	(50,000)
Borrowings under revolving credit agreement	—	15,000	—	—	—	15,000
Repayments under revolving credit agreement	—	(81,100)	—	—	—	(81,100)
Payments of debt origination costs	—	(4,211)	—	—	—	(4,211)
Proceeds from exercise of stock options	6,600	—	—	—	—	6,600
Proceeds from restricted stock exercises	544	—	—	—	—	544
Excess tax benefits from share-based awards	1,850	—	—	—	—	1,850
Fair value of shares surrendered as payment of tax withholding	(2,187)	—	—	—	—	(2,187)
Intercompany activity, net	2,127	92,847	(96,756)	1,782	—	—
Net cash (used in) provided by financing activities	8,934	(27,464)	(96,756)	1,782	—	(113,504)
Effect of exchange rate changes on cash and cash equivalents	—	—	—	(333)	—	(333)
Increase in cash and cash equivalents	22,365	—	—	5,290	—	27,655
Cash and cash equivalents - beginning of period	11,387	—	—	9,931	—	21,318
Cash and cash equivalents - end of period	$ 33,752	$ —	$ —	$ 15,221	$ —	$ 48,973

21. Subsequent Events

On January 26, 2017, we completed our previously announced acquisition of Fleet pursuant to the Agreement and Plan of Merger, dated as of December 22, 2016, by and among Medtech Products, Inc., AETAGE LLC, C.B. Fleet TopCo, LLC, and Gryphon Partners 3.5, L.P. (the "Merger Agreement"). As a result of the merger contemplated by the Merger Agreement, we acquired multiple feminine hygiene, gastrointestinal care and infant care OTC brands, including *Summer's Eve*, *Fleet*, and *Pedia-Lax*, as well as a "mix and fill" manufacturing facility in Lynchburg Virginia. The purchase price was $825.0 million subject to certain adjustments based on the cash, indebtedness, transaction expenses, and working capital of Fleet and its subsidiaries at the closing. The purchase price was funded by available cash on hand, additional borrowings under our asset-based revolving credit facility, and a new $740.0 million senior secured incremental term loan.

The acquisition will be accounted for as a business combination. The application of purchase accounting as of the closing date is expected to have a material effect on our results of operations for periods subsequent to the acquisition. We have begun the process to determine the purchase price allocation for Fleet's assets and liabilities including estimating fair values of intangible and tangible assets. These estimates have not been completed due to the timing and complexity of obtaining information and calculating such amounts.

Term Loan and ABL Refinancing

On January 26, 2017, we entered into (i) Amendment No. 4 ("Term Loan Amendment No. 4") to the 2012 Term Loan and (ii) Amendment No. 6 ("ABL Amendment No. 6" and together with the Term Loan Amendment No. 4, the "Amendments") to the 2012 ABL Revolver.

Term Loan Amendment No. 4 provides for (i) the refinancing of the Borrower's outstanding term loans and the creation of a new class of Term B-4 Loans under the 2012 Term Loan in an aggregate principal amount of $1.427 billion, (ii) increased flexibility under the 2012 Term Loan , including but not limited to additional investment, restricted payment and debt incurrence flexibility and financial maintenance covenant relief and (iii) an interest rate on the Term B-4 Loans that is based, at the Borrower's option, on a LIBOR rate plus a margin of 2.75% per annum, with a LIBOR floor of 0.75%, or an alternative base rate plus a margin (with a margin step-down to 2.50% per annum based upon achievement of a specified first lien net leverage ratio). In addition, Citibank, N.A. was succeeded by Barclays Bank PLC as administrative agent under the 2012 Term Loan.

ABL Amendment No. 6 provides for (i) a $40.0 million increase in revolving commitments under the 2012 ABL Revolver (ii) an extension of the maturity date of revolving commitments to January 26, 2022 and (iii) increased flexibility under the 2012 ABL Revolver, including but not limited to additional investment, restricted payment and debt incurrence flexibility consistent with Term Loan Amendment No. 4.

We used the net proceeds from the Term B-4 Loans and borrowings under the 2012 ABL Revolver to finance the acquisition of Fleet, to refinance outstanding term loans, and pay fees and expenses incurred in connection with the Fleet acquisition.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read together with the Consolidated Financial Statements and the related notes included in this Quarterly Report on Form 10-Q, as well as our Annual Report on Form 10-K for the fiscal year ended March 31, 2016. This discussion and analysis may contain forward-looking statements that involve certain risks, assumptions and uncertainties. Future results could differ materially from the discussion that follows for many reasons, including the factors described in Part I, Item 1A., “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended March 31, 2016, as well as those described in Part II, Item 1A, "Risk Factors" in this Quarterly Report on Form 10-Q and in future reports filed with the Securities and Exchange Commission (the "SEC").

See also “Cautionary Statement Regarding Forward-Looking Statements” on page 65 of this Quarterly Report on Form 10-Q.

General

We are engaged in the marketing, sales and distribution of well-recognized, brand name over-the-counter ("OTC") healthcare and household cleaning products to mass merchandisers, drug stores, supermarkets, club, convenience, and dollar stores in North America (the United States and Canada) and in Australia and certain other international markets. We use the strength of our brands, our established retail distribution network, a low-cost operating model and our experienced management team to our competitive advantage.

We have grown our brand portfolio both organically and through acquisitions. We develop our existing brands by investing in new product lines, brand extensions and strong advertising support. Acquisitions of OTC brands have also been an important part of our growth strategy. We have acquired strong and well-recognized brands from consumer products, pharmaceutical and private equity companies. While many of these brands have long histories of brand development and investment, we believe that, at the time we acquired them, most were considered “non-core” by their previous owners. As a result, these acquired brands did not benefit from adequate management focus and marketing support during the period prior to their acquisition, which created opportunities for us to reinvigorate these brands and improve their performance post-acquisition. After adding a core brand to our portfolio, we seek to increase its sales, market share and distribution in both existing and new channels through our established retail distribution network. We pursue this growth through increased spending on advertising and promotional support, new sales and marketing strategies, improved packaging and formulations, and innovative development of brand extensions.

Acquisitions

Acquisition of DenTek

On February 5, 2016, we completed the acquisition of *DenTek Holdings, Inc*. ("*DenTek*"), a privately-held marketer and distributor of specialty oral care products. The closing was finalized pursuant to the terms of the merger agreement, announced November 23, 2015, under which we agreed to acquire *DenTek* from its stockholders for a purchase price of $226.9 million. The acquisition expands our portfolio of brands, strengthens our existing oral care platform and increases our geographic reach in parts of Europe. We financed the transaction with a combination of available cash on hand, available cash from our asset based loan revolver, and financing of an additional unsecured bridge loan. The *DenTek* brands are primarily included in our North American and International OTC Healthcare segments.

The *DenTek* acquisition was accounted for in accordance with the Business Combinations topic of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 805, which requires that the total cost of an acquisition be allocated to the tangible and intangible assets acquired and liabilities assumed based upon their respective fair values at the date of acquisition.

We prepared an analysis of the fair values of the assets acquired and liabilities assumed as of the date of acquisition. The following table summarizes our allocation of the assets acquired and liabilities assumed as of the February 5, 2016 acquisition date.

(In thousands)	**February 5, 2016**
Cash acquired	$ 1,359
Accounts receivable	9,187
Inventories	14,304
Deferred income taxes	3,303
Prepaids and other current assets	6,728
Property, plant and equipment, net	3,555
Goodwill	73,737
Intangible assets, net	206,700
Total assets acquired	318,873
Accounts payable	3,261
Accrued expenses	14,336
Deferred income tax liabilities - long term	74,352
Total liabilities assumed	91,949
Total purchase price	$ 226,924

Based on this analysis, we allocated $179.8 million to non-amortizable intangible assets and $26.9 million to amortizable intangible assets. We are amortizing the purchased amortizable intangible assets on a straight-line basis over an estimated weighted average useful life of 18.5 years. The weighted average remaining life for amortizable intangible assets at December 31, 2016 was 17.7 years.

In December 2016, as a result of an arbitration settlement and other post-closing adjustments, we recorded a reduction to goodwill of $2.8 million. As a result, we recorded goodwill of $73.7 million based on the amount by which the purchase price exceeded the fair value of the net assets acquired. Goodwill is not deductible for income tax purposes.

The pro forma effect of this acquisition on revenues and earnings was not material.

Divestitures

Late in the first quarter of fiscal 2017, the Company was approached and discussed the potential to sell certain assets. Prior to these discussions, the Company did not contemplate any divestitures, and the Company did not commit to any course of action to divest any of the assets until entering into an agreement on June 29, 2016 to sell *Pediacare*, *New Skin* and *Fiber Choice*, which were reported under the North American OTC Healthcare segment in the Cough & Cold, Dermatologicals and Gastrointestinal product groups, respectively.

On July 7, 2016, we completed the sale of the *Pediacare*, *New Skin* and *Fiber Choice* brands for $40.0 million plus the cost of inventory. As a result, we received approximately $40.1 million including the cost of preliminary inventory of $2.6 million, less certain immaterial holdbacks, which will be paid upon meeting certain criteria as defined in the asset purchase agreement and within approximately 18 months following the closing date of the transaction. During the nine months ended December 31, 2016, we recorded a preliminary pre-tax loss on sale of $56.2 million. The proceeds were used to repay debt and related income taxes due on the dispositions.

The following table sets forth the components of the assets sold and the pre-tax loss recognized on the sale in July 2016.

(In thousands)		**July 7, 2016**
Components of assets sold:		
Inventory	$	2,380
Intangible assets, net		91,208
Goodwill		2,920
Assets sold		96,508
Total purchase price received		42,380
		54,128
Costs to sell		2,018
Pre-tax loss on divestitures	$	56,146

Concurrent with the completion of the sale of these brands, we entered into a transitional services agreement with the buyer, whereby we agreed to provide the buyer with various services, including marketing, operations, finance and other services, from the date of the acquisition through January 7, 2017. We also entered into an option agreement with the buyer to purchase *Dermoplast* at a specified earnings multiple as defined in the option agreement. The buyer paid a $1.25 million deposit in September 2016 and later notified us of their election to exercise the option.

In December 2016, we completed the sales of the *e.p.t* and *Dermoplast* brands for an aggregate amount of $59.6 million. As a result, we recorded a pre-tax net gain on these divestitures of $3.9 million.

The following table sets forth the components of the assets sold and the pre-tax net gain recognized on the sales of *e.p.t* and *Dermoplast* in December 2016.

(In thousands)		**December 2016**
Components of assets sold:		
Inventory	$	2,998
Intangible assets, net		45,870
Goodwill		6,889
Assets sold		55,757
Total purchase price received		59,614
Pre-tax net (gain) on divestitures	$	(3,857)

Sale of license rights

Historically, we received royalty income from the licensing of the names of certain of our brands in geographic areas or markets in which we do not directly compete. We have had royalty agreements for our *Comet* brand for several years, which included options on behalf of the licensee to purchase license rights in certain geographic areas and markets in perpetuity. In December 2014, we amended these agreements and we sold rights to use of the *Comet* brand in certain Eastern European countries to a third-party licensee in exchange for $10.0 million as a partial early buyout of the license. The amended agreement provided that we would continue to receive royalty payments of $1.0 million per quarter for the remaining geographic areas and also granted the licensee an option to acquire the license rights in the remaining geographic areas anytime after June 30, 2016. In July 2016, the licensee elected to exercise its option. In August 2016, we received $11.0 million for the purchase of the remaining license rights and, as a result, we recorded a pre-tax gain of $1.2 million and reduced our indefinite-lived trademarks by $9.0 million. Furthermore, the licensee is no longer required to make additional royalty payments to us, and as a result, our future royalty income will be reduced accordingly.

Results of Operations

Three Months Ended December 31, 2016 compared to the Three Months Ended December 31, 2015

Total Segment Revenues

The following table represents total revenue by segment, including product groups, for the three months ended December 31, 2016 and 2015.

	Three Months Ended December 31,					
					Increase (Decrease)	
(In thousands)	**2016**	**%**	**2015***	**%**	**Amount**	**%**
North American OTC Healthcare						
Analgesics	$ 32,439	15.0	$ 30,454	15.2	$ 1,985	6.5
Cough & Cold	29,803	13.7	30,466	15.2	(663)	(2.2)
Women's Health	30,896	14.3	33,521	16.7	(2,625)	(7.8)
Gastrointestinal	15,109	7.0	17,401	8.7	(2,292)	(13.2)
Eye & Ear Care	23,571	10.9	21,936	10.9	1,635	7.5
Dermatologicals	19,948	9.2	19,734	9.9	214	1.1
Oral Care	24,129	11.1	9,996	5.0	14,133	(nm)
Other OTC	1,378	0.6	1,551	0.8	(173)	(11.2)
Total North American OTC Healthcare	177,273	81.8	165,059	82.4	12,214	7.4
International OTC Healthcare						
Analgesics	444	0.2	450	0.2	(6)	(1.3)
Cough & Cold	4,166	1.9	3,696	1.8	470	12.7
Women's Health	580	0.3	877	0.4	(297)	(33.9)
Gastrointestinal	6,701	3.1	5,517	2.8	1,184	21.5
Eye & Ear Care	2,997	1.4	2,613	1.3	384	14.7
Dermatologicals	479	0.2	524	0.3	(45)	(8.6)
Oral Care	3,083	1.4	126	0.1	2,957	(nm)
Other OTC	9	—	9	—	—	—
Total International OTC Healthcare	18,459	8.5	13,812	6.9	4,647	33.6
Total OTC Healthcare	195,732	90.3	178,871	89.3	16,861	9.4
Household Cleaning	21,031	9.7	21,324	10.7	(293)	(1.4)
Total Consolidated	$ 216,763	100.0	$ 200,195	100.0	$ 16,568	8.3

(nm) size of % not meaningful
(*) Certain immaterial amounts in the prior year period relating to gross segment revenues, other revenues and cost of sales were reclassified between the International OTC Healthcare segment and the North American OTC Healthcare segment. There were no changes to the consolidated financial statements for any periods presented.

Total segment revenues for the three months ended December 31, 2016 were $216.8 million, an increase of $16.6 million, or 8.3%, versus the three months ended December 31, 2015. The $16.6 million increase was primarily related to an increase in the North American OTC Healthcare segment, which accounted for $12.2 million, and the International OTC Healthcare segment, which accounted for $4.6 million, largely due to the acquisition of *DenTek*. The *DenTek* brands, acquired in February 2016, accounted for approximately $17.3 million of revenues in the North American OTC Healthcare and International OTC Healthcare segments not included in the comparable period in the prior year. The increase attributable to *DenTek* revenues was partially offset by a net decrease of $0.7 million within the North American OTC Healthcare and International OTC Healthcare segments, primarily due to the lower revenues from certain brands in the Women's Health, Gastrointestinal and Oral Care product groups including the divested brands, which were partially offset by increases in the Eye & Ear Care and Analgesics product groups.

North American OTC Healthcare Segment

Revenues for the North American OTC Healthcare segment increased $12.2 million, or 7.4%, during the three months ended December 31, 2016 versus the three months ended December 31, 2015. The $12.2 million increase was primarily attributable to the acquisition of *DenTek*, which accounted for approximately $14.6 million of revenues. Excluding the revenue increases contributed by *DenTek*, revenues would have decreased by approximately $2.4 million, primarily consisting of decreases in the Women's Health, Gastrointestinal and Oral Care product groups including the divested brands, which were partially offset primarily by increases in the Analgesics and Eye & Ear Care product groups.

International OTC Healthcare Segment

Revenues for the International OTC Healthcare segment increased $4.6 million, or 33.6%, during the three months ended December 31, 2016 versus the three months ended December 31, 2015. The $4.6 million increase was primarily attributable to the acquisition of *DenTek* which accounted for approximately $2.7 million of revenues. Excluding the revenue increases contributed by *DenTek*, revenues would have increased by approximately $1.9 million, primarily consisting of increases in the Gastrointestinal and Cough & Cold product groups.

Household Cleaning Segment

Revenues for the Household Cleaning segment decreased by $0.3 million, or 1.4%, during the three months ended December 31, 2016 versus the three months ended December 31, 2015. This decrease was primarily attributable to decreased royalties of $0.8 million as a result of the sale of royalty rights from our *Comet* brand in certain geographic regions, which was completed in July 2016.

Cost of Sales

The following table presents our cost of sales and cost of sales as a percentage of total segment revenues, by segment for each of the periods presented.

	Three Months Ended December 31,					
(In thousands)					Increase (Decrease)	
Cost of Sales	**2016**	**%**	**2015***	**%**	**Amount**	**%**
North American OTC Healthcare	$ 68,378	38.6	$ 62,655	38.0	$ 5,723	9.1
International OTC Healthcare	7,678	41.6	4,964	35.9	2,714	54.7
Household Cleaning	16,160	76.8	15,792	74.1	368	2.3
	$ 92,216	42.5	$ 83,411	41.7	$ 8,805	10.6

(*) Certain immaterial amounts in the prior year period relating to gross segment revenues, other revenues and cost of sales were reclassified between the International OTC Healthcare segment and the North American OTC Healthcare segment. There were no changes to the consolidated financial statements for any periods presented.

Cost of sales increased $8.8 million, or 10.6%, during the three months ended December 31, 2016 versus the three months ended December 31, 2015. This increase was largely due to increases in the North American OTC Healthcare segment and the International OTC Healthcare segment primarily resulting from the additional *DenTek* business. As a percentage of total revenue, cost of sales remained relatively consistent at 42.5% during the three months ended December 31, 2016 from 41.7% during the three months ended December 31, 2015.

North American OTC Healthcare Segment

Cost of sales for the North American OTC Healthcare segment increased $5.7 million, or 9.1%, during the three months ended December 31, 2016 versus the three months ended December 31, 2015. This cost of sales increase was due to higher overall sales volume primarily attributable to the acquisition of *DenTek*. As a percentage of the North American OTC Healthcare revenues, cost of sales remained relatively consistent at 38.6% during the three months ended December 31, 2016 from 38.0% during the three months ended December 31, 2015.

International OTC Healthcare Segment

Cost of sales for the International OTC Healthcare segment increased $2.7 million, or 54.7%, during the three months ended December 31, 2016 versus the three months ended December 31, 2015. This cost of sales increase was due to higher overall sales volume primarily attributable to the acquisition of *DenTek*. As a percentage of the International OTC Healthcare revenues, cost of sales increased to 41.6% during the three months ended December 31, 2016 from 35.9% during the three months ended December 31, 2015. This increase in cost of sales as a percentage of revenues was primarily the result of an unfavorable product mix primarily resulting from the additional *DenTek* business.

Household Cleaning Segment

Cost of sales for the Household Cleaning segment increased $0.4 million, or 2.3%, during the three months ended December 31, 2016 versus the three months ended December 31, 2015. As a percentage of Household Cleaning revenues, cost of sales increased to 76.8% during the three months ended December 31, 2016 from 74.1% during the three months ended December 31, 2015. This increase in cost of sales as a percentage of revenues was primarily attributable to the decreased royalties as a result of the sale of royalty rights from our *Comet* brand in certain geographic regions, which was completed in July 2016.

Gross Profit

The following table presents our gross profit and gross profit as a percentage of total segment revenues, by segment for each of the periods presented.

	Three Months Ended December 31,					
(In thousands)					Increase (Decrease)	
Gross Profit	**2016**	**%**	**2015***	**%**	**Amount**	**%**
North American OTC Healthcare	$ 108,895	61.4	$ 102,404	62.0	$ 6,491	6.3
International OTC Healthcare	10,781	58.4	8,848	64.1	1,933	21.8
Household Cleaning	4,871	23.2	5,532	25.9	(661)	(11.9)
	$ 124,547	57.5	$ 116,784	58.3	$ 7,763	6.6

(*) Certain immaterial amounts in the prior year period relating to gross segment revenues, other revenues and cost of sales were reclassified between the International OTC Healthcare segment and the North American OTC Healthcare segment. There were no changes to the consolidated financial statements for any periods presented.

Gross profit for the three months ended December 31, 2016 increased $7.8 million, or 6.6%, when compared with the three months ended December 31, 2015. As a percentage of total revenues, gross profit remained relatively consistent at 57.5% during the three months ended December 31, 2016 from 58.3% during the three months ended December 31, 2015.

North American OTC Healthcare Segment

Gross profit for the North American OTC Healthcare segment increased $6.5 million, or 6.3%, during the three months ended December 31, 2016 versus the three months ended December 31, 2015. The increase was due to higher overall sales volume, primarily attributable to the addition of *DenTek* sales. As a percentage of North American OTC Healthcare revenues, gross profit remained relatively consistent at 61.4% during the three months ended December 31, 2016 from 62.0% during the three months ended December 31, 2015.

International OTC Healthcare Segment

Gross profit for the International OTC Healthcare segment increased $1.9 million, or 21.8%, during the three months ended December 31, 2016 versus the three months ended December 31, 2015. The increase was due to higher overall sales volume, primarily attributable to the addition of *DenTek* sales. As a percentage of International OTC Healthcare revenues, gross profit decreased to 58.4% during the three months ended December 31, 2016 from 64.1% during the three months ended December 31, 2015. The decrease in gross profit as a percentage of revenues was primarily attributable to decreased sales in certain distribution channels and an unfavorable product mix primarily resulting from the additional *DenTek* business.

Household Cleaning Segment

Gross profit for the Household Cleaning segment decreased $0.7 million, or 11.9%, during the three months ended December 31, 2016 versus the three months ended December 31, 2015, primarily attributable to decreased royalties as a result of the sale of royalty rights for our *Comet* brand in certain geographic regions. As a percentage of Household Cleaning revenue, gross profit decreased to 23.2% during the three months ended December 31, 2016 from 25.9% during the three months ended December 31, 2015. The decrease in gross profit as a percentage of revenues was primarily attributable to the reduced royalties in certain geographic regions.

Contribution Margin

The following table presents our contribution margin and contribution margin as a percentage of total segment revenues, by segment for each of the periods presented.

	Three Months Ended December 31,					
(In thousands)					**Increase (Decrease)**	
Contribution Margin	**2016**	**%**	**2015***	**%**	**Amount**	**%**
North American OTC Healthcare	$ 82,095	46.3	$ 75,932	46.0	$ 6,163	8.1
International OTC Healthcare	7,279	39.4	6,010	43.5	1,269	21.1
Household Cleaning	4,491	21.4	4,907	23.0	(416)	(8.5)
	$ 93,865	43.3	$ 86,849	43.4	$ 7,016	8.1

(*) Certain immaterial amounts in the prior year period relating to gross segment revenues, other revenues and cost of sales were reclassified between the International OTC Healthcare segment and the North American OTC Healthcare segment. There were no changes to the consolidated financial statements for any periods presented.

Contribution margin is a non-GAAP financial measure that we use and is useful to investors as a primary measure for period to period comparisons of results, to evaluate our segment performance and compare our performance to that of our competitors. It is defined as gross profit less advertising and promotional expenses. Contribution margin increased $7.0 million, or 8.1%, during the three months ended December 31, 2016 versus the three months ended December 31, 2015. This increase was primarily related to the increase in gross profit in the North American OTC Healthcare and International OTC Healthcare segments.

North American OTC Healthcare Segment

Contribution margin for the North American OTC Healthcare segment increased $6.2 million, or 8.1%, during the three months ended December 31, 2016 versus the three months ended December 31, 2015. The contribution margin increase was primarily the result of higher sales volumes and gross profit attributable to the acquisition of *DenTek*. As a percentage of North American OTC Healthcare revenues, contribution margin remained relatively consistent at 46.3% during the three months ended December 31, 2016 from 46.0% during the three months ended December 31, 2015.

International OTC Healthcare Segment

Contribution margin for the International OTC Healthcare segment increased $1.3 million, or 21.1%, during the three months ended December 31, 2016 versus the three months ended December 31, 2015. The contribution margin increase was primarily the result of higher sales volumes and resulting gross profit as well as the timing of our promotions, which resulted in lower advertising and promotional costs during the current period. As a percentage of International OTC Healthcare revenues, contribution margin decreased to 39.4% during the three months ended December 31, 2016 from 43.5% during the three months ended December 31, 2015. The contribution margin decrease as a percentage of revenues was primarily due to the gross profit decrease as a percentage of revenues in the International OTC Healthcare segment discussed above.

Household Cleaning Segment

Contribution margin for the Household Cleaning segment decreased $0.4 million, or 8.5%, during the three months ended December 31, 2016 versus the three months ended December 31, 2015, primarily attributable to decreased royalties as a result of the sale of royalty rights for our *Comet* brand in certain geographic regions. As a percentage of Household Cleaning revenues, contribution margin decreased to 21.4% during the three months ended December 31, 2016 from 23.0% during the three months ended December 31, 2015. The contribution margin decrease as a percentage of revenues was primarily due to the gross profit decrease as a percentage of revenues in the Household Cleaning segment discussed above.

General and Administrative

General and administrative expenses were $22.1 million for the three months ended December 31, 2016 versus $18.1 million for the three months ended December 31, 2015. The increase in general and administrative expenses was primarily due to an increase in compensation, professional fees, acquisition and integration costs associated with the acquisitions of *DenTek* and *Fleet*, and the costs associated with the sales of the *Dermoplast* and *e.p.t* brands.

Depreciation and Amortization

Depreciation and amortization expense was $5.9 million and $6.1 million for the three months ended December 31, 2016 and 2015, respectively. The decrease in depreciation and amortization expense was primarily due to reduced intangible asset amortization during 2017 as a result of brands divested during the quarter, partially offset by higher intangible asset amortization during 2017 related to the intangible assets acquired as a result of the *DenTek* acquisition.

(Gain)/Loss on Divestitures

We recorded a pre-tax net gain on divestitures of $3.4 million for the three months ended December 31, 2016, which relate primarily to sales of *e.p.t* and *Dermoplast*. In December 2016, we completed the sales of *e.p.t* and *Dermoplast*, which were non-core OTC brands reported under the North American OTC Healthcare segment. *e.p.t* was included in the Women's Health product group, while *Dermoplast* was included in the Dermatologicals product group.

Interest Expense

Net interest expense was $18.6 million during the three months ended December 31, 2016 versus $19.5 million during the three months ended December 31, 2015. The decrease in net interest expense was primarily attributable to the lower interest rate on our 6.375% senior notes due 2024 (the "2016 Senior Notes") compared to our 8.125% senior notes due 2020 (the "2012 Senior Notes"). The 2016 Senior Notes were issued in February 2016 in connection with the acquisition of *DenTek* and the redemption of the 2012 Senior Notes. This decrease was largely offset by increased accelerated amortization of debt origination costs due to the higher repayments of our Term B-3 Loans. The average indebtedness remained consistent at $1.5 billion during the three months ended December 31, 2016 and 2015. The average cost of borrowing decreased to 5.1% for the three months ended December 31, 2016 from 5.2% for the three months ended December 31, 2015.

Income Taxes

The provision for income taxes during the three months ended December 31, 2016 was $19.1 million versus a provision for income taxes of $15.2 million during the three months ended December 31, 2015. The effective tax rate during the three months ended December 31, 2016 was 37.6% versus 35.2% during the three months ended December 31, 2015. The increase in the effective tax rate for the three months ended December 31, 2016 versus the three months ended December 31, 2015 was primarily due to the elimination of the lower tax basis in *e.p.t* and *Dermoplast* upon their sale. The estimated effective tax rate for the remaining quarter of the fiscal year ending March 31, 2017 is expected to be approximately 35.1%, excluding the impact of the recently completed Fleet acquisition and discrete items that may occur.

Results of Operations

Nine Months Ended December 31, 2016 compared to the Nine Months Ended December 31, 2015

Total Segment Revenues

The following table represents total revenue by segment, including product groups, for the nine months ended December 31, 2016 and 2015.

	Nine Months Ended December 31,					
					Increase (Decrease)	
(In thousands)	**2016**	**%**	**2015***	**%**	**Amount**	**%**
North American OTC Healthcare						
Analgesics	$ 90,558	14.1	$ 86,996	14.5	$ 3,562	4.1
Cough & Cold	68,876	10.7	74,681	12.5	(5,805)	(7.8)
Women's Health	97,051	15.1	100,036	16.7	(2,985)	(3.0)
Gastrointestinal	50,495	7.9	56,782	9.5	(6,287)	(11.1)
Eye & Ear Care	72,512	11.3	71,159	12.0	1,353	1.9
Dermatologicals	65,598	10.2	63,026	10.5	2,572	4.1
Oral Care	72,308	11.3	29,706	5.0	42,602	(nm)
Other OTC	4,402	0.7	4,466	0.7	(64)	(1.4)
Total North American OTC Healthcare	521,800	81.3	486,852	81.4	34,948	7.2
International OTC Healthcare						
Analgesics	1,515	0.2	1,668	0.3	(153)	(9.2)
Cough & Cold	13,718	2.1	12,948	2.2	770	5.9
Women's Health	2,151	0.3	2,381	0.4	(230)	(9.7)
Gastrointestinal	17,045	2.7	14,667	2.3	2,378	16.2
Eye & Ear Care	8,782	1.4	9,393	1.6	(611)	(6.5)
Dermatologicals	1,717	0.3	1,669	0.3	48	2.9
Oral Care	8,120	1.3	509	0.1	7,611	(nm)
Other OTC	19	—	18	—	1	5.6
Total International OTC Healthcare	53,067	8.3	43,253	7.2	9,814	22.7
Total OTC Healthcare	574,867	89.6	530,105	88.6	44,762	8.4
Household Cleaning	66,523	10.4	68,287	11.4	(1,764)	(2.6)
Total Consolidated	$ 641,390	100.0	$ 598,392	100.0	$ 42,998	7.2

(nm) size of % not meaningful
(*) Certain immaterial amounts in the prior year period relating to gross segment revenues, other revenues and cost of sales were reclassified between the International OTC Healthcare segment and the North American OTC Healthcare segment. There were no changes to the consolidated financial statements for any periods presented.

Total segment revenues for the nine months ended December 31, 2016 were $641.4 million, an increase of $43.0 million, or 7.2%, versus the nine months ended December 31, 2015. The $43.0 million increase was primarily related to an increase in the North American OTC Healthcare segment, which accounted for $34.9 million, and the International OTC Healthcare segment, which accounted for $9.8 million, largely due to the acquisition of *DenTek*. The *DenTek* brands, acquired in February 2016, accounted for approximately $51.2 million of revenues in the North American OTC Healthcare and International OTC Healthcare segments not included in the comparable period in the prior year. The increase attributable to *DenTek* revenues was partially offset by a net decrease of $8.1 million within the North American OTC Healthcare and International OTC Healthcare segments, primarily due to the lower revenues from certain brands in the Cough & Cold, Gastrointestinal, Women's Health and Oral Care product groups

including the divested brands, which were partially offset primarily by increases in the Analgesics and Dermatologicals product groups.

North American OTC Healthcare Segment

Revenues for the North American OTC Healthcare segment increased $34.9 million, or 7.2%, during the nine months ended December 31, 2016 versus the nine months ended December 31, 2015. The $34.9 million increase was primarily attributable to the acquisition of *DenTek*, which accounted for approximately $43.8 million of revenues. Excluding the revenue increases contributed by *DenTek*, revenues would have decreased by approximately $8.9 million, primarily consisting of decreases in the Gastrointestinal, Cough & Cold and Women's Health product groups and the impact of the divested brands, which were partially offset primarily by increases in the Analgesics and Dermatologicals product groups.

International OTC Healthcare Segment

Revenues for the International OTC Healthcare segment increased $9.8 million, or 22.7%, during the nine months ended December 31, 2016 versus the nine months ended December 31, 2015. The $9.8 million increase was primarily attributable to the acquisition of *DenTek* which accounted for approximately $7.4 million of revenues. Excluding the revenue increases contributed by *DenTek*, revenues would have increased by approximately $2.4 million, primarily consisting of increases in the Gastrointestinal and Cough & Cold product groups, partially offset by a decrease in the Eye & Ear Care product group.

Household Cleaning Segment

Revenues for the Household Cleaning segment decreased by $1.8 million, or 2.6%, during the nine months ended December 31, 2016 versus the nine months ended December 31, 2015. This decrease was primarily attributable to decreased royalties as a result of the sale of royalty rights for our *Comet* brand in certain geographic regions, which was completed in July 2016.

Cost of Sales

The following table presents our cost of sales and cost of sales as a percentage of total segment revenues, by segment for each of the periods presented.

	Nine Months Ended December 31,					
(In thousands)					Increase (Decrease)	
Cost of Sales	**2016**	**%**	**2015***	**%**	**Amount**	**%**
North American OTC Healthcare	$ 198,014	37.9	$ 182,279	37.4	$ 15,735	8.6
International OTC Healthcare	21,722	40.9	16,347	37.8	5,375	32.9
Household Cleaning	51,551	77.5	50,806	74.4	745	1.5
	$ 271,287	42.3	$ 249,432	41.7	$ 21,855	8.8

(*) Certain immaterial amounts in the prior year period relating to gross segment revenues, other revenues and cost of sales were reclassified between the International OTC Healthcare segment and the North American OTC Healthcare segment. There were no changes to the consolidated financial statements for any periods presented.

Cost of sales increased $21.9 million, or 8.8%, during the nine months ended December 31, 2016 versus the nine months ended December 31, 2015. This increase was largely due to an increase in the North American OTC Healthcare segment. As a percentage of total revenue, cost of sales remained relatively consistent at 42.3% during the nine months ended December 31, 2016 from 41.7% during the nine months ended December 31, 2015.

North American OTC Healthcare Segment

Cost of sales for the North American OTC Healthcare segment increased $15.7 million, or 8.6%, during the nine months ended December 31, 2016 versus the nine months ended December 31, 2015. This cost of sales increase was due to higher overall sales volume primarily attributable to the acquisition of *DenTek*. As a percentage of the North American OTC Healthcare revenues, cost of sales remained relatively consistent at 37.9% during the nine months ended December 31, 2016 from 37.4% during the nine months ended December 31, 2015.

International OTC Healthcare Segment

Cost of sales for the International OTC Healthcare segment increased $5.4 million, or 32.9%, during the nine months ended December 31, 2016 versus the nine months ended December 31, 2015. This cost of sales increase was due to higher overall sales volume primarily attributable to the acquisition of *DenTek*. As a percentage of the International OTC Healthcare revenues, cost of sales increased to 40.9% during the nine months ended December 31, 2016 from 37.8% during the nine months ended December 31, 2015, primarily attributable to an unfavorable product mix and increased cost of sales as a percentage of revenues from *DenTek* while we integrate the brand into our existing product portfolio.

Household Cleaning Segment

Cost of sales for the Household Cleaning segment increased $0.7 million, or 1.5%, during the nine months ended December 31, 2016 versus the nine months ended December 31, 2015. As a percentage of Household Cleaning revenues, cost of sales increased to 77.5% during the nine months ended December 31, 2016 from 74.4% during the nine months ended December 31, 2015. This increase in cost of sales as a percentage of revenues was primarily attributable to the reduced royalties as a result of the sale of royalty rights for our *Comet* brand in certain geographic regions, which was completed in July 2016.

Gross Profit

The following table presents our gross profit and gross profit as a percentage of total segment revenues, by segment for each of the periods presented.

	Nine Months Ended December 31,					
(In thousands)					**Increase (Decrease)**	
Gross Profit	**2016**	**%**	**2015***	**%**	**Amount**	**%**
North American OTC Healthcare	$ 323,786	62.1	$ 304,573	62.6	$ 19,213	6.3
International OTC Healthcare	31,345	59.1	26,906	62.2	4,439	16.5
Household Cleaning	14,972	22.5	17,481	25.6	(2,509)	(14.4)
	$ 370,103	57.7	$ 348,960	58.3	$ 21,143	6.1

(*) Certain immaterial amounts in the prior year period relating to gross segment revenues, other revenues and cost of sales were reclassified between the International OTC Healthcare segment and the North American OTC Healthcare segment. There were no changes to the consolidated financial statements for any periods presented.

Gross profit for the nine months ended December 31, 2016 increased $21.1 million, or 6.1%, when compared with the nine months ended December 31, 2015. As a percentage of total revenues, gross profit remained relatively consistent at 57.7% during the nine months ended December 31, 2016 from 58.3% during the nine months ended December 31, 2015.

North American OTC Healthcare Segment

Gross profit for the North American OTC Healthcare segment increased $19.2 million, or 6.3%, during the nine months ended December 31, 2016 versus the nine months ended December 31, 2015. The increase was due to higher overall sales volume, primarily attributable to the addition of *DenTek* sales. As a percentage of North American OTC Healthcare revenues, gross profit remained relatively consistent at 62.1% during the nine months ended December 31, 2016 from 62.6% during the nine months ended December 31, 2015.

International OTC Healthcare Segment

Gross profit for the International OTC Healthcare segment increased $4.4 million, or 16.5%, during the nine months ended December 31, 2016 versus the nine months ended December 31, 2015. The increase was due to higher overall sales volume, primarily attributable to the addition of *DenTek* sales. As a percentage of International OTC Healthcare revenues, gross profit decreased to 59.1% during the nine months ended December 31, 2016 from 62.2% during the nine months ended December 31, 2015, primarily due to an unfavorable product mix and increased cost of sales as a percentage of revenues from *DenTek* while we integrate the brand into our existing product portfolio.

Household Cleaning Segment

Gross profit for the Household Cleaning segment decreased $2.5 million, or 14.4%, during the nine months ended December 31, 2016 versus the nine months ended December 31, 2015. As a percentage of Household Cleaning revenue, gross profit decreased to 22.5% during the nine months ended December 31, 2016 from 25.6% during the nine months ended December 31, 2015. As discussed above, the decrease in gross profit as a percentage of revenues was primarily attributable to the reduced royalties as a result of the sale of royalty rights for our *Comet* brand in certain geographic regions.

Contribution Margin

The following table presents our contribution margin and contribution margin as a percentage of total segment revenues, by segment for each of the periods presented.

	Nine Months Ended December 31,					
(In thousands)					**Increase (Decrease)**	
Contribution Margin	**2016**	**%**	**2015***	**%**	**Amount**	**%**
North American OTC Healthcare	$ 247,135	47.4	$ 230,466	47.3	$ 16,669	7.2
International OTC Healthcare	22,475	42.4	18,568	42.9	3,907	21.0
Household Cleaning	13,584	20.4	15,676	23.0	(2,092)	(13.3)
	$ 283,194	44.2	$ 264,710	44.2	$ 18,484	7.0

(*) Certain immaterial amounts in the prior year period relating to gross segment revenues, other revenues and cost of sales were reclassified between the International OTC Healthcare segment and the North American OTC Healthcare segment. There were no changes to the consolidated financial statements for any periods presented.

Contribution margin is a non-GAAP financial measure that we use and is useful to investors as a primary measure for period to period comparisons of results, to evaluate our segment performance and compare our performance to that of our competitors. It is defined as gross profit less advertising and promotional expenses. Contribution margin increased $18.5 million, or 7.0%, during the nine months ended December 31, 2016 versus the nine months ended December 31, 2015. This increase was primarily related to the increase in gross profit in the North American OTC Healthcare segment.

North American OTC Healthcare Segment

Contribution margin for the North American OTC Healthcare segment increased $16.7 million, or 7.2%, during the nine months ended December 31, 2016 versus the nine months ended December 31, 2015. The contribution margin increase was primarily the result of higher sales volumes and gross profit attributable to the acquisition of *DenTek*. As a percentage of North American OTC Healthcare revenues, contribution margin remained relatively consistent at 47.4% during the nine months ended December 31, 2016 from 47.3% during the nine months ended December 31, 2015.

International OTC Healthcare Segment

Contribution margin for the International OTC Healthcare segment increased $3.9 million, or 21.0%, during the nine months ended December 31, 2016 versus the nine months ended December 31, 2015. The contribution margin increase was primarily the result of higher sales volumes and gross profit attributable to the acquisition of *DenTek*. As a percentage of International OTC Healthcare revenues, contribution margin remained relatively consistent at 42.4% during the nine months ended December 31, 2016 from 42.9% during the nine months ended December 31, 2015.

Household Cleaning Segment

Contribution margin for the Household Cleaning segment decreased $2.1 million, or 13.3%, during the nine months ended December 31, 2016 versus the nine months ended December 31, 2015. As a percentage of Household Cleaning revenues, contribution margin decreased to 20.4% during the nine months ended December 31, 2016 from 23.0% during the nine months ended December 31, 2015. The contribution margin decrease as a percentage of revenues was primarily due to the gross profit decrease as a percentage of revenues in the Household Cleaning segment discussed above.

General and Administrative

General and administrative expenses were $60.4 million for the nine months ended December 31, 2016 versus $52.2 million for the nine months ended December 31, 2015. The increase in general and administrative expenses was primarily due to an increase in compensation, professional fees, acquisition and integration costs associated with the acquisitions of *DenTek* and *Fleet*, and the costs associated with the sales of *Pediacare*, *Fiber Choice*, *New Skin*, *Dermoplast* and *e.p.t.*

Depreciation and Amortization

Depreciation and amortization expense was $18.7 million and $17.5 million for the nine months ended December 31, 2016 and 2015, respectively. The increase in depreciation and amortization expense was primarily due to higher intangible asset amortization during 2017 related to the intangible assets acquired as a result of the *DenTek* acquisition, partially offset by a reduction in amortization related to divested brands.

(Gain)/Loss on Divestitures

We recorded a pre-tax net loss on divestitures of $51.6 million for the nine months ended December 31, 2016, which relates to several separate transactions. In July 2016, the Company completed the sale of *Pediacare*, *New Skin* and *Fiber Choice*, which

were non-core OTC brands and were reported under the North American OTC Healthcare segment in the Cough & Cold, Dermatologicals and Gastrointestinal product groups, respectively. Included in the pre-tax net loss above is a pre-tax gain of $1.2 million on the sale of a royalty license for our *Comet* brand in certain geographic areas as further discussed in Note 8. Furthermore, also included in the pre-tax net loss above is a pre-tax net gain on divestitures of $3.4 million for the three months ended December 31, 2016, which relates primarily to sales of *e.p.t* and *Dermoplast*. Both *e.p.t* and *Dermoplast* were non-core OTC brands reported under the North American OTC Healthcare segment. *e.p.t* was included in the Women's Health product group, while *Dermoplast* was included in the Dermatologicals product group.

Interest Expense

Net interest expense was $60.7 million during the nine months ended December 31, 2016 versus $62.1 million during the nine months ended December 31, 2015. The decrease in net interest expense was primarily attributable to the lower interest rate on our 2016 Senior Notes compared to our 2012 Senior Notes. The 2016 Senior Notes were issued in February 2016 in connection with the acquisition of *DenTek* and the redemption of the 2012 Senior Notes. This decrease was largely offset by increased accelerated amortization of debt origination costs due to the higher repayments of our Term B-3 Loans in the current period. The average indebtedness remained consistent at $1.5 billion during the nine months ended December 31, 2016 and 2015. The average cost of borrowing remained consistent at 5.3% for the nine months ended December 31, 2016 and 2015.

Income Taxes

The provision for income taxes during the nine months ended December 31, 2016 was $33.7 million versus a provision for income taxes of $46.6 million during the nine months ended December 31, 2015. The effective tax rate during the nine months ended December 31, 2016 was 36.7% versus 35.2% during the nine months ended December 31, 2015. The increase in the effective tax rate for the nine months ended December 31, 2016 versus the nine months ended December 31, 2015 was primarily due to the impact of certain non-deductible items in the current year period related to the sale of rights for our *Comet* brand and the elimination of the lower tax basis in *e.p.t* and *Dermoplast* upon their sale. The estimated effective tax rate for the remaining quarter of the fiscal year ending March 31, 2017 is expected to be approximately 35.1%, excluding the impact of the recently completed Fleet acquisition and discrete items that may occur.

Liquidity and Capital Resources

Liquidity

Our primary source of cash comes from our cash flow from operations. In the past, we have supplemented this source of cash with various debt facilities, primarily in connection with acquisitions. We have financed our operations, and expect to continue to finance our operations over the next twelve months, with a combination of borrowings and funds generated from operations. Our principal uses of cash are for operating expenses, debt service, acquisitions, working capital and capital expenditures. Based on our current levels of operations and anticipated growth, excluding acquisitions, we believe that our cash generated from operations and our existing credit facilities will be adequate to finance our working capital and capital expenditures through the next twelve months, although no assurance can be given in this regard.

The following table summarizes our cash provided by (used in) operating activities, investing activities and financing activities as reported in our consolidated statements of cash flows in the accompanying Consolidated Financial Statements.

	Nine Months Ended December 31,	
(In thousands)	**2016**	**2015**
Cash provided by (used in):		
Operating Activities	$ 140,348	$ 136,451
Investing Activities	110,286	5,041
Financing Activities	(212,696)	(113,504)

Operating Activities

Net cash provided by operating activities was $140.3 million for the nine months ended December 31, 2016 compared to $136.5 million for the nine months ended December 31, 2015. The $3.9 million increase in net cash provided by operating activities was primarily due to a decrease in working capital of $23.2 million, partially offset by a decrease in net income of $27.7 million. The decrease in net income was primarily due to a loss on sale of assets associated with the sale of *Pediacare*, *New Skin* and *Fiber Choice*.

Working capital is defined as current assets (excluding cash and cash equivalents) minus current liabilities. Working capital decreased in the nine months ended December 31, 2016 compared to the nine months ended December 31, 2015 primarily as a

result of a decrease in the year-over-year change in prepaid expenses of $5.7 million and an increase in accounts receivable, inventory, accounts payable and accrued liabilities of $14.8 million, $9.5 million, $24.7 million and 17.1 million, respectively.

Investing Activities

Net cash provided by investing activities was $110.3 million for the nine months ended December 31, 2016 compared to $5.0 million for the nine months ended December 31, 2015. The change was primarily due to the proceeds of $110.7 million received in the current period from the sales of businesses.

Financing Activities

Net cash used in financing activities was $212.7 million for the nine months ended December 31, 2016 compared to $113.5 million for the nine months ended December 31, 2015. The change was primarily due to an increase in the term loan repayments of $80.5 million and repayments under the revolving credit agreement of $23.9 million year-over-year.

Capital Resources

2012 Term Loan and 2012 ABL Revolver:

On January 31, 2012, Prestige Brands, Inc. (the "Borrower") entered into a new senior secured credit facility, which consists of (i) a $660.0 million term loan facility (the “2012 Term Loan”) with a 7-year maturity and (ii) a $50.0 million asset-based revolving credit facility (the “2012 ABL Revolver”) with a 5-year maturity. In subsequent years, we have utilized portions of our accordion feature to increase the amount of our borrowing capacity under the 2012 ABL Revolver by $85.0 million to $135.0 million and reduced our borrowing rate on the 2012 ABL Revolver by 0.25% (discussed below). The 2012 Term Loan was issued with an original issue discount of 1.5% of the principal amount thereof, resulting in net proceeds to the Borrower of $650.1 million. In connection with these loan facilities, we incurred $20.6 million of costs, which were capitalized as deferred financing costs and are being amortized over the terms of the facilities. The 2012 Term Loan is unconditionally guaranteed by Prestige Brands Holdings, Inc. and certain of its domestic 100% owned subsidiaries, other than the Borrower. Each of these guarantees is joint and several. There are no significant restrictions on the ability of any of the guarantors to obtain funds from their subsidiaries or to make payments to the Borrower or the Company.

On February 21, 2013, we entered into Amendment No. 1 ("Term Loan Amendment No. 1") to the 2012 Term Loan. Term Loan Amendment No. 1 provided for the refinancing of all of the Borrower's existing Term B Loans with new Term B-1 Loans (the "Term B-1 Loans"). The interest rate on the Term B-1 Loans under Term Loan Amendment No. 1 was based, at the Borrower's option, on a LIBOR rate plus a margin of 2.75% per annum, with a LIBOR floor of 1.00%, or an alternate base rate, with a floor of 2.00%, plus a margin. The new Term B-1 Loans would have matured on the same date as the Term B Loans' original maturity date. In addition, Term Loan Amendment No. 1 provided the Borrower with certain additional capacity to prepay subordinated debt, the 2012 Senior Notes and certain other unsecured indebtedness permitted to be incurred under the credit agreement governing the 2012 Term Loan and 2012 ABL Revolver. In connection with Term Loan Amendment No. 1, during the fourth quarter ended March 31, 2013, we recognized a $1.4 million loss on the extinguishment of debt.

On September 3, 2014, we entered into Amendment No. 2 ("Term Loan Amendment No. 2") to the 2012 Term Loan. Term Loan Amendment No. 2 provided for (i) the creation of a new class of Term B-2 Loans under the 2012 Term Loan (the "Term B-2 Loans") in an aggregate principal amount of $720.0 million, (ii) increased flexibility under the credit agreement governing the 2012 Term Loan and 2012 ABL Revolver, including additional investment, restricted payment and debt incurrence flexibility and financial maintenance covenant relief, and (iii) an interest rate on (x) the Term B-1 Loans that was based, at our option, on a LIBOR rate plus a margin of 3.125% per annum, with a LIBOR floor of 1.00%, or an alternate base rate, with a floor of 2.00%, plus a margin, and (y) the Term B-2 Loans that was based, at our option, on a LIBOR rate plus a margin of 3.50% per annum, with a LIBOR floor of 1.00%, or an alternate base rate, with a floor of 2.00%, plus a margin (with a margin step-down to 3.25% per annum, based upon achievement of a specified secured net leverage ratio).

Also, on September 3, 2014, we entered into Amendment No. 3 ("ABL Amendment No. 3") to the 2012 ABL Revolver. ABL Amendment No. 3 provided for (i) a $40.0 million increase in revolving commitments under the 2012 ABL Revolver and (ii) increased flexibility under the credit agreement governing the 2012 Term Loan and 2012 ABL Revolver, including additional investment, restricted payment and debt incurrence flexibility. Borrowings under the 2012 ABL Revolver, as amended, bear interest at a rate per annum equal to an applicable margin, plus, at our option, either (i) a base rate determined by reference to the highest of (a) the Federal Funds rate plus 0.50%, (b) the prime rate of Citibank, N.A., and (c) the LIBOR rate determined by reference to the cost of funds for U.S. dollar deposits for an interest period of one month, adjusted for certain additional costs, plus 1.00% or (ii) a LIBOR rate determined by reference to the costs of funds for U.S. dollar deposits for the interest period relevant to such borrowing, adjusted for certain additional costs. The applicable margin for borrowings under the 2012 ABL Revolver may be increased to 2.00% or 2.25% for LIBOR borrowings and 1.00% or 1.25% for base-rate borrowings, depending on average excess availability under the 2012 ABL Revolver during the prior fiscal quarter. In addition to paying interest on outstanding

principal under the 2012 ABL Revolver, we are required to pay a commitment fee to the lenders under the 2012 ABL Revolver in respect of the unutilized commitments thereunder. The initial commitment fee rate is 0.50% per annum. The commitment fee rate will be reduced to 0.375% per annum at any time when the average daily unused commitments for the prior quarter is less than a percentage of total commitments by an amount set forth in the credit agreement covering the 2012 ABL Revolver. We may voluntarily repay outstanding loans under the 2012 ABL Revolver at any time without a premium or penalty.

On May 8, 2015, we entered into Amendment No. 3 ("Term Loan Amendment No. 3") to the 2012 Term Loan. Term Loan Amendment No. 3 provided for (i) the creation of a new class of Term B-3 Loans under the 2012 Term Loan (the "Term B-3 Loans") in an aggregate principal amount of $852.5 million, which combined the outstanding balances of the Term B-1 Loans of $207.5 million and the Term B-2 Loans of $645.0 million, and (ii) increased flexibility under the credit agreement governing the 2012 Term Loan and 2012 ABL Revolver, including additional investment, restricted payment, and debt incurrence flexibility and financial maintenance covenant relief. The maturity date of the Term B-3 Loans remains the same as the Term B-2 Loans' original maturity date of September 3, 2021.

The 2012 Term Loan, as amended, bears interest at a rate per annum equal to an applicable margin plus, at our option, either (i) a base rate determined by reference to the highest of (a) the Federal Funds rate plus 0.50%, (b) the prime rate of Citibank, N.A., (c) the LIBOR rate determined by reference to the cost of funds for U.S. dollar deposits for an interest period of one month, adjusted for certain additional costs, plus 1.00% and (d) a floor of 1.75% or (ii) a LIBOR rate determined by reference to the costs of funds for U.S. dollar deposits for the interest period relevant to such borrowing, adjusted for certain additional costs, with a floor of 0.75%. For the nine months ended December 31, 2016, the average interest rate on the 2012 Term Loan was 4.7%.

On June 9, 2015, we entered into Amendment No. 4 (“ABL Amendment No. 4”) to the 2012 ABL Revolver. ABL Amendment No. 4 provided for (i) a $35.0 million increase in the accordion feature under the 2012 ABL Revolver and (ii) increased flexibility under the credit agreement governing the 2012 Term Loan and 2012 ABL Revolver, including additional investment, restricted payment, and debt incurrence flexibility and financial maintenance covenant relief and (iii) extended the maturity date of the 2012 ABL Revolver to June 9, 2020, which is five years from the effective date of ABL Amendment No. 4. We may voluntarily repay outstanding loans under the 2012 ABL Revolver at any time without a premium or penalty. For the nine months ended December 31, 2016, the average interest rate on the amounts borrowed under the 2012 ABL Revolver was 2.7%.

In connection with the *DenTek* acquisition on February 5, 2016, we entered into Amendment No. 5 (“ABL Amendment No. 5”) to the 2012 ABL Revolver. ABL Amendment No. 5 temporarily suspended certain financial and related reporting covenants in the 2012 ABL Revolver until the earliest of (i) the date that was 60 calendar days following February 4, 2016, (ii) the date upon which certain of *DenTek*’s assets were included in the Company’s borrowing base under the 2012 ABL Revolver and (iii) the date upon which the Company received net proceeds from an offering of debt securities.

2013 Senior Notes:
On December 17, 2013, the Borrower issued $400.0 million of senior unsecured notes, with an interest rate of 5.375% and a maturity date of December 15, 2021 (the "2013 Senior Notes"). The Borrower may redeem some or all of the 2013 Senior Notes at redemption prices set forth in the indenture governing the 2013 Senior Notes. The 2013 Senior Notes are guaranteed by Prestige Brands Holdings, Inc. and certain of its 100% domestic owned subsidiaries, other than the Borrower. Each of these guarantees is joint and several. There are no significant restrictions on the ability of any of the guarantors to obtain funds from their subsidiaries or to make payments to the Borrower or the Company. In connection with the 2013 Senior Notes offering, we incurred $7.2 million of costs, which were capitalized as deferred financing costs and are being amortized over the term of the 2013 Senior Notes.

2016 Senior Notes:
On February 19, 2016, the Borrower completed the sale of $350.0 million aggregate principal amount of 2016 Senior Notes, pursuant to a purchase agreement, dated February 16, 2016, among the Borrower, the guarantors party thereto (the “Guarantors”) and the initial purchasers party thereto. The 2016 Senior Notes are guaranteed by Prestige Brands Holdings, Inc. and certain of its domestic 100% owned subsidiaries, other than the Borrower. Each of these guarantees is joint and several. There are no significant restrictions on the ability of any of the Guarantors to obtain funds from their subsidiaries or to make payments to the Borrower or the Company. In connection with the 2016 Senior Notes offering, we incurred $5.5 million of costs, which were capitalized as deferred financing costs and are being amortized over the term of the 2016 Senior Notes.

The 2016 Senior Notes were issued pursuant to an indenture, dated February 19, 2016 (the “Indenture”). The Indenture provides, among other things, that interest will be payable on the 2016 Senior Notes on March 1 and September 1 of each year, beginning on September 1, 2016, until their maturity date of March 1, 2024. The 2016 Senior Notes are senior unsecured obligations of the Borrower.

Redemptions and Restrictions:
At any time prior to December 15, 2016, we had the option to redeem the 2013 Senior Notes in whole or in part at a redemption price equal to 100% of the principal amount of notes redeemed, plus an applicable "make-whole premium" calculated as set forth in the indenture governing the 2013 Senior Notes, together with accrued and unpaid interest, if any, to the date of redemption. On or after December 15, 2016, we have the option to redeem some or all of the 2013 Senior Notes at redemption prices set forth in the indenture governing the 2013 Senior Notes. In addition, at any time prior to December 15, 2016, we had the option to redeem up to 35% of the aggregate principal amount of the 2013 Senior Notes at a redemption price equal to 105.375% of the principal amount thereof, plus accrued and unpaid interest, if any, to the redemption date, with the net cash proceeds of certain equity offerings, provided that certain conditions were met. Subject to certain limitations, in the event of a change of control, as defined in the indenture governing the 2013 Senior Notes, the Borrower will be required to make an offer to purchase the 2013 Senior Notes at a price equal to 101% of the aggregate principal amount of the 2013 Senior Notes repurchased, plus accrued and unpaid interest, if any, to the date of repurchase.

The Borrower has the option to redeem all or a portion of the 2016 Senior Notes at any time on or after March 1, 2019 at the redemption prices set forth in the Indenture, plus accrued and unpaid interest, if any. The Borrower may also redeem all or any portion of the 2016 Senior Notes at any time prior to March 1, 2019, at a price equal to 100% of the aggregate principal amount of the notes redeemed, plus an applicable "make-whole premium" calculated as set forth in the Indenture, and accrued and unpaid interest, if any, to the date of redemption. In addition, before March 1, 2019, the Borrower may redeem up to 40% of the aggregate principal amount of the 2016 Senior Notes with the net proceeds of certain equity offerings at the redemption price set forth in the Indenture, provided that certain conditions are met. Subject to certain limitations, in the event of a change of control, as defined in the Indenture, the Borrower will be required to make an offer to purchase the 2016 Senior Notes at a price equal to 101% of the aggregate principal amount of the notes repurchased, plus accrued and unpaid interest, if any, to the date of repurchase.

As of December 31, 2016, we had an aggregate of $1,437.0 million of outstanding indebtedness, which consisted of the following:

- $400.0 million of 5.375% 2013 Senior Notes due 2021;
- $350.0 million of 6.375% 2016 Senior Notes due 2024;
- $687.0 million of borrowings under the Term B-3 Loans; and
- $0.0 million of borrowings under the 2012 ABL Revolver.

As of December 31, 2016, we had $135.0 million of borrowing capacity under the 2012 ABL Revolver.

As we deem appropriate, we may from time to time utilize derivative financial instruments to mitigate the impact of changing interest rates associated with our long-term debt obligations or other derivative financial instruments. While we have utilized derivative financial instruments in the past, we did not have any significant derivative financial instruments outstanding at either December 31, 2016 or March 31, 2016 or during any of the periods presented. We have not entered into derivative financial instruments for trading purposes; all of our derivatives were over-the-counter instruments with liquid markets.

Our debt facilities contain various financial covenants, including provisions that require us to maintain certain leverage, interest coverage and fixed charge ratios. The credit agreement governing the 2012 Term Loan and the 2012 ABL Revolver and the indentures governing the 2013 Senior Notes and 2016 Senior Notes contain provisions that accelerate our indebtedness on certain changes in control and restrict us from undertaking specified corporate actions, including asset dispositions, acquisitions, payment of dividends and other specified payments, repurchasing our equity securities in the public markets, incurrence of indebtedness, creation of liens, making loans and investments and transactions with affiliates. Specifically, we must:

- Have a leverage ratio of less than 6.25 to 1.0 for the quarter ended December 31, 2016 (defined as, with certain adjustments, the ratio of our consolidated total net debt as of the last day of the fiscal quarter to our trailing twelve month consolidated net income before interest, taxes, depreciation, amortization, non-cash charges and certain other items (“EBITDA”)). Our leverage ratio requirement decreases over time to 3.75 to 1.0 for the quarter ending March 31, 2019 and remains level thereafter;

- Have an interest coverage ratio of greater than 2.75 to 1.0 for the quarter ended December 31, 2016 (defined as, with certain adjustments, the ratio of our consolidated EBITDA to our trailing twelve month consolidated cash interest expense). Our interest coverage requirement increases over time to 3.50 to 1.0 for the quarter ending March 31, 2018 and remains level thereafter; and

- Have a fixed charge ratio of greater than 1.0 to 1.0 for the quarter ended December 31, 2016 (defined as, with certain adjustments, the ratio of our consolidated EBITDA minus capital expenditures to our trailing twelve month consolidated

interest paid, taxes paid and other specified payments). Our fixed charge requirement remains level throughout the term of the agreement.

At December 31, 2016, we were in compliance with the applicable financial and restrictive covenants under the 2012 Term Loan and the 2012 ABL Revolver and the indentures governing the 2013 Senior Notes and the 2016 Senior Notes. Additionally, management anticipates that in the normal course of operations, we will be in compliance with the financial and restrictive covenants during the remainder of 2017. During the years ended March 31, 2016, 2015 and 2014, we made voluntary principal payments against outstanding indebtedness of $60.0 million, $130.0 million and $157.5 million, respectively, under the 2012 Term Loan. Under Term Loan Amendment No. 2, we were required to make quarterly payments each equal to 0.25% of the original principal amount of the Term B-2 Loans, with the balance expected to be due on the seventh anniversary of the closing date. However, since we entered into Term Loan Amendment No. 3, we are required to make quarterly payments each equal to 0.25% of the aggregate principal amount of $852.5 million. Since we have previously made optional payments that exceeded a significant portion of our required quarterly payments, we will not be required to make another payment until the fiscal year ending March 31, 2021.

On December 22, 2016 we announced that we entered into a definitive agreement to acquire C.B. Fleet TopCo, LLC ("Fleet") for $825.0 million plus cash on hand at closing and was subject to adjustment for the indebtedness, transaction expenses and working capital of Fleet and its subsidiaries. We completed the acquisition on January 26, 2017. The acquisition was funded by a combination of borrowings under our credit facilities, which were refinanced, and available cash on hand. In connection with the acquisition of Fleet, we refinanced our existing 2012 Term Loan and borrowed an incremental $740.0 million, borrowed $90.0 million on our existing ABL Revolver and further increased our borrowing capacity by $40.0 million to $175.0 million, subject to a borrowing base, which includes the value of the acquired Fleet assets.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements or financing activities with special-purpose entities.

Inflation

Inflationary factors such as increases in the costs of raw materials, packaging materials, purchased product and overhead may adversely affect our operating results and financial condition. Although we do not believe that inflation has had a material impact on our financial condition or results from operations for the three and nine months ended December 31, 2016, a high rate of inflation in the future could have a material adverse effect on our financial condition or results from operations. More volatility in crude oil prices may have an adverse impact on transportation costs, as well as certain petroleum based raw materials and packaging material. Although we make efforts to minimize the impact of inflationary factors, including raising prices to our customers, a high rate of pricing volatility associated with crude oil supplies or other raw materials used in our products may have an adverse effect on our operating results.

Critical Accounting Policies and Estimates

Our significant accounting policies are described in the notes to the unaudited Consolidated Financial Statements included elsewhere in this Quarterly Report on Form 10-Q, as well as in our Annual Report on Form 10-K for the fiscal year ended March 31, 2016. While all significant accounting policies are important to our Consolidated Financial Statements, certain of these policies may be viewed as being critical. Such policies are those that are both most important to the portrayal of our financial condition and results of operations and require our most difficult, subjective and complex estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses, or the related disclosure of contingent assets and liabilities. These estimates are based on our historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results may differ materially from these estimates. Our most critical accounting policies are as follows:

Revenue Recognition

We recognize revenue when the following revenue recognition criteria are met: (i) persuasive evidence of an arrangement exists; (ii) the selling price is fixed or determinable; (iii) the product has been shipped and the customer takes ownership and assumes the risk of loss; and (iv) collection of the resulting receivable is reasonably assured. We have determined that these criteria are met and the transfer of risk of loss generally occurs when product is received by the customer, and accordingly we recognize revenue at that time. Provision is made for estimated discounts related to customer payment terms and estimated product returns at the time of sale based on our historical experience.

As is customary in the consumer products industry, we participate in the promotional programs of our customers to enhance the sale of our products. The cost of these promotional programs varies based on the actual number of units sold during a finite period of time. These promotional programs consist of direct-to-consumer incentives, such as coupons and temporary price reductions, as well as incentives to our customers, such as allowances for new distribution, including slotting fees, and cooperative advertising. Estimates of the costs of these promotional programs are based on (i) historical sales experience, (ii) the current promotional offering, (iii) forecasted data, (iv) current market conditions, and (v) communication with customer purchasing/marketing personnel. We recognize the cost of such sales incentives by recording an estimate of such cost as a reduction of revenue, at the later of (a) the date the related revenue is recognized, or (b) the date when a particular sales incentive is offered. At the completion of the promotional program, these estimated amounts are adjusted to actual amounts. Our related promotional expense for the fiscal year ended March 31, 2016 was $56.4 million. For the three and nine months ended December 31, 2016, our related promotional expense was $16.6 million and $47.5 million, respectively. We believe that the estimation methodologies employed, combined with the nature of the promotional campaigns, make the likelihood remote that our obligation would be misstated by a material amount. However, for illustrative purposes, had we underestimated the promotional program rate by 10% for the fiscal year ended March 31, 2016, our sales and operating income would have been reduced by approximately $5.6 million. Net income would have been adversely affected by approximately $3.6 million. Similarly, had we underestimated the promotional program rate by 10% for the three and nine months ended December 31, 2016, our sales and operating income would have been adversely affected by approximately $1.7 million and $4.8 million, respectively. Net income would have been adversely affected by approximately $1.1 million and $3.1 million, respectively, for the three and nine months ended December 31, 2016.

We also periodically run coupon programs in Sunday newspaper inserts, on our product websites, or as on-package instant redeemable coupons. We utilize a national clearing house to process coupons redeemed by customers. At the time a coupon is distributed, a provision is made based upon historical redemption rates for that particular product, information provided as a result of the clearing house's experience with coupons of similar dollar value, the length of time the coupon is valid, and the seasonality of the coupon drop, among other factors. For the fiscal year ended March 31, 2016, we had 395 coupon events. The amount recorded against revenues and accrued for these events during 2016 was $5.6 million. Cash settlement of coupon redemptions during 2016 was $3.5 million. During the three and nine months ended December 31, 2016, we had 140 and 411 coupon events, respectively. The amount recorded against revenue and accrued for these events during the three and nine months ended December 31, 2016 was $2.2 million and $5.9 million, respectively. Cash settlement of coupon redemptions during the three and nine months ended December 31, 2016 was $0.6 million and $3.1 million, respectively.

Allowances for Product Returns

Due to the nature of the consumer products industry, we are required to estimate future product returns. Accordingly, we record an estimate of product returns concurrent with recording sales. Such estimates are made after analyzing (i) historical return rates, (ii) current economic trends, (iii) changes in customer demand, (iv) product acceptance, (v) seasonality of our product offerings, and (vi) the impact of changes in product formulation, packaging and advertising.

We construct our returns analysis by looking at the previous year's return history for each brand. Subsequently, each month, we estimate our current return rate based upon an average of the previous twelve months' return rate and review that calculated rate for reasonableness, giving consideration to the other factors described above. Our historical return rate has been relatively stable; for example, for the years ended March 31, 2016, 2015 and 2014, returns represented 3.7%, 4.2% and 2.2%, respectively, of gross

sales. For the three and nine months ended December 31, 2016, product returns represented 3.3% and 4.0% of gross sales, respectively. At December 31, 2016 and March 31, 2016, the allowance for sales returns and cash discounts was $11.0 million and $10.7 million, respectively.

While we utilize the methodology described above to estimate product returns, actual results may differ materially from our estimates, causing our future financial results to be adversely affected. Among the factors that could cause a material change in the estimated return rate would be significant unexpected returns with respect to a product or products that comprise a significant portion of our revenues. Based on the methodology described above and our actual returns experience, management believes the likelihood of such an event remains remote. As noted, over the last three years our actual product return rate has stayed within a range of 2.2% to 4.2% of gross sales. However, a hypothetical increase of 0.1% in our estimated return rate as a percentage of gross sales would have adversely affected our reported sales and operating income for the fiscal year ended March 31, 2016 by approximately $0.9 million. Net income would have been reduced by approximately $0.6 million. A hypothetical increase of 0.1% in our estimated return rate as a percentage of gross sales for the three and nine months ended December 31, 2016 would have reduced our reported sales and operating income by approximately $0.2 million and $0.7 million, respectively. Net income would have been reduced by approximately $0.2 million and $0.5 million, respectively.

Lower of Cost or Market for Obsolete and Damaged Inventory

We value our inventory at the lower of cost or market value. Accordingly, we reduce our inventories for the diminution of value resulting from product obsolescence, damage or other issues affecting marketability, equal to the difference between the cost of the inventory and its estimated market value. Factors utilized in the determination of estimated market value include (i) current sales data and historical return rates, (ii) estimates of future demand, (iii) competitive pricing pressures, (iv) new product introductions, (v) product expiration dates, and (vi) component and packaging obsolescence.

Many of our products are subject to expiration dating. As a general rule, our customers will not accept goods with expiration dating of less than 12 months from the date of delivery. To monitor this risk, management utilizes a detailed compilation of inventory with expiration dating between zero and 15 months and reserves for 100% of the cost of any item with expiration dating of 12 months or less. Inventory obsolescence costs charged to operations were $2.6 million for the fiscal year ended March 31, 2016, while for the three and nine months ended December 31, 2016, we recorded obsolescence costs of $0.6 million and $2.0 million, respectively. A hypothetical increase of 1.0% in our allowance for obsolescence at March 31, 2016 would have reduced our reported operating income and net income for the fiscal year ended March 31, 2016 by less than $0.1 million. Similarly, a hypothetical increase of 1.0% in our obsolescence allowance for the three and nine months ended December 31, 2016 would have reduced each of our reported operating income and net income by less than $0.1 million.

Allowance for Doubtful Accounts

In the ordinary course of business, we grant non-interest bearing trade credit to our customers on normal credit terms. We maintain an allowance for doubtful accounts receivable, which is based upon our historical collection experience and expected collectability of the accounts receivable. In an effort to reduce our credit risk, we (i) establish credit limits for all of our customer relationships, (ii) perform ongoing credit evaluations of our customers' financial condition, (iii) monitor the payment history and aging of our customers' receivables, and (iv) monitor open orders against an individual customer's outstanding receivable balance.

We establish specific reserves for those accounts that file for bankruptcy, have no payment activity for 180 days, or have reported major negative changes to their financial condition. The allowance for bad debts amounted to 0.7% and 0.8% of accounts receivable at December 31, 2016 and March 31, 2016, respectively. Bad debt expense for the fiscal year ended March 31, 2016 was approximately $0.1 million, while during the three and nine months ended December 31, 2016, we recorded bad debt expense of less than $0.1 million.

While management believes that it is diligent in its evaluation of the adequacy of the allowance for doubtful accounts, an unexpected event, such as the bankruptcy filing of a major customer, could have an adverse effect on our future financial results. A hypothetical increase of 0.1% in our bad debt expense as a percentage of sales during the fiscal year ended March 31, 2016 would have resulted in a decrease in each of reported operating income and reported net income of less than $0.1 million. A hypothetical increase of 0.1% in our bad debt expense as a percentage of sales for the three months ended December 31, 2016 would have resulted in no change to reported operating income or reported net income. A hypothetical increase of 0.1% in our bad debt expense as a percentage of sales for the nine months ended December 31, 2016 would have resulted in a decrease in reported operating income and reported net income of less than $0.1 million.

Valuation of Intangible Assets and Goodwill

Goodwill and intangible assets amounted to $2,501.9 million and $2,682.9 million at December 31, 2016 and March 31, 2016, respectively. At December 31, 2016, goodwill and intangible assets were apportioned among our three operating segments as follows:

(In thousands)	**North American OTC Healthcare**	**International OTC Healthcare**	**Household Cleaning**	**Consolidated**
Goodwill	$ 318,014	$ 21,226	$ 6,245	$ 345,485
Intangible assets, net				
Indefinite-lived:				
Analgesics	308,204	1,946	—	310,150
Cough & Cold	138,946	18,089	—	157,035
Women's Health	532,300	1,585	—	533,885
Gastrointestinal	213,639	57,222	—	270,861
Eye & Ear Care	172,318	—	—	172,318
Dermatologicals	148,990	1,874	—	150,864
Oral Care	241,238	—	—	241,238
Household Cleaning	—	—	101,262	101,262
Total indefinite-lived intangible assets, net	1,755,635	80,716	101,262	1,937,613
Finite-lived:				
Analgesics	40,042	—	—	40,042
Cough & Cold	27,050	580	—	27,630
Women's Health	19,147	234	—	19,381
Gastrointestinal	8,675	190	—	8,865
Eye & Ear Care	27,234	—	—	27,234
Dermatologicals	21,447	—	—	21,447
Oral Care	38,787	—	—	38,787
Other OTC	14,009	—	—	14,009
Household Cleaning	—	—	21,370	21,370
Total finite-lived intangible assets, net	196,391	1,004	21,370	218,765
Total intangible assets, net	1,952,026	81,720	122,632	2,156,378
Total goodwill and intangible assets, net	$ 2,270,040	$ 102,946	$ 128,877	$ 2,501,863

At December 31, 2016, our highest valued brands were *Monistat, BC/Goody's, DenTek, Clear Eyes* and *Chloraseptic*, comprising approximately 59.3% of the intangible assets within the OTC Healthcare segments. The *Comet, Chore Boy, and Spic and Span* brands comprise substantially all of the intangible asset value within the Household Cleaning segment.

Goodwill and intangible assets comprise substantially all of our assets. Goodwill represents the excess of the purchase price over the fair value of assets acquired and liabilities assumed in a business combination. Intangible assets generally represent our trademarks, brand names and patents. When we acquire a brand, we are required to make judgments regarding the value assigned to the associated intangible assets, as well as their respective useful lives. Management considers many factors both prior to and after the acquisition of an intangible asset in determining the value, as well as the useful life, assigned to each intangible asset that we acquire or continue to own and promote.

The most significant factors are:

- ***Brand History***
  A brand that has been in existence for a long period of time (e.g., 25, 50 or 100 years) generally warrants a higher valuation and longer life (sometimes indefinite) than a brand that has been in existence for a very short period of time. A brand that has been in existence for an extended period of time generally has been the subject of considerable investment by its previous owner(s) to support product innovation and advertising and promotion.

- ***Market Position***
  Consumer products that rank number one or two in their respective market generally have greater name recognition and are known as quality product offerings, which warrant a higher valuation and longer life than products that lag in the marketplace.

- ***Recent and Projected Sales Growth***
  Recent sales results present a snapshot as to how the brand has performed in the most recent time periods and represent another factor in the determination of brand value. In addition, projected sales growth provides information about the strength and potential longevity of the brand. A brand that has both strong current and projected sales generally warrants a higher valuation and a longer life than a brand that has weak or declining sales. Similarly, consideration is given to the potential investment, in the form of advertising and promotion, that is required to reinvigorate a brand that has fallen from favor.

- ***History of and Potential for Product Extensions***
  Consideration is given to the product innovation that has occurred during the brand's history and the potential for continued product innovation that will determine the brand's future. Brands that can be continually enhanced by new product offerings generally warrant a higher valuation and longer life than a brand that has always “followed the leader”.

After consideration of the factors described above, as well as current economic conditions and changing consumer behavior, management prepares a determination of an intangible asset's value and useful life based on its analysis. Under accounting guidelines, goodwill is not amortized, but must be tested for impairment annually, or more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of the reporting unit below the carrying amount. In a similar manner, indefinite-lived assets are not amortized. They are also subject to an annual impairment test, or more frequently if events or changes in circumstances indicate that the asset may be impaired. Additionally, at each reporting period an evaluation must be made to determine whether events and circumstances continue to support an indefinite useful life. Intangible assets with finite lives are amortized over their respective estimated useful lives and must also be tested for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable and exceeds its fair value.

On an annual basis, during the fourth fiscal quarter, or more frequently if conditions indicate that the carrying value of the asset may not be recovered, management performs a review of both the values and, if applicable, useful lives assigned to goodwill and intangible assets and tests for impairment.

We report goodwill and indefinite-lived intangible assets in three reportable segments: North American OTC Healthcare, International OTC Healthcare and Household Cleaning. We identify our reporting units in accordance with the FASB ASC Subtopic 280. The carrying value and fair value for intangible assets and goodwill for a reporting unit are calculated based on the key assumptions and valuation methodologies previously discussed. As a result, any material changes to these assumptions could require us to record additional impairment in the future.

In the past, we have experienced declines in revenues and profitability of certain brands in the North American OTC Healthcare and Household Cleaning segments. Sustained or significant future declines in revenue, profitability, other adverse changes in expected operating results, and/or unfavorable changes in other economic factors used to estimate fair values of certain brands could indicate that fair value no longer exceeds carrying value, in which case a non-cash impairment charge may be recorded in future periods.

Goodwill

As of February 29, 2016, our annual impairment review date, and March 31, 2016, we had 15 reporting units with goodwill. As part of our annual test for impairment of goodwill, management estimates the discounted cash flows of each reporting unit to estimate their respective fair values. In performing this analysis, management considers current information and future events, such as competition, technological advances and reductions in advertising support for our trademarks and trade names, that could cause subsequent evaluations to utilize different assumptions. In the event that the carrying value of the reporting unit exceeds the fair value, management would then be required to allocate the estimated fair value of the assets and liabilities of the reporting

unit as if the unit was acquired in a business combination, thereby revaluing the carrying amount of goodwill. As of December 31, 2016, there have been no triggering events that would indicate potential impairment of goodwill, and no impairment charge was recorded during the nine months ended December 31, 2016.

Indefinite-Lived Intangible Assets

At each reporting period, management analyzes current events and circumstances to determine whether the indefinite life classification for a trademark or trade name continues to be valid. If circumstances warrant a change to a finite life, the carrying value of the intangible asset would then be amortized prospectively over the estimated remaining useful life.

Management tests the indefinite-lived intangible assets for impairment by comparing the carrying value of the intangible asset to its estimated fair value. Since quoted market prices are seldom available for trademarks and trade names such as ours, we utilize present value techniques to estimate fair value. Accordingly, management's projections are utilized to assimilate all of the facts, circumstances and expectations related to the trademark or trade name and estimate the cash flows over its useful life. In a manner similar to goodwill, future events, such as competition, technological advances and reductions in advertising support for our trademarks and trade names, could cause subsequent evaluations to utilize different assumptions. Once that analysis is completed, a discount rate is applied to the cash flows to estimate fair value. In connection with this analysis, management:

- Reviews period-to-period sales and profitability by brand;
- Analyzes industry trends and projects brand growth rates;
- Prepares annual sales forecasts;
- Evaluates advertising effectiveness;
- Analyzes gross margins;
- Reviews contractual benefits or limitations;
- Monitors competitors' advertising spend and product innovation;
- Prepares projections to measure brand viability over the estimated useful life of the intangible asset; and
- Considers the regulatory environment, as well as industry litigation.

Finite-Lived Intangible Assets

When events or changes in circumstances indicate the carrying value of the finite-lived intangible assets may not be recoverable, management performs a review similar to indefinite-lived intangible assets to ascertain the impact of events and circumstances on the estimated useful lives and carrying values of our trademarks and trade names.

If the analysis warrants a change in the estimated useful life of the intangible asset, management will reduce the estimated useful life and amortize the carrying value prospectively over the shorter remaining useful life. Management's projections are utilized to assimilate all of the facts, circumstances and expectations related to the trademark or trade name and estimate the cash flows over its useful life. Future events, such as competition, technological advances and reductions in advertising support for our trademarks and trade names, could cause subsequent evaluations to utilize different assumptions. In the event that the long-term projections indicate that the carrying value is in excess of the undiscounted cash flows expected to result from the use of the intangible assets, management is required to record an impairment charge. Once that analysis is completed, a discount rate is applied to the cash flows to estimate fair value. The impairment charge is measured as the excess of the carrying amount of the intangible asset over fair value, as calculated using the discounted cash flow analysis.

Although we experienced declines in revenues in certain other brands in the past, we continue to believe that the fair values of our remaining brands exceed their carrying values. However, sustained or significant future declines in revenue, profitability, lost distribution, other adverse changes in expected operating results, and/or unfavorable changes in other economic factors used to estimate fair value of certain brands could indicate that the fair value no longer exceeds carrying value, in which case a non-cash impairment charge may be recorded in future periods.

Impairment Analysis

During the fourth quarter of each fiscal year, we perform our annual impairment analysis. We utilized the discounted cash flow method to estimate the fair value of our reporting units as part of the goodwill impairment test and the excess earnings method to estimate the fair value of our individual indefinite-lived intangible assets. The discount rate utilized in the analyses, as well as future cash flows, may be influenced by factors such as changes in interest rates and rates of inflation. Additionally, should the related fair values of goodwill and intangible assets be adversely affected as a result of declining sales or margins caused by competition, changing consumer preferences, technological advances or reductions in advertising and promotional expenses, we may be required to record impairment charges in the future.

Stock-Based Compensation
The Compensation and Equity topic of the FASB ASC 718 requires us to measure the cost of services to be rendered based on the grant-date fair value of an equity award. Compensation expense is to be recognized over the period during which an employee is required to provide service in exchange for the award, generally referred to as the requisite service period. Information utilized in the determination of fair value includes the following:

- Type of instrument (i.e., restricted shares, stock options, warrants or performance shares);
- Strike price of the instrument;
- Market price of our common stock on the date of grant;
- Discount rates;
- Duration of the instrument; and
- Volatility of our common stock in the public market.

Additionally, management must estimate the expected attrition rate of the recipients to enable it to estimate the amount of non-cash compensation expense to be recorded in our financial statements. While management prepares various analyses to estimate the respective variables, a change in assumptions or market conditions, as well as changes in the anticipated attrition rates, could have a significant impact on the future amounts recorded as non-cash compensation expense. We recorded non-cash compensation expense of $6.3 million and $7.1 million for the nine months ended December 31, 2016 and 2015, respectively.

Loss Contingencies
Loss contingencies are recorded as liabilities when it is probable that a liability has been incurred and the amount of such loss is reasonably estimable. Contingent losses are often resolved over longer periods of time and involve many factors, including:

- Rules and regulations promulgated by regulatory agencies;
- Sufficiency of the evidence in support of our position;
- Anticipated costs to support our position; and
- Likelihood of a positive outcome.

Recently Issued Accounting Standards

In January 2017, the FASB issued Accounting Standards Update ("ASU") 2017-04, *Intangibles - Goodwill and Other (Topic 350)*. The amendments in this update simplify the test for goodwill impairment by eliminating Step 2 from the impairment test, which required the entity to perform procedures to determine the fair value at the impairment testing date of its assets and liabilities following the procedure that would be required in determining fair value of assets acquired and liabilities assumed in a business combination. The amendments in this update are effective for public companies for annual or any interim goodwill impairments tests in fiscal years beginning after December 15, 2019. We are evaluating the impact of adopting this guidance on our Consolidated Financial Statements.

In January 2017, the FASB issued ASU 2017-01, *Business Combinations (Topic 805); Clarifying the Definition of a Business*. The amendments in this update clarify the definition of a business to help companies evaluate whether transactions should be accounted for as acquisitions or disposals of assets or businesses. The amendments in this update are effective for public companies for annual periods beginning after December 15, 2017, including interim periods within those periods. We are evaluating the impact of adopting this guidance on our Consolidated Financial Statements.

In December 2016, the FASB issued ASU 2016-20, *Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers*. The amendments in this update affect narrow aspects of the guidance issued in ASU 2014-09, *Revenue from Contracts with Customers*. For public business entities, the amendments in this update are effective for annual reporting periods beginning after December 15, 2017, including interim reporting periods therein. We are evaluating the impact of adopting this guidance on our Consolidated Financial Statements.

In December 2016, the FASB issued ASU 2016-19, *Technical Corrections and Improvements*. The amendments in this update affect a wide variety of topics in the Accounting Standards Codification. For public business entities, the amendments in this update are effective for annual periods beginning after December 15, 2017, and interim periods in the annual periods beginning after December 15, 2018. The adoption of ASU 2016-19 is not expected to have a material impact on our Consolidated Financial Statements.

In October 2016, the FASB issued ASU 2016-16, *Intra-Entity Transfers of Assets Other Than Inventory.* The amendments in this update require recognition of the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. For public business entities, the amendments in this update are effective for annual reporting periods beginning

after December 15, 2017, including interim reporting periods within those annual reporting periods. The adoption of ASU 2016-16 is not expected to have a material impact on our Consolidated Financial Statements.

In August 2016, the FASB issued ASU 2016-15, *Classification of Certain Cash Receipts and Cash Payments*. The amendments in this update provide clarification and guidance on eight cash flow classification issues. For public business entities, the amendments in this update are effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. The adoption of ASU 2016-15 is not expected to have a material impact on our Consolidated Financial Statements.

In May 2016, the FASB issued ASU 2016-12, *Revenue from Contracts with Customers*. The amendments do not change the core principle of the guidance in FASB ASC 606 (discussed below). Rather, the amendments in this update affect only certain narrow aspects of FASB ASC 606. The effective date and transition requirements for the amendments in this update are the same as the effective date and transition requirements of ASU 2014-09 described below. We are evaluating the impact of adopting this guidance on our Consolidated Financial Statements.

In April 2016, the FASB issued ASU 2016-10, *Revenue from Contracts with Customers*. The amendments in this update clarify the implementation guidance on identifying performance obligations and licensing in FASB ASC 606. The effective date and transition requirements for the amendments in this update are the same as the effective date and transition requirements of ASU 2014-09 described below. We are evaluating the impact of adopting this guidance on our Consolidated Financial Statements.

In March 2016, the FASB issued ASU 2016-09, *Improvements to Employee Share-Based Payment Accounting*. The amendments in this update involve several aspects of accounting for share-based payment transactions, including income tax consequences, classification of awards, and classification on the statement of cash flows. For public business entities, the amendments in this update are effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods. We are evaluating the impact of adopting this guidance on our Consolidated Financial Statements.

In March 2016, the FASB issued ASU 2016-08, *Revenue from Contracts with Customers*. The amendments in this update clarify the implementation guidance on principals versus agent considerations in FASB ASC 606. The effective date and transition requirements for the amendments in this update are the same as the effective date and transition requirements of ASU 2014-09 described below. We are evaluating the impact of adopting this guidance on our Consolidated Financial Statements.

In February 2016, the FASB issued ASU 2016-02, *Leases.* The amendments in this update include a new FASB ASC Topic 842, which supersedes Topic 840. The core principle of Topic 842 is that a lessee should recognize the assets and liabilities that arise from leases. For public business entities, the amendments in this update are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early application is permitted for all entities as of the beginning of interim or annual reporting periods. We are evaluating the impact of adopting this guidance on our Consolidated Financial Statements.

In November 2015, the FASB issued ASU 2015-17, *Balance Sheet Classification of Deferred Taxes*. The amendments in this update require that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. The amendments in this update may be applied either prospectively to all deferred tax liabilities and assets or retrospectively to all periods presented. For public business entities, the amendments in this update are effective for financial statements issued for annual periods beginning after December 15, 2016, and interim periods within those annual periods. Early application is permitted for all entities as of the beginning of interim or annual reporting periods. We are evaluating the impact of adopting this guidance on our Consolidated Financial Statements.

In July 2015, the FASB issued ASU 2015-11, *Simplifying the Measurement of Inventory*. The amendments in this update more closely align the measurement of inventory in GAAP with the measurement of inventory in International Financial Reporting Standards, under which an entity should measure inventory at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. For public business entities, the amendments are effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. The adoption of ASU 2015-11 is not expected to have a material impact on our Consolidated Financial Statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers - Topic 606*, which supersedes the revenue recognition requirements in FASB ASC 605. The new guidance primarily states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. In August 2015, the FASB issued ASU 2015-14, which deferred the effective date of ASU 2014-09 from annual and interim periods beginning after December 15, 2016 to annual and interim periods beginning after December 15, 2017. Earlier application is permitted only as of annual reporting periods beginning after December 15, 2016,

including interim periods within that reporting period. We are evaluating the impact of adopting this guidance on our Consolidated Financial Statements.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 (the “PSLRA”), including, without limitation, information within Management's Discussion and Analysis of Financial Condition and Results of Operations. The following cautionary statements are being made pursuant to the provisions of the PSLRA and with the intention of obtaining the benefits of the “safe harbor” provisions of the PSLRA.

Forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q. Except as required under federal securities laws and the rules and regulations of the SEC, we do not intend to update any forward-looking statements to reflect events or circumstances arising after the date of this Quarterly Report on Form 10-Q, whether as a result of new information, future events or otherwise. As a result of these risks and uncertainties, readers are cautioned not to place undue reliance on forward-looking statements included in this Quarterly Report on Form 10-Q or that may be made elsewhere from time to time by, or on behalf of, us. All forward-looking statements attributable to us are expressly qualified by these cautionary statements.

These forward-looking statements generally can be identified by the use of words or phrases such as “believe,” “anticipate,” “expect,” “estimate,” “project,” "intend," "strategy," "goal," "future," "seek," "may," "should," "would," "will," or other similar words and phrases. Forward-looking statements are based on current expectations and assumptions that are subject to a number of risks and uncertainties that could cause actual results to differ materially from those anticipated, including, without limitation:

- The high level of competition in our industry and markets;
- Our inability to increase organic growth via new product introductions, line extensions, increased spending on advertising and promotional support, and other new sales and marketing strategies;
- Our inability to invest successfully in research and development;
- Our dependence on a limited number of customers for a large portion of our sales;
- Changes in inventory management practices by retailers;
- Our inability to grow our international sales;
- General economic conditions affecting sales of our products and their respective markets;
- Economic factors, such as increases in interest rates and currency exchange rate fluctuations;
- Business, regulatory and other conditions affecting retailers;
- Changing consumer trends, additional store brand competition or other pricing pressures which may cause us to lower our prices;
- Our dependence on third-party manufacturers to produce many of the products we sell;
- Price increases for raw materials, labor, energy and transportation costs, and for other input costs;
- Disruptions in our distribution center or manufacturing facility;
- Acquisitions, dispositions or other strategic transactions diverting managerial resources, the incurrence of additional liabilities or integration problems associated with such transactions;
- Actions of government agencies in connection with our products or regulatory matters governing our industry;
- Product liability claims, product recalls and related negative publicity;
- Our inability to protect our intellectual property rights;
- Our dependence on third parties for intellectual property relating to some of the products we sell;
- Our assets being comprised virtually entirely of goodwill and intangibles and possible changes in their value based on adverse operating results;
- Our dependence on key personnel;
- Shortages of supply of sourced goods or interruptions in the manufacturing of our products;
- The costs associated with any claims in litigation or arbitration and any adverse judgments rendered in such litigation or arbitration;
- Our level of indebtedness and possible inability to service our debt;
- Our ability to obtain additional financing; and
- The restrictions imposed by our financing agreements on our operations.

For more information, see “Risk Factors” contained in Part I, Item 1A., "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended March 31, 2016 and Part II, Item 1A of this Quarterly Report on Form 10-Q.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

We are exposed to changes in interest rates because our 2012 Term Loan and 2012 ABL Revolver are variable rate debt. Interest rate changes generally do not significantly affect the market value of the 2012 Term Loan and the 2012 ABL Revolver but do affect the amount of our interest payments and, therefore, our future earnings and cash flows, assuming other factors are held constant. At December 31, 2016, we had variable rate debt of approximately $687.0 million.

Holding other variables constant, including levels of indebtedness, a 1.0% increase in interest rates on our variable rate debt would have had an adverse impact on pre-tax earnings and cash flows for the three and nine months ended December 31, 2016 of approximately $1.8 million and $5.9 million, respectively.

Foreign Currency Exchange Rate Risk

During the three and nine months ended December 31, 2016, approximately 12.2% and 12.4%, respectively, of our revenues were denominated in currencies other than the U.S. Dollar. During the three and nine months ended December 31, 2015, approximately 11.2% and 11.6%, respectively, of our revenues were denominated in currencies other than the U.S. Dollar. As such, we are exposed to transactions that are sensitive to foreign currency exchange rates, including insignificant foreign currency forward exchange agreements. These transactions are primarily with respect to the Canadian and Australian Dollar.

We performed a sensitivity analysis with respect to exchange rates for the three and nine months ended December 31, 2016. Holding all other variables constant, and assuming a hypothetical 10.0% adverse change in foreign currency exchange rates, this analysis resulted in a less than 5.0% impact on pre-tax income of approximately $1.1 million for the three months ended December 31, 2016 and approximately $3.4 million for the nine months ended December 31, 2016. Excluding the pre-tax loss on the sale of assets of $51.6 million in the first three quarters of 2017, and holding all other variables constant, a hypothetical 10.0% adverse change in foreign currency exchange rates would have resulted in a less than 5.0% impact on pre-tax income for the nine months ended December 31, 2016.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company's management, with the participation of its Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures, as defined in Rule 13a–15(e) of the Securities Exchange Act of 1934 (the “Exchange Act”), as of December 31, 2016. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2016, the Company's disclosure controls and procedures were effective to ensure that information required to be disclosed by the Company in the reports the Company files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There have been no changes during the quarter ended December 31, 2016 in the Company's internal control over financial reporting, as defined in Rule 13a-15(f) of the Exchange Act, that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1A. RISK FACTORS

In addition to the risk factors set forth below and the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the risk factors discussed in Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended March 31, 2016, which could materially affect our business, financial condition or future results of operations. The risks described below and in our Annual Report on Form 10-K are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and results of operations. The information below amends, updates and should be read in conjunction with the risk factors and information disclosed in our Annual Report on Form 10-K for the year ended March 31, 2016.

Our annual and quarterly results from operations may fluctuate significantly and could fall below the expectations of securities analysts and investors due to a number of factors, many of which are beyond our control, resulting in a decline in the price of our securities.

Our annual and quarterly results from operations may fluctuate significantly because of numerous factors, including:

- The timing of when we make acquisitions or introduce new products;
- Our inability to increase the sales of our existing products and expand their distribution;
- The timing of the introduction or return to the market of competitive products and the introduction of store brand products;
- Inventory management resulting from consolidation among our customers;
- Adverse regulatory or market events in the United States or in our international markets;
- Changes in consumer preferences, spending habits and competitive conditions, including the effects of competitors' operational, promotional or expansion activities;
- Seasonality of our products;
- Fluctuations in commodity prices, product costs, utilities and energy costs, prevailing wage rates, insurance costs and other costs;
- The discontinuation and return of our products from retailers;
- Our ability to recruit, train and retain qualified employees, and the costs associated with those activities;
- Changes in advertising and promotional activities and expansion to new markets;
- Negative publicity relating to us and the products we sell;
- Litigation matters;
- Unanticipated increases in infrastructure costs;
- Impairment of goodwill or long-lived assets;
- Changes in interest rates; and
- Changes in accounting, tax, regulatory or other rules applicable to our business.

Our quarterly operating results and revenues may fluctuate as a result of any of these or other factors. Accordingly, results for any one quarter are not necessarily indicative of results to be expected for any other quarter or for any year, and revenues for any particular future period may decrease. In the future, operating results may fall below the expectations of securities analysts and investors. In that event, the market price of our outstanding securities could be adversely impacted.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

ISSUER PURCHASES OF EQUITY SECURITIES (a)

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs
October 1 to October 31, 2016	—	—	n/a	n/a
November 1 to November 30, 2016	780	$ 45.83	n/a	n/a
December 1 to December 31, 2016	—	—	n/a	n/a
Total	780		n/a	n/a

(a) These purchases were made pursuant to our 2005 Long-Term Equity Incentive Plan, which allows for the indirect purchase of shares through a net-settlement feature upon the vesting of shares in order to satisfy minimum statutory tax-withholding requirements.

ITEM 6. EXHIBITS

See Exhibit Index immediately following the signature page.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PRESTIGE BRANDS HOLDINGS, INC.

Date: February 2, 2017

By: **/s/ Christine Sacco**

Christine Sacco

Chief Financial Officer

(Principal Financial Officer and Duly Authorized Officer)

Exhibit Index

2.1	Agreement and Plan of Merger, dated as of December 22, 2016, by and among Medtech Products Inc., AETAGE LLC, C.B. Fleet TopCo, LLC and Gryphon Partners 3.5, L.P.
10.1	Executive Offer Letter dated as of November 14, 2016, by and between Prestige Brands Holdings, Inc. and William C. P'Pool.
31.1	Certification of Principal Executive Officer of Prestige Brands Holdings, Inc. pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.
31.2	Certification of Principal Financial Officer of Prestige Brands Holdings, Inc. pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.
32.1	Certification of Principal Executive Officer of Prestige Brands Holdings, Inc. pursuant to Rule 13a-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code.
32.2	Certification of Principal Financial Officer of Prestige Brands Holdings, Inc. pursuant to Rule 13a-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code.
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

* XBRL information is furnished and not filed for purposes of Section 11 and 12 of the Securities Act of 1933 and Section 18 of the Securities Exchange Act of 1934, and is not subject to liability under those sections, is not part of any registration statement, prospectus or other document to which it relates and is not incorporated or deemed to be incorporated by reference into any registration statement, prospectus or other document.

AGREEMENT AND PLAN OF MERGER

BY AND AMONG

MEDTECH PRODUCTS, INC.,

AETAGE LLC,

C.B. FLEET TOPCO, LLC

AND

THE SELLERS' REPRESENTATIVE

DATED AS OF DECEMBER 21, 2016

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AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER (this "Agreement") is made and entered into as of December 21, 2016, by and among Medtech Products, Inc., a Delaware corporation ("Purchaser"), AETAGE LLC, a Delaware limited liability company and a direct wholly-owned subsidiary of Purchaser ("Merger Sub"), C.B. Fleet TopCo, LLC, a Delaware limited liability company (the "Company"), and Gryphon Partners 3.5, L.P., a Delaware limited partnership, solely in its capacity as the Sellers' Representative (as defined below). Purchaser, Merger Sub, the Company and the Sellers' Representative are sometimes referred to herein each individually as a "party" or "party hereto" and collectively as the "parties" or "parties hereto." Capitalized terms used in this Agreement and not otherwise defined shall have the respective meanings given to such terms in Article 1.

WHEREAS, the board of managers of the Company (the "Company Board"), subject to the terms and conditions set forth herein, has (i) declared the advisability of this Agreement and approved and adopted this Agreement, and (ii) resolved to recommend and recommended approval and adoption of this Agreement by all of the Company Unitholders entitled to approve and adopt this Agreement;

WHEREAS, the board of managers of Merger Sub has (i) declared the advisability of this Agreement and (ii) approved and adopted this Agreement;

WHEREAS, Purchaser has adopted this Agreement in its capacity as the sole member of Merger Sub;

WHEREAS, the Company Board and the board of managers of Merger Sub have approved the merger of Merger Sub with and into the Company, with the Company as the surviving limited liability company (the "Surviving Company"), upon the terms and subject to the conditions set forth in this Agreement and the applicable provisions of the Delaware Limited Liability Company Act, as amended ("DLLCA"), whereby each issued and outstanding Company Unit shall be converted into the right to receive a portion of the Final Merger Consideration upon the terms and subject to the conditions set forth herein and based upon the applicable liquidation preferences and other rights, preferences and privileges of such class of the Company Units as set forth in the Company's Amended and Restated Limited Liability Company Agreement, dated as of October 24, 2014 (the "Company LLC Agreement");

WHEREAS, promptly following the execution of this Agreement, but in any event within one (1) Business Day following the execution of this Agreement, the Company shall obtain, in accordance with Section 18-209 of the DLLCA, and deliver to Purchaser a written consent of the requisite Company Unitholders constituting a majority of the Company Unitholders entitled to approve the Merger, approving this Agreement, the Merger and the other transactions contemplated hereby in accordance with the DLLCA and the Company LLC Agreement (the "Written Consent"); and

WHEREAS, the Company, Merger Sub and Purchaser desire to make certain representations, warranties, covenants and agreements in connection with the Merger, and also to

prescribe various conditions to the Merger, as set forth in, and subject to the provisions of, this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE 1

DEFINITIONS

1.1 Definitions. As used in this Agreement, the following terms have the meanings set forth below.

"Accounting Principles" shall have the meaning set forth on the Working Capital Schedule.

"Acquisition Proposal" means any proposal relating to a possible (i) sale, lease or other disposition, directly or indirectly, by merger, consolidation, share exchange or otherwise, of a material portion of the assets of any member of the Company Group, (ii) issuance, sale or other disposition of (including by way of merger, consolidation, share exchange or any similar transaction) a material portion of the equity securities (or options, rights or warrants to purchase or securities convertible into, such equity securities) of any member of the Company Group, (iii) liquidation, dissolution, or other similar type of transaction with respect to any member of the Company Group, or (iv) transaction which is similar in form, substance or purpose to any of the foregoing transactions; provided, however, that the term "Acquisition Proposal" shall not include the transactions contemplated hereby.

"Action" means any claim, action, cause of action, demand, lawsuit, arbitration, inquiry, audit, notice of violation, proceeding, litigation, citation, summons, subpoena or investigation of any nature, civil, criminal, administrative, regulatory or otherwise, whether at law or in equity.

"Adjustment Escrow Amount" means cash in the amount of One Million Five Hundred Thousand Dollars ($1,500,000).

"Adjustment Escrow Fund" means the Adjustment Escrow Amount deposited into escrow pursuant to the Escrow Agreement.

"Advisory Agreement" means that certain Advisory Agreement, dated as of October 24, 2014, by and among Gryphon Advisors, LLC, the Company, C.B. Fleet Holdco, LLC, C.B. Fleet, LLC, and C.B. Fleet Company, Incorporated.

"Affiliate" of any particular Person means any other Person controlling, controlled by or under common control with such Person, where "control" means the possession, directly or

indirectly, of the power to direct the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"Affiliated Group" means an affiliated group as defined in Section 1504 of the Code (or any analogous combined, consolidated or unitary group defined under income Tax Law) of which any member of the Company Group is or has been a member.

"Aggregate Initial Consideration" means (i) Eight Hundred Twenty-Five Million Dollars ($825,000,000), plus (ii) the aggregate amount of Estimated Cash, as determined pursuant to Section 2.10(a), minus (iii) the aggregate amount of Estimated Indebtedness, as determined pursuant to Section 2.10(a), minus (iv) the aggregate amount of Estimated Sellers' Transaction Expenses, as determined pursuant to Section 2.10(a), minus (v) the Adjustment Escrow Amount, minus (vi) the Indemnity Escrow Amount, minus (vii) the amount, if any, by which Estimated Working Capital, as determined pursuant to Section 2.10(a), is less than Target Working Capital (a "Downward Closing Working Capital Adjustment"), plus (viii) the amount, if any, by which Estimated Working Capital, as determined pursuant to Section 2.10(a), is greater than Target Working Capital (an "Upward Closing Working Capital Adjustment"), minus (ix) the Sellers' Representative Expense Fund.

"Alternative Financing" means any alternative financing arranged by Purchaser or Merger Sub in lieu of the Financing (whether or not contemplated by the Debt Commitment Letter) or any portion thereof in an amount sufficient to permit Purchaser and Merger Sub to consummate the transactions contemplated by this Agreement and in accordance with the requirements of Section 4.9.

"Applicable Law" means, with respect to any Person, any Law that is binding upon or applicable to such Person or such Person's business, assets or other properties.

"Business" means the business of the Company Group as currently conducted of manufacturing, marketing, distributing and selling consumer health and beauty products and related products and services.

"Business Day" means any day other than a Saturday or Sunday or any other day on which commercial banks in San Francisco, California or New York, New York are authorized or required by Law to close.

"Cash" means all cash, cash equivalents and marketable securities, net of issued but uncleared checks and net of overdrafts, in each case determined in accordance with GAAP.

"Code" means the Internal Revenue Code of 1986, as amended.

"Company Group" means the Company and each of its direct and indirect Subsidiaries.

"Company Unitholder" means any Person that holds any Company Units.

"Company Units" means all of the issued and outstanding Class A Units and Class B Units of the Company, in each case as further described in and subject to the respective rights, preferences and privileges applicable to such Company Units in the Company LLC Agreement.

"Compliant" means, with respect to the Required Financial Information, that such Required Financial Information does not contain any untrue statement of a material fact or omit to state any material fact, in each case, with respect to the Company or the Company's Subsidiaries, necessary in order to make such Required Financial Information, in light of the circumstances under which the statements contained in the Required Financial Information are made, not misleading.

"Debt Financing Sources" means the banks, financial institutions, and other institutional investors who will provide debt financing pursuant to the Debt Commitment Letter or any Alternative Financing to any of Purchaser or its Affiliates in connection with the transactions contemplated hereby, and each of their respective Affiliates and former, current or future general or limited partners, shareholders, managers, members, directors, officers, employees, agents and representatives.

"Dietary Supplement" has the meaning given such term under the FD&C Act.

"Distribution Waterfall" is defined in, and shall be calculated in accordance with, the "Distribution Waterfall" attached hereto as Exhibit A, which may be updated as necessary by the Company prior to the Closing in any manner not adverse in any respect to Purchaser or Merger Sub.

"Drug" has the meaning given such term under the FD&C Act.

"Employee Plan" means (i) any "employee benefit plan" as defined in Section 3(3) of ERISA, whether or not subject to ERISA (ii) any severance, termination protection, change in control, transaction bonus, retention, bonus, profit-sharing, deferred compensation, equity or equity-based incentive plan, program, policy, agreement or arrangement or (iii) other material vacation, retirement, welfare, post-employment welfare, relocation or expatriate benefits, employee assistance program, supplemental unemployment or other material benefit plan, program, policy, agreement or arrangement, in each case that is sponsored, maintained, administered, contributed to, required to be contributed to or entered into by the Company Group for the current or future benefit of any current or former Service Provider or under which the Company Group may have any liability.

"Environmental Laws" means all Laws concerning pollution or protection of the environment, in effect on or prior to the Closing Date.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" means any entity which, together with any Person, is considered a single employer within the meaning of Section 414(b), (c), (m), or (o) of the Code.

"Escrow Agent" means Citibank, National Association.

"Escrow Agreement" means the escrow agreement in the form attached hereto as Exhibit B.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Existing Credit Agreement" has the meaning given such term in the Debt Commitment Letter in effect as of the date hereof.

"FDA" means the United States Food and Drug Administration.

"FDA Applications" means all investigational new drug applications, new drug applications, supplemental new drug applications, drug master files, abbreviated new drug applications, device premarketing applications, and all supplements or amendments thereto.

"FDA Registrations" means all establishment registrations, annual drug or device listings, as defined in 21 C.F.R. §§ 207, 807, and all supplements or amendments thereto.

"Final Merger Consideration" means an amount equal to the sum of (i) the Aggregate Initial Consideration, (ii) any payments required to be made to the Sellers' Representative for the benefit of the Company Unitholders pursuant to Section 2.10(d), (iii) the Adjustment Escrow Amount (less any payments required to be made to Purchaser pursuant to Section 2.10(d) or the Escrow Agreement), (iv) the Indemnity Escrow Amount (less any payments required to be made to Purchaser pursuant to Section 2.10(d), Article 9 or the Escrow Agreement), and (v) the Sellers' Representative Expense Fund (less any payments or other disbursements therefrom pursuant to Section 8.6).

"FTC" means the United States Federal Trade Commission.

"FTC Act" means the Federal Trade Commission Act, 15 U.S.C. §§ 41-58, as amended.

"GAAP" means United States generally accepted accounting principles, consistently applied.

"Governmental Authority" means any (i) United States, foreign, federal, state, provincial, municipal or local government, governmental or quasi-governmental authority of any nature, (ii) any body exercising or entitled to exercise any administrative, executive, judicial, legislative, police, standards, regulatory or taxing authority, or (iii) any agency, department, bureau, office, commission, authority, instrumentality, branch, official, subdivision, board, court, tribunal, judicial or arbitral body or other instrumentality or authority of any of the foregoing.

"Governmental Licenses" means all permits, licenses, franchises, orders, registrations, certificates, notifications, exemptions, classifications, memberships, accreditations, bonds, consents, orders, approvals and other authorizations, or any waivers of or exceptions to the foregoing, obtained from or issued by any Governmental Authority, including those listed on the "Governmental Licenses Schedule" attached hereto.

"Hazardous Substances" means any and all substances defined, listed or otherwise classified as pollutants, contaminants, hazardous wastes, hazardous substances, hazardous materials, extremely hazardous wastes or words of similar meaning or regulatory effect under any Environmental Laws due to their hazardous or toxic characteristics or because such substances may have a negative impact on human health or the environment, including petroleum and petroleum products, asbestos and asbestos-containing materials, polychlorinated biphenyls and radioactive materials.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder.

"Indebtedness" means, with respect to any Person at any date, without duplication: (i) all liabilities or obligations of such Person for borrowed money (principal and interest) (excluding any trade payables, accounts payable, and any other current liabilities to the extent included in the calculation of Working Capital as finally determined in accordance herewith); (ii) all liabilities or obligations of such Person evidenced by bonds, debentures, notes or other similar instruments; (iii) all obligations or liabilities of such Person in respect of letters of credit, performance bonds or similar instruments, in each case to the extent drawn; (iv) all obligations or liabilities of such Person issued or assumed as the deferred purchase price of any property or services or the acquisition of a business or portion thereof, whether contingent or otherwise, as obligor or otherwise (including any so-called "earn-out" or similar payments or obligations at the maximum amount payable in respect thereof but excluding any trade payables, accounts payable, and any other current liabilities to the extent included in the calculation of Working Capital as finally determined in accordance herewith); (v) all obligations or liabilities of such Person under leases required to be capitalized in accordance with the Accounting Principles as currently applied; (vi) all obligations or liabilities of such Person under swaps, hedges or similar instruments (as if the agreement or arrangement relating thereto were finally settled immediately prior to the Closing); (vii) all obligations or liabilities of such Person for underfunded employee pension benefit plans (qualified or non-qualified) (assuming, for this purpose, the termination of any such pension benefit plans promptly following the Closing), it being acknowledged and agreed that the aggregate amount of all such obligations and liabilities shall be deemed to be $19,200,000 for all purposes hereunder; (viii) with respect to any member of the Company Group, all obligations or liabilities of any such Person incurred or accrued in connection with any restructuring or similar non-recurring transaction occurring prior to the date of this Agreement, the aggregate amount of which shall be deemed to be $150,000 for all purposes hereunder; (ix) all material obligations or liabilities of such Person created or arising under any conditional sale or other title retention agreement with respect to acquired property; and (x) all obligations or liabilities of the types referred to in clauses (i) through (ix) of another Person secured by any Lien on any property or asset of, or guaranteed by, such first Person (whether or not such obligation is assumed by such first Person), in each case including any and all accrued interest and, fees, expenses, premiums, penalties, prepayment fees or breakage costs related to any of the foregoing or other amounts that are payable in connection with retirement or prepayment in respect of any of the foregoing (calculated in each case assuming the Closing has occurred on the Closing Date). For the avoidance of doubt and to avoid double-counting, any item included in the calculation of Working Capital (as finally determined in accordance herewith) shall be excluded to the extent thereof from the calculation of Indebtedness (as finally determined in accordance herewith), and

any item included in the calculation of Indebtedness (as finally determined in accordance herewith) shall be excluded to the extent thereof from the calculation of Working Capital (as finally determined in accordance herewith).

"Indemnity Escrow Amount" means cash in the amount of Four Million One Hundred Twenty-Five Thousand ($4,125,000).

"Indemnity Escrow Fund" means the Indemnity Escrow Amount deposited into escrow pursuant to the Escrow Agreement.

"International Plan" means any Employee Plan that is not a US Plan.

"Key Employee" means the Company Group employees identified on the "Key Employees Schedule."

"Knowledge" means (i) in the case of an individual, the actual knowledge of such individual after a due and reasonable inquiry, (ii) in the case of the Company and its Subsidiaries, the actual knowledge of Raymond Rizzo (the Company's Chief Executive Officer) and Jeffery A. Hayenga (the Company's Chief Financial Officer and Vice President), in each case after a due and reasonable inquiry, and (iii) in the case of any other Person that is not an individual, the actual knowledge of the chief executive officer and chief financial officer (or persons serving in similar capacities) of such Person, in each case after a due and reasonable inquiry.

"Law" means each provision of any domestic, foreign, transnational or federal, state, provincial, municipal or local law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement enacted, enforced, entered, adopted, promulgated or applied by a Governmental Authority.

"Leased Real Property" means all of the right, title and interest of the Company Group under all leases, subleases, licenses, concessions and other agreements (written or oral) other than bailment arrangements, pursuant to which the Company Group holds a leasehold or sub-leasehold estate in, or is granted the right to use or occupy, any land, buildings, improvements, fixtures or other interest in real property.

"Liens" means any mortgage, pledge, hypothecation, security interest, encumbrance, lien, easement or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof) or any filing or agreement to file a financing statement as debtor under the Uniform Commercial Code (or similar Law). A license of Proprietary Rights shall not be deemed to be a Lien.

"Losses" means losses, damages, liabilities, deficiencies, judgments, interest, awards, penalties, fines, costs or expenses of whatever kind, including reasonable attorneys' fees and the cost of investigation or enforcing any right to indemnification hereunder and the cost of pursuing any insurance providers or other third party indemnitors or contributors, in each case except to the extent arising out of the enforcement of this Agreement; provided, however, that

"Losses" shall not include any consequential damages that are not reasonably foreseeable or any punitive damages, except, in either case, to the extent actually awarded to a Governmental Authority or other third party.

"Marketing Period" means the first period of twenty (20) consecutive Business Days (it being understood and agreed that such twenty (20) consecutive Business Day period shall not commence until after January 2, 2017) after the date of this Agreement beginning on the first day on which (i) Purchaser shall have the Required Financial Information and during which period such information shall be Compliant and if the Company shall in good faith reasonably believe it has provided the Required Financial Information, it may deliver to Purchaser a written notice to that effect (stating when it believes it completed such delivery), in which case the Company shall be deemed to have complied with such obligation to provide the Required Financial Information on the date specified in such notice unless Purchaser in good faith reasonably believes the Company has not completed the delivery of the Required Financial Information and within two (2) Business Days after the delivery of such notice by the Company, delivers a written notice to the Company to that effect (stating with reasonable specificity which Required Financial Information the Company has not delivered) and (ii) the conditions set forth in Section 3.2 have been satisfied (other than those conditions that by their terms or nature are to be satisfied at the Closing) and nothing has occurred and no condition exists that would cause any of the other conditions set forth in Sections 3.2(a), 3.2(b) or 3.2(d) to fail to be satisfied, assuming that the Closing Date were to be scheduled for any time during such twenty (20) consecutive Business Day Period. Notwithstanding the foregoing, the "Marketing Period" shall not commence and shall be deemed not to have commenced (x) if prior to the completion of the Marketing Period, the Company's auditors shall have withdrawn any audit opinion contained in the Required Financial Information, in which case the Marketing Period shall not be deemed to commence unless and until a new unqualified audit opinion is issued with respect thereto by the Company's auditors or another independent public accounting firm reasonably acceptable to Purchaser (it being understood and agreed that any of the "Big Four" accounting firms are acceptable to Purchaser) or (y) if prior to the completion of the Marketing Period, the Company or any of its Subsidiaries issues a public written statement indicating its intent to restate any historical financial statements of the Company or that any such restatement is under consideration or may be a possibility, in which case the Marketing Period shall not be deemed to commence unless and until such restatement has been completed and the relevant financial statements have been amended or the Company has announced that it has concluded that no restatement shall be required in accordance with GAAP. Notwithstanding anything in this definition to the contrary, the Marketing Period shall end on any earlier date on which the proceeds of the Financing are obtained.

"Material Adverse Effect" means any event, circumstance, change, occurrence or effect (collectively, "Events") that, individually or in the aggregate, has had or would reasonably be expected to have a material and adverse effect upon (i) the assets, liabilities, condition (financial or otherwise) or operating results of the Company Group, taken as a whole, (ii) the ability of the Company to consummate the transactions contemplated by this Agreement; provided, that none of the following (either alone or in combination with any other Event) shall be deemed to constitute, and none of the following shall be taken into account in determining whether there has been, a Material Adverse Effect under the foregoing clause (i): any adverse Event arising from or relating to (A) general business, industry or economic conditions, including such conditions related to the

industry in which the Business operates, (B) any failure in and of itself by one or more members of the Company Group to meet, with respect to any period or periods, any projections or forecasts, estimates of earnings or revenues or business plan, (C) national or international political, regulatory or social conditions, including the engagement by the United States or any other country or group in hostilities, whether or not pursuant to the declaration of a national emergency or war, or the occurrence of any military or terrorist attack upon the United States or any other country, or any of their respective territories, possessions, or diplomatic or consular offices or upon any military installation, equipment or personnel of the United States or any other country or group, (D) changes in GAAP after the date hereof, (E) the taking of any action or omission to act expressly required by this Agreement and the other agreements contemplated hereby, (F) changes in Law after the date hereof, (G) changes or developments generally affecting financial, credit, securities or capital market conditions in the United States or any other country, (H) any "act of God," including natural disasters and earthquakes, or (I) the negotiation, execution, delivery, performance, consummation or announcement (not in breach of this Agreement or the Confidentiality Agreement) of this Agreement or the transactions contemplated by this Agreement; provided, further, that (1) any Event referred to in the foregoing clauses (A), (C), (D), (F), (G) and (H) may be taken into account in determining whether there has been a Material Adverse Effect under clause (i), to the extent that the Company Group, taken as a whole, is disproportionately affected or impacted thereby relative to other participants in the industry(ies) in which the Company Group operates and (2) any Event underlying any failure referred to in the foregoing clause (B) may be taken into account in determining whether there has been a Material Adverse Effect under clause (i), or (iii) financial, credit, securities or capital market conditions in the United States.

"Offering Documents" means prospectuses, private placement memoranda, offering memoranda, syndication memoranda, information memoranda and packages and rating agency, lender and investor presentations, in each case, to the extent the same are customary in connection with the Financing.

"Organizational Documents" means: (i) with respect to a corporation, the certificate or articles of incorporation and bylaws; (ii) with respect to any other entity, each charter, certificate or articles of formation/organization, articles or certificate of partnership, partnership agreement, joint venture agreement, operating agreement and similar document, as applicable, adopted or filed in connection with the creation, formation or organization of such entity; and (iii) any amendment to any of the foregoing.

"Permitted Liens" means (i) cashiers', landlords', mechanics', materialmens', carriers', workmens', repairmens', contractors' and warehousemens' Liens arising or incurred in the ordinary course of business consistent with past practice and for amounts which are not delinquent or are being contested in good faith and do not materially interfere with the continued use and operation of the assets and property to which they relate in the conduct of the Business and for which appropriate reserves have been established in accordance with GAAP, (ii) easements, covenants, conditions, rights-of-way, restrictions and other similar charges and encumbrances of record not materially interfering with the ordinary conduct of the Business or detracting from the use, occupancy, value or marketability of title of the assets subject thereto, (iii) statutory Liens for Taxes not yet due and payable or for Taxes that the taxpayer is contesting in good faith and for

which appropriate reserves have been established in accordance with GAAP, (iv) purchase money Liens securing rental payments under capital lease arrangements, (v) leases or service contracts to which a Person is a party, (vi) non-monetary Liens identified on title policies or preliminary title reports or other documents or writings included in the public records that do not materially interfere with the ordinary conduct of the Business or detract from the use, occupancy, value or marketability of title of the assets subject thereto, (vii) Applicable Laws or government orders, (viii) zoning, building codes or other land use Laws regulating the use or occupancy of any real property or the activities conducted thereon which are imposed by any Governmental Authority having jurisdiction over such real property that are not violated by the current use or occupancy of such real property or the operation of the Business as currently conducted thereon, (ix) Liens arising solely as a result of Purchaser's acts, including any Liens granted to any lender at the Closing in connection with any financing by Purchaser of the transactions contemplated hereby, (x) Liens that do not materially interfere with the continued use and operation of the assets and property to which they relate in the conduct of the Business, (xi) matters that would be disclosed on a survey of any Owned Real Property or Leased Real Property not materially interfering with the ordinary conduct of the Business or detracting from the use, occupancy, value or marketability of title of the assets subject thereto, and (xii) any other Liens set forth on the "Permitted Liens Schedule."

"Person" means any individual, sole proprietorship, partnership, joint venture, trust, unincorporated association, corporation, limited liability company, entity or Governmental Authority.

"Pre-Closing Tax Period" means all taxable periods ending on or before the Closing Date and the portion of any Straddle Period through the close of business on the Closing Date.

"Proprietary Rights" means (i) patents and patent applications; (ii) trademarks, and service marks, whether registered or not, trade names, together with all goodwill associated therewith, and trade dress, social media handles, websites, website content and internet domain names; (iii) copyrights; (iv) Trade Secrets; (v) computer software and databases and (vi) registrations and applications for any of the foregoing, all in any jurisdiction.

"R&W Policy" means the representations and warranties insurance policy issued by Euclid Transactional, LLC as the primary insurer, and AIG and QBE Specialty Insurance Company as excess insurers, to Purchaser.

"Representatives" means, with respect to any Person, such Person's directors, managers, officers, employees, investment bankers, attorneys, accountants and other agents, advisors, consultants or representatives.

"Required Financial Information" means (i) all customary financial information of the Company and its Subsidiaries that is required to permit Purchaser to prepare the pro forma consolidated balance sheet and related pro forma consolidated statement of income required to satisfy the condition set forth in paragraph 6 of Exhibit C to the Debt Commitment Letter as in effect on the date hereof and (ii) the audited and unaudited consolidated balance sheets of the Company and its Subsidiaries and related audited and unaudited consolidated statements of operations, stockholders' equity and cash flows of the Company and its Subsidiaries, in each case

required for Purchaser to comply with the condition set forth in paragraph 8 of Exhibit C to the Debt Commitment Letter as in effect on the date hereof.

"Restrictive Covenant Agreement" means a Non-solicitation Agreement in the form attached hereto as Exhibit G.

"Release" means any release, deposit, discharge, emission, leaking, leaching, spilling, seeping, migrating, injecting, pumping, pouring, emptying, escaping, dumping, disposing or other migration of Hazardous Substances in the environment.

"Securities Act" means the Securities Act of 1933, as amended from time to time.

"Sellers' Transaction Expenses" means the aggregate amount of all of the fees, costs and expenses of members of the Company Group incurred by or on behalf of any member of the Company Group in connection with the process of selling the Company or otherwise relating to the negotiation, preparation or execution of this Agreement or any documents or agreements contemplated hereby or the performance or consummation of the transactions contemplated hereby or thereby or relating to bonuses, including: (i) all attorneys', accountants', investment bankers' and other advisors' and consultants' fees, costs and expenses and all fees and expenses payable under the Advisory Agreement or paid to terminate the Advisory Agreement; (ii) all retention, change of control, transaction, "stay-around," severance or similar bonuses, compensation or payments paid or payable as a result of or in connection with the consummation of the transactions contemplated hereby, including the Merger (and the employer portion of any payroll, employment or similar Taxes associated with any of the foregoing payments); provided, however, that any of the foregoing paid or payable to any Service Provider as a result of the termination by the Company Group of such individual's employment or other services arrangement with the Company Group, or other action, taken at the request of Purchaser prior to, as of or after, the Closing shall not constitute "Sellers' Transaction Expenses" (collectively, the "Purchaser Allocated Expenses"); (iii) any fees and expenses incurred at or prior to the Closing that are associated with obtaining necessary or appropriate consents of any Governmental Authority; (iv) any fees or expenses associated with obtaining the release and termination of any Liens; and (v) the premium for the D&O Tail Policy. "Sellers' Transaction Expenses" includes the aggregate amount of payments set forth on the "Sellers' Transaction Expenses Schedule" attached hereto, which "Sellers' Transaction Expenses Schedule" shall (a) list each of the individual Service Providers to whom any amount included within "Sellers' Transaction Expenses" is due and payable (together with the amount due and payable to such individual) and (b) be updated by the Company prior to the Closing and delivered to Purchaser no less than three (3) Business Days prior to the Closing. For the avoidance of doubt and to avoid double-counting, any item included in the calculation of Working Capital as finally determined in accordance herewith shall be excluded to the extent thereof from the calculation of Sellers' Transaction Expenses as finally determined in accordance herewith, and any item included in the calculation of Sellers' Transaction Expenses shall be excluded to the extent thereof from the calculation of Working Capital as finally determined in accordance herewith.

"Service Provider" means any natural person who is a director, manager, officer, employee or individual independent contractor of a member of the Company Group.

"Straddle Period" means any taxable period that includes (but does not end on) the Closing Date.

"Subsidiary" means, with respect to any Person, any partnership, limited liability company, corporation or other business entity of which (i) if a corporation, a majority of the total voting power of shares of capital stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers, or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof, or (ii) if a partnership, limited liability company or other business entity, a majority of the partnership or other similar ownership interests thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more Subsidiaries of that Person or a combination thereof.

"Target Working Capital" is defined in the "Working Capital Schedule" attached hereto.

"Tax" means any foreign, federal, state or local income, gross receipts, franchise, estimated, alternative minimum, add-on minimum, sales, use, transfer, real property gains, registration, value added, excise, natural resources, severance, stamp, occupation, premium, windfall profit, environmental, real property, personal property, capital stock, social security, unemployment, disability, payroll, license, employee or other withholding tax or other taxes, including any interest, penalties or additions thereto.

"Tax Return" means any return, declaration, report, claim for refund, information return or other document (including any related or supporting schedule, statement or information) filed or required to be filed in connection with the determination, assessment or collection of any Tax of any party or the administration of any Laws, regulations or administrative requirements relating to any Tax.

"Trade Secrets" means all know-how, trade secrets and confidential or proprietary information, including inventions, discoveries, invention disclosures (whether or not patented or patentable) and unpatented technology or other information that is of value to the Business and has been maintained in confidence and subject to the standards required by Applicable Law to protect it as a trade secret by any member of the Company Group.

"Transaction Tax Deductions" means, without duplication, the aggregate amount of all Tax deductions related to (i) payments of any and all retention, change of control, transaction, "stay-around," severance or similar bonuses, compensation or payments paid or payable as a result of or in connection with the consummation of the transactions contemplated hereby, including the Merger (or included as a liability in Final Working Capital) regardless of when such payments are made; provided, however, that any Purchaser Allocated Expenses shall not constitute a Transaction Tax Deduction, (ii) all fees, expenses and interest (including amounts treated as interest for U.S. federal income Tax purposes), original issue discount, unamortized debt financing costs, breakage fees, tender premiums, consent fees, redemption, retirement or make-whole payments, defeasance in excess of par or similar payments incurred in respect of Indebtedness in connection with the Merger or included as a liability in Final Working Capital, (iii) Seller Transaction Expenses,

including, to the extent "more likely than not" deductible, any legal, accounting and investment banking fees, costs and expenses, and (iv) the payment of any employment Taxes with respect to the amounts set forth in the foregoing clause (i). The parties shall apply the safe harbor election set forth in Internal Revenue Service Revenue Procedure 2011-29 to determine the amount of any success-based fees for purposes of clause (iii) above.

"US Plan" means any Employee Plan that covers Service Providers located primarily within the United States.

"US Securities Laws" means the Securities Act, the 1934 Exchange Act and all other state and federal securities Laws, in each case as amended, and the rules and regulations promulgated thereunder.

"WARN Act" means the Worker Adjustment Retraining and Notification Act of 1988, as amended, or any similar Applicable Law.

"Working Capital" is defined in, and shall be calculated in accordance with the formula set forth on, the "Working Capital Schedule" attached hereto.

1.2 Cross-References. Each of the following terms shall have the meaning specified in the Section of this Agreement set forth opposite such term:

Term	Section
Accounting Arbitrator	2.10(c)(ii)
Actual Cash	2.10(b)
Actual Indebtedness	2.10(b)
Actual Sellers' Transaction Expenses	2.10(b)
Actual Working Capital	2.10(b)
Adjusted Aggregate Initial Consideration	2.10(d)(i)
Adjustment Escrow Shortfall	2.10(d)(i)(B)
Agreement	Preamble
Alternative Arrangements	9.8(a)
Antitrust Law	4.5(a)
Applicable Percentage	2.10(c)(iii)
Authorized Action	8.6(g)
Basket	9.5(a)
Cap	9.5(b)
Certificate of Merger	2.2
Claim Deadline	9.1
Closing	2.2
Closing Date	2.2
Collection Expenses	9.8(a)

Term	Section
Company	Preamble
Company Board	Recitals
Company Parties	10.15
Company Parties	10.15
Company Unitholder Indemnifiable Losses	9.4
Company Unitholder Indemnified Parties	9.3
Confidentiality Agreement	8.2
Convertible Securities	5.3
Covenant Survival Termination Date	10.1
D&O Beneficiary	8.7(a)
D&O Claim	8.7(a)
D&O Insurance	8.7(a)
D&O Tail Policy	8.7(b)
Deal Communications	8.6(f)
Debt Commitment Letter	6.7
Direct Claim	9.7(b)
Dispute Notice	2.10(c)(ii)
DLLCA	Recitals
Downward Closing Working Capital Adjustment	1.1
Effective Time	2.2
Estimated Cash	2.10(a)
Estimated Indebtedness	2.10(a)
Estimated Sellers' Transaction Expenses	2.10(a)
Estimated Working Capital	2.10(a)
Events	1.1
Existing Matter	4.7(a)
FD&C Act	5.24(b)
FDA Laws and Regulations	5.24(b)
Fee Letter	6.7
Final Cash	2.10(c)(i)
Final Indebtedness	2.10(c)(i)
Final Sellers' Transaction Expenses	2.10(c)(i)
Final Working Capital	2.10(c)(i)
Financial Statements	5.5
Financing	4.1(i)
Indemnifiable Losses	9.4
Indemnified Party	9.7
Indemnifying Party	9.7
Latest Balance Sheet	5.5(a)
Letter of Transmittal	2.7(b)
License-In	5.11(a)
License-Out	5.11(a)

Term	Section
Merger	2.1
Merger Sub	Preamble
Nonparty Affiliates	10.8
Owned Real Property	5.8(b)
party	Preamble
party hereto	Preamble
Paying Agent	2.7(a)
Payment Fund	2.7(a)
Payoff Letters	2.9
Personal Data	5.11(g)
Pre-Closing Tax Refund	8.8(g)
Privacy Requirements	5.11(g)
Privileged Deal Communications	8.6(f)
Purchaser	Preamble
Purchaser Allocated Payments	1.1
Purchaser Arrangements	4.8
Purchaser Indemnifiable Losses	9.4
Purchaser Indemnified Parties	9.2
Registered Proprietary Rights	5.11(a)
Related Party Agreements	3.2(g)
Releasors	10.15
Repaid Indebtedness	2.9
Schedule Update	4.7(a)
Sellers’ Counsel	8.6(f)
Sellers’ Representative	8.6(a)
Sellers’ Representative Expense Fund	8.6(e)
Solvent	6.8
Straddle Period	8.8(a)
Surviving Company	Recitals
Tax Benefit	9.8(b)
Tax Claim Notice	8.8(f)(i)
Tax Contest	8.8(f)(i)
Termination Date	7.1(d)
Third Party Claim	9.7(a)(i)
Top Customers	5.10(a)(i)
Top Suppliers	5.10(a)(ii)
Transaction Tax Benefit	8.8(g)
Upward Closing Working Capital Adjustment	1.1
Written Consent	Recitals

ARTICLE 2

THE MERGER

2.1 The Merger. At the Effective Time and subject to and upon the terms and conditions of this Agreement and the applicable provisions of the DLLCA and the Company LLC Agreement, Merger Sub shall be merged with and into the Company, the separate limited liability company existence of Merger Sub shall cease, and the Company shall continue as the Surviving Company and as a direct, wholly-owned Subsidiary of Purchaser (the "Merger").

2.2 The Closing and the Effective Time. The closing of the transactions contemplated by this Agreement (the "Closing") shall take place at the offices of Kirkland & Ellis LLP, 555 California Street, Suite 2700, San Francisco, California, on the second Business Day following the satisfaction or waiver of all conditions of the parties to consummate the transactions contemplated by this Agreement (other than the conditions with respect to actions the respective parties will take at the Closing itself, but subject to the satisfaction or waiver of those conditions at the Closing), or at such other place or on such other date as is mutually agreeable to Purchaser and the Sellers' Representative; provided, that notwithstanding the satisfaction or waiver of the conditions set forth in Article 3, if the Marketing Period has not ended at the time of the satisfaction or waiver of such conditions (other than those conditions that by their nature are to be satisfied or waived at the Closing), the Closing shall take place instead on the earlier to occur of (a) any Business Day during the Marketing Period to be specified by Purchaser to the Sellers' Representative on no less than three (3) Business Days' written notice to the Sellers' Representative and (b) one (1) Business Day following the last day of the Marketing Period, but in each case subject to the satisfaction or waiver of the conditions set forth in Article 3. The date of the Closing is referred to herein as the "Closing Date." On the Closing Date, and upon the terms and subject to the conditions of this Agreement, the parties shall cause the Merger to be consummated by filing the Certificate of Merger (the "Certificate of Merger") in substantially the form attached hereto as Exhibit C, with the Secretary of State of the State of Delaware, as required by, and executed in accordance with, the applicable provisions of the DLLCA (the time of such filing with the Secretary of State of the State of Delaware, or such later time as may be agreed upon in writing by Purchaser and the Company and specified in the Certificate of Merger, shall be referred to herein as the "Effective Time").

2.3 Effect of the Merger. At the Effective Time, the effect of the Merger shall be as provided in the applicable provisions of the DLLCA. Without limiting the generality of the foregoing, and subject thereto, at the Effective Time, except as otherwise agreed to pursuant to the terms of this Agreement, all of the property, rights, privileges, powers and franchises of the Company and Merger Sub shall vest in the Surviving Company, and all debts, liabilities and duties of the Company and Merger Sub shall become the debts, liabilities and duties of the Surviving Company.

2.4 Organizational Documents of the Surviving Company. At the Effective Time, by virtue of the Merger and without any action on the part of Merger Sub or the Company, (a) the limited liability company agreement of the Surviving Company shall be the limited liability company agreement of Merger Sub and (b) the certificate of formation of the Surviving Company shall be the certificate of formation of the Company, each as in effect immediately prior to the Effective Time until duly amended as provided therein or by Applicable Laws.

2.5 Managers and Officers of the Surviving Company. The manager(s) and officers of Merger Sub immediately prior to the Effective Time shall become the manager(s) and officers, respectively, of the Surviving Company immediately after the Effective Time, each to hold such office in accordance with the provisions of the limited liability company agreement of the Surviving Company.

2.6 Effect of the Merger on the Company Units and Merger Sub.

(a) Effect on the Company Units. At the Effective Time, by virtue of the Merger and without any action on the part of Merger Sub, the Company or the Company Unitholders, each class, series and subclass of Company Units issued and outstanding immediately prior to the Effective Time, upon the terms and subject to the conditions set forth in this Section 2.6, will be cancelled and extinguished and be converted automatically into the right to receive that portion of the Final Merger Consideration as set forth in this Section 2.6 and shall no longer be outstanding. Each class, series and subclass of Company Units then held by the Company or any other member of the Company Group (or held in the Company's treasury) shall be canceled and retired and shall cease to exist, and no consideration shall be delivered in exchange therefor.

(i) Each class, series and subclass of Company Units that is issued and outstanding immediately prior to the Effective Time shall be converted into the right to receive a portion of the Final Merger Consideration in accordance with the Distribution Waterfall.

(ii) For purposes of calculating the amount to be paid to each Company Unitholder at the Effective Time, the amounts described in this Section 2.6(a) shall be calculated assuming that the Final Merger Consideration is equal to the Aggregate Initial Consideration, and shall be adjusted following the Closing as set forth herein. The amount to be paid to each Company Unitholder for each class, series and subclass of Company Units held shall be rounded down to the nearest whole cent.

(iii) All classes, series and subclasses of Company Units, when cancelled, extinguished, and converted pursuant to this Section 2.6(a), shall no longer be outstanding and shall automatically be cancelled and retired, and each former holder thereof shall cease to have any rights with respect thereto, except the right to receive the consideration provided for in this Section 2.6(a).

(iv) No Company Unitholder shall have any rights to appraisal under Section 18-210 of the DLLCA or otherwise with respect to the Company Units held by such Company Unitholder as a result of the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby.

(b) Conversion of Merger Sub's Limited Liability Company Interests. At and as of the Effective Time, and without any further action on the part of Purchaser, Merger Sub, the Company or any Company Unitholder, each limited liability company interest of Merger Sub issued and outstanding immediately prior to such time shall be automatically and immediately converted into and exchanged for one (1) validly issued limited liability interest of the Surviving Company.

2.7 Mechanism of Payment; Letters of Transmittal.

(a) Not less than five (5) Business Days prior to the Effective Time, the Sellers' Representative, as the representative of the Company Unitholders, shall appoint a bank or trust company (which bank or trust company will be reasonably acceptable to Purchaser) to act as paying agent (the "Paying Agent") and the Sellers' Representative shall enter into a paying agent agreement with such Paying Agent (which paying agent agreement will be in form and substance reasonably acceptable to Purchaser) for the purpose of paying the Final Merger Consideration in accordance with the Distribution Waterfall. At or prior to the Effective Time, Purchaser or Merger Sub shall deliver, or Purchaser or Merger Sub shall otherwise cause to be delivered, by wire transfer of immediately available funds, to the Paying Agent, cash in an aggregate amount equal to the Aggregate Initial Consideration (the "Payment Fund"). The Payment Fund shall be used solely and exclusively for purposes of paying the consideration specified in Section 2.6 to the Company Unitholders and shall not be used to satisfy any other obligations of any member of the Company Group. The Paying Agent shall make the payments provided for in Section 2.6 out of the Payment Fund.

(b) If a Company Unitholder delivers a Letter of Transmittal in the form of Exhibit F hereto (a "Letter of Transmittal"), duly executed and completed in accordance with the instructions thereto, to the Company prior to the Closing, a copy of which the Company shall promptly thereafter deliver to Purchaser, the Paying Agent shall pay, in accordance with the terms of this Agreement and the Paying Agent Agreement, from the Payment Fund to such Company Unitholder at the Closing cash in an amount set forth for such Company Unitholder in the Distribution Waterfall from the Payment Fund, which amount shall be paid by the Paying Agent by check or wire transfer in accordance with the instructions provided by such Company Unitholder. Following the Closing, upon delivery of a Letter of Transmittal to the Surviving Company, duly executed and completed in accordance with the instructions thereto, such Company Unitholder shall be entitled to receive from the Payment Fund, in accordance with the terms of this Agreement and the Paying Agent Agreement, as soon as practicable but in no event later than five (5) Business Days after such surrender, in exchange therefor, cash in an amount set forth for such Company Unitholder in the Distribution Waterfall, which amount shall be paid by the Paying Agent by check or wire transfer in accordance with the instructions provided by such Company Unitholder. No interest or dividends will be paid or accrued on the consideration payable from the Payment Fund upon the delivery of a Letter of Transmittal.

(c) Neither Purchaser nor the Surviving Company (or any of their respective Affiliates) shall be liable to a Company Unitholder or any other Person in respect of any cash delivered to a Governmental Authority pursuant to any applicable abandoned property, escheat or similar Law. If, with respect to any Company Unit, a Letter of Transmittal shall not have been delivered by the sixth anniversary of the Closing Date (or immediately prior to such earlier date on which any Final Merger Consideration, dividends (whether in cash, equity or property) or other distributions with respect to any Company Unit would otherwise escheat to or become the property of any Governmental Authority), any such amounts in respect of such Company Unit shall, to the extent permitted by Applicable Law, become the property of the Surviving Company, free and clear of all claims or interests of any Person previously entitled thereto.

2.8 No Further Ownership Rights in the Company Units. The portion of the Final Merger Consideration paid in respect of the surrender for exchange of any Company Unit in accordance with the terms hereof shall be deemed to be in full satisfaction of all rights pertaining to such Company Unit, and, upon the Effective Time, there shall be no further registration of transfers on the records of the Surviving Company of any Company Unit which was outstanding immediately prior to the Effective Time.

2.9 Repaid Indebtedness; Sellers' Transaction Expenses. It is contemplated by the parties that, upon the Closing, all Estimated Indebtedness for borrowed money of the Company Group that is listed on the "Repaid Indebtedness Schedule" attached hereto will be fully repaid at the Closing (the "Repaid Indebtedness") and that such repayment will be funded by Purchaser in accordance with the terms herein. In order to facilitate such repayment, no later than three (3) Business Days prior to the Closing, the Company shall obtain and deliver to Purchaser customary payoff letters for all Repaid Indebtedness of the Company Group, which payoff letters shall acknowledge the aggregate principal amount and all accrued but unpaid interest and other fees and expenses constituting the Repaid Indebtedness and shall provide that upon payment of a specified amount (subject to a per diem increase, if applicable), the holder (or representative or agent, as applicable) of such Repaid Indebtedness shall release its Liens and other security interests securing such Repaid Indebtedness (if any) in, and agree to deliver or file Uniform Commercial Code Termination Statements (or execute and deliver, or authorize the execution of, or agree to file, other applicable termination and release of Lien instruments) necessary to release of record such Liens and other security interests in, the assets, properties and securities of the Company and each of its Subsidiaries (the "Payoff Letters"). In addition, it is contemplated by the parties hereto that, upon the Closing, all of the Estimated Sellers' Transaction Expenses (to the extent not paid by the Company Group prior to the Closing) will be fully paid, and that such payment will be funded by Purchaser in accordance with the terms herein. Subject to the satisfaction of the Company Group's conditions, covenants and obligations to be satisfied at or prior to the Closing, in connection with the Closing, Purchaser shall make payment of the Estimated Sellers' Transaction Expenses on the Closing Date (to the extent not paid by the Company prior to the Closing) in accordance with the payment instructions provided by the Sellers' Representative to Purchaser no later than three (3) Business Days prior to the Closing.

2.10 Working Capital, Cash, Indebtedness and Sellers' Transaction Expenses Adjustment.

(a) Determination of Closing Amounts. No later than three (3) Business Days prior to the Closing, the Company shall provide Purchaser with good faith estimates of (i) Working Capital of the Company Group as of immediately prior to the Closing ("Estimated Working Capital") (prepared in accordance with the "Working Capital Schedule" attached hereto and, with respect to all Tax items included in Estimated Working Capital, calculated in a manner consistent with the manner in which the Company Group calculated its Tax liability for the fiscal year ended January 2, 2016), (ii) Cash of the Company Group as of immediately prior to the Closing ("Estimated Cash"), (iii) Indebtedness of the Company Group as of immediately prior to the Closing ("Estimated Indebtedness") and (iv) Sellers' Transaction Expenses as of immediately prior to the Closing ("Estimated Sellers' Transaction Expenses"), as well the Company's good faith calculation of the

amount of the Aggregate Initial Consideration based on such amounts. Prior to the Closing, Purchaser shall have the right to review and comment upon each such good faith estimate and the Company shall, acting in good faith, incorporate Purchaser's comments into such estimates to the extent reasonable.

(b) Determination of Post-Closing Adjustment. No later than sixty (60) days following the Closing, Purchaser shall deliver to the Sellers' Representative good faith calculations of (i) the actual Working Capital of the Company Group as of immediately prior to the Closing ("Actual Working Capital") (prepared in accordance with the "Working Capital Schedule" attached hereto), (ii) actual Cash of the Company Group as of immediately prior to the Closing ("Actual Cash"), (iii) actual Indebtedness of the Company Group as of immediately prior to the Closing ("Actual Indebtedness") and (iv) actual Sellers' Transaction Expenses as of immediately prior to the Closing ("Actual Sellers' Transaction Expenses").

(c) Disputed Final Adjustment.

(i) No later than sixty (60) days following the delivery by Purchaser of the calculation of Actual Working Capital, Actual Cash, Actual Indebtedness and Actual Sellers' Transaction Expenses, the Sellers' Representative shall notify Purchaser in writing whether it accepts or disputes the accuracy of the calculation of Actual Working Capital, Actual Cash, Actual Indebtedness and Actual Sellers' Transaction Expenses. During such sixty (60) day period, the Sellers' Representative and its agents shall be provided, subject to customary confidentiality restrictions, during normal business hours and upon prior written notice, with access to the financial books and records of Purchaser and the Company Group as well as any relevant information and work papers as it may reasonably request, in each case, to the extent related to Purchaser's calculations of Actual Working Capital, Actual Cash, Actual Indebtedness and Actual Sellers' Transaction Expenses. If the Sellers' Representative accepts the calculation of Actual Working Capital, Actual Cash, Actual Indebtedness and Actual Sellers' Transaction Expenses determined pursuant to Section 2.10(b), or if the Sellers' Representative fails within such sixty (60) day period to notify Purchaser in accordance with Section 2.10(c)(iii) of any dispute with respect thereto, then the calculation of Actual Working Capital determined pursuant to Section 2.10(b) shall be the "Final Working Capital," the calculation of Actual Cash determined pursuant to Section 2.10(b) shall be the "Final Cash," the calculation of Actual Indebtedness determined pursuant to Section 2.10(b) shall be the "Final Indebtedness" and the calculation of Actual Sellers' Transaction Expenses determined pursuant to Section 2.10(b) shall be the "Final Sellers' Transaction Expenses," which, in each case, shall be deemed final and conclusive and binding on the parties hereto and each of the other Company Unitholders.

(ii) If the Sellers' Representative disputes Purchaser's calculation of Actual Working Capital, Actual Cash, Actual Indebtedness and/or Actual Sellers' Transaction Expenses, the Sellers' Representative shall provide written notice to Purchaser no later than sixty (60) days following the delivery by Purchaser to the Sellers' Representative of the calculation of Actual Working Capital, Actual Cash, Actual Indebtedness and Actual Sellers' Transaction Expenses (the "Dispute Notice"), setting forth in reasonable detail those items

that the Sellers' Representative disputes in good faith and the Sellers' Representative's good faith calculation of such disputed items (which, with respect to Actual Working Capital, shall be calculated in accordance with the "Working Capital Schedule" attached hereto), and any items not so disputed shall be deemed final, conclusive and binding on the parties hereto and each of the other Company Unitholders. During the thirty (30) day period following delivery of a Dispute Notice, Purchaser and the Sellers' Representative shall negotiate in good faith with a view to resolving their disagreements over the disputed items. During such thirty (30) day period and until the final determination of Actual Working Capital, Actual Cash, Actual Indebtedness and/or Actual Sellers' Transaction Expenses, in accordance with this Section 2.10(c)(ii) or Section 2.10(c)(iii), as the case may be, (as so determined, or as determined pursuant to Section 2.10(c)(i) above, "Final Working Capital," "Final Cash," "Final Indebtedness" and "Final Sellers' Transaction Expenses," respectively), the Sellers' Representative and its agents shall be provided with such access to the financial books and records of Purchaser and the Company Group as well as any relevant information and work papers as reasonably necessary for the Sellers' Representative to evaluate any disputed item. If Purchaser and the Sellers' Representative resolve their differences over the disputed items in accordance with the foregoing procedure, Final Working Capital, Final Cash, Final Indebtedness and Final Sellers' Transaction Expenses shall be the amounts agreed upon by them in writing. If Purchaser and the Sellers' Representative fail to resolve in writing their differences over the disputed items within such thirty (30) day period, then Purchaser and the Sellers' Representative shall, within ten (10) Business Days, jointly request that a mutually agreeable accounting firm (or, if they cannot agree on an accounting firm or such firm declines the engagement, an accounting firm selected by lot from the top eight (8) accounting firms listed in Accounting Today's then most recent annual "Top 100 Firms" listing) (the "Accounting Arbitrator") provide an engagement letter for making a binding determination as to the disputed items in accordance with this Agreement. Either Purchaser or the Sellers' Representative may send such joint request to the Accounting Arbitrator and failure of either to provide comments to a proposed engagement letter within five (5) Business Days of receipt of such proposed engagement letter from the Accounting Arbitrator shall be deemed acquiescence to the terms proposed by the Accounting Arbitrator and any additional or modified terms timely submitted by the other.

(iii) Within thirty (30) calendar days after the engagement of the Accounting Arbitrator, Purchaser shall provide the Accounting Arbitrator with a submission regarding the disputed items, including any supporting documentation; thirty (30) calendar days thereafter, the Sellers' Representative shall provide the Accounting Arbitrator a submission regarding the disputed items, including any supporting documentation; five (5) Business Days thereafter, Purchaser shall provide the Accounting Arbitrator with a reply submission, including further supporting documentation, that responds to points raised in the Sellers' Representative's submission; and, if requested by either party or the Accounting Arbitrator, within thirty (30) calendar days thereafter, Purchaser and the Sellers' Representative shall participate in a joint session with the Accounting Arbitrator at which they can make further oral presentations and the Accounting Arbitrator can ask questions of them. The Accounting Arbitrator will under the terms of its engagement have no more than ten (10) Business Days from the final submission of information by Purchaser and the Sellers' Representative within

which to render its written decision with respect to the disputed items (and only with respect to any unresolved disputed items set forth in the Dispute Notice) and the final calculation of Actual Working Capital, Actual Cash, Actual Indebtedness and Actual Sellers' Transaction Expenses shall be based solely on the resolution of such disputed items. The Accounting Arbitrator shall review such submissions and base its determination solely on such submissions. In resolving any disputed item, the Accounting Arbitrator may not assign a value to any item greater than the maximum value for such item claimed by either Purchaser in its calculation pursuant to Section 2.10(b) or the Sellers' Representative in its Dispute Notice or less than the minimum value for such item claimed by either such party therein, and must determine each disputed item using only Purchaser's and the Sellers' Representatives' submissions and oral presentations (if applicable), the Accounting Principles and the definitions contained herein (including GAAP to the extent set forth in the Working Capital Schedule). The decision of the Accounting Arbitrator shall be deemed final and binding upon the parties hereto and each other Company Unitholder and shall be enforceable by any court of competent jurisdiction and the Accounting Arbitrator's final calculation of, as applicable, Actual Working Capital shall be deemed the "Final Working Capital," the Accounting Arbitrator's final calculation of Actual Cash shall be deemed the "Final Cash," the Accounting Arbitrator's final calculation of Actual Indebtedness shall be deemed the "Final Indebtedness," and the Accounting Arbitrator's final calculation of Actual Sellers' Transaction Expenses shall be deemed the "Final Sellers' Transaction Expenses." The fees and expenses of the Accounting Arbitrator shall be allocated to be paid by Purchaser, on the one hand, and each of the Company Unitholders, severally and not jointly, in proportion to the applicable percentage set forth on the attached "Sellers Holdings Schedule" (the "Applicable Percentage"), on the other, based upon the percentage that the portion of the contested amount not awarded to Purchaser or the Sellers' Representative (in the case of the Company Unitholders) bears to the amount actually contested by such party, as determined by the Accounting Arbitrator.

(d) Payment following Calculation of Final Working Capital, Final Cash, Final Indebtedness and Final Sellers' Transaction Expenses.

(i) Following the determination of Final Working Capital, Final Cash, Final Indebtedness and Final Sellers' Transaction Expenses in accordance with Section 2.10(c), the Aggregate Initial Consideration shall be recalculated by substituting the Final Working Capital for the Estimated Working Capital in Section 1.1, the Final Cash for the Estimated Cash in Section 1.1, the Final Indebtedness for the Estimated Indebtedness in Section 1.1, and the Final Sellers' Transaction Expenses for the Estimated Sellers' Transaction Expenses in Section 1.1 (the "Adjusted Aggregate Initial Consideration") and if (after taking into account any Upward Closing Working Capital Adjustment or Downward Closing Working Capital Adjustment at the Closing):

(A) the Adjusted Aggregate Initial Consideration is greater than the Aggregate Initial Consideration on the Closing Date, then such difference shall be paid by Purchaser to the Sellers' Representative (for the benefit of each of the Company Unitholders in accordance with such Person's

Applicable Percentage) and Purchaser and the Sellers' Representative shall promptly instruct the Escrow Agent in writing to disburse to the Sellers' Representative (for the benefit of each of the Company Unitholders in accordance with such Person's Applicable Percentage) the then-current balance of the Adjustment Escrow Fund;

(B) the Aggregate Initial Consideration is greater than the Adjusted Aggregate Initial Consideration, then (1) Purchaser and the Sellers' Representative shall promptly instruct the Escrow Agent in writing to disburse to Purchaser such difference and (2) the funds remaining (if any) in the Adjustment Escrow Fund, after giving effect to clause (1), shall be released to the Sellers' Representative (for the benefit of each of the Company Unitholders in accordance with such Person's Applicable Percentage); provided that, if the Adjustment Escrow Fund is insufficient to satisfy any such payment due to Purchaser under this Section 2.10(d)(i)(B) (an "Adjustment Escrow Shortfall"), then at Purchaser's option Purchaser and the Sellers' Representative shall instruct the Escrow Agent in writing to disburse to Purchaser an amount equal to the Adjustment Escrow Shortfall (or any portion thereof) from the Indemnity Escrow Fund; provided, further, that if the Indemnity Escrow Fund is insufficient to satisfy any such Adjustment Escrow Shortfall, then Purchaser shall have no recourse against the Sellers' Representative, the Company Unitholders or any other Person for recovery of any such insufficiency; and

(C) the Aggregate Initial Consideration is equal to the Adjusted Aggregate Initial Consideration, the entire amount of the Adjustment Escrow Fund shall be released to the Sellers' Representative (for the benefit of each of the Company Unitholders in accordance with such Person's Applicable Percentage).

(ii) All payments pursuant to this Section 2.10(d) shall be made by wire transfer of immediately available funds to an account designated in advance by the Sellers' Representative or Purchaser, as applicable, and all such payments, instructions to the Escrow Agent contemplated by this Section 2.10(d) and releases from the Adjustment Escrow Fund and/or the Indemnity Escrow Fund, as applicable, shall be made on or prior to the fifth (5^{th}) Business Day following the earliest to occur of: (A) the expiration of the sixty (60) day period following Purchaser's delivery of its calculation of the Actual Working Capital, Actual Cash, Actual Indebtedness and Actual Sellers' Transaction Expenses pursuant to Section 2.10(b) if the Sellers' Representative does not timely dispute either of such amounts pursuant to Section 2.10(c)(i); (B) the date of the Sellers' Representative's and Purchaser's mutual determination of Final Working Capital, Final Cash, Final Indebtedness and Final Sellers' Transaction Expenses, as applicable, in the event the Sellers' Representative timely disputes any of such amounts pursuant to Section 2.10(c)(i) and the Sellers' Representative's and Purchaser's differences are resolved without the engagement of an Accounting Arbitrator pursuant to Section 2.10(c)(ii); and (C) the date of the Accounting Arbitrator's determination

of Final Working Capital, Final Cash, Final Indebtedness and/or Final Sellers' Transaction Expenses, as applicable, pursuant to Section 2.10(c)(iii) in the event the Sellers' Representative timely disputes any of such amounts pursuant to Section 2.10(c)(i) and the Sellers' Representative and Purchaser are unable to resolve their differences pursuant to Section 2.10(c)(ii).

ARTICLE 3

CONDITIONS TO CLOSING

3.1 Conditions to the Obligations of the Company. The obligations of the Company to consummate the transactions contemplated by this Agreement are subject to the satisfaction of the following conditions on or before the Closing Date:

(a) each of the representations and warranties set forth in Article 6 shall be true and correct in all respects (in the case of any representation or warranty qualified by materiality or material adverse effect) or in all material respects (in the case of any representation or warranty not qualified by materiality or material adverse effect) on and as of the date hereof and on and as of the Closing Date with the same effect as though made at and as of such date (except that such representations and warranties that are made as of a specific date need only be true and correct as of such date);

(b) Purchaser and Merger Sub shall have performed in all material respects all the covenants and agreements required to be performed by each of them under this Agreement prior to the Closing; provided, that, with respect to covenants and agreements that are qualified by materiality or material adverse effect, Purchaser and Merger Sub shall have performed such covenants and agreements, as so qualified, in all respects;

(c) any applicable waiting period under the HSR Act relating to the transactions contemplated by this Agreement shall have expired or been terminated;

(d) no Law or order shall have been enacted, promulgated, entered or enforced that would prevent any party hereto from, and there shall not be any pending Action by or before any court or other Governmental Authority that would restrain, enjoin or otherwise prohibit any party hereto from, consummating the transactions contemplated hereby, including the Merger;

(e) the Escrow Agreement shall have been duly executed by Purchaser and the Escrow Agent; and

(f) on or prior to the Closing Date, Purchaser shall have delivered to the Sellers' Representative each of the following:

(i) a certificate from an officer of each of Purchaser and Merger Sub in the form set forth as Exhibit D attached hereto, dated as of the Closing Date, stating that the applicable preconditions specified in Sections 3.1(a) and (b) have been satisfied;

(ii) certified copies of the resolutions duly adopted by the board of directors or managers (or equivalent governing bodies) of each of Purchaser and Merger Sub authorizing the execution, delivery and performance of this Agreement, the other agreements contemplated hereby, and the consummation of all transactions contemplated hereby and thereby; and

(iii) the Restrictive Covenant Agreement, duly executed by Purchaser.

Any condition specified in this Section 3.1 may be waived by the Sellers' Representative (on behalf of the Company Unitholders and the Company); provided, however, that no such waiver will be effective against the Company Unitholders or the Company unless it is set forth in a writing executed by the Sellers' Representative.

3.2 Conditions to Purchaser's Obligations. The obligation of Purchaser to consummate the transactions contemplated by this Agreement is subject to the satisfaction of the following conditions on or before the Closing Date:

(a) (i) each of the representations and warranties set forth in Section 5.3 (Capitalization) shall be true and correct in all respects on and as of the date hereof and on and as of the Closing Date with the same effect as though made at and as of such date, except for *de minimis* inaccuracies, (ii) each of the representations and warranties set forth in Section 5.1 (Organization and Power; Subsidiaries and Investments), Section 5.2 (Authorization), Section 5.4(a) (Absence of Conflicts with Organizational Documents) and Section 5.19 (Brokerage) shall, disregarding all qualifications as to materiality and Material Adverse Effect, be true and correct in all material respects as of the date hereof and on and as of the Closing Date with the same effect as though made at and as of such date (except that such representations and warranties that are made as of a specific date need only be true and correct as of such date) and (iii) each of the other representations and warranties set forth in Article 5 shall, disregarding all qualifications as to materiality and Material Adverse Effect be true and correct on and as of the date hereof and on and as of the Closing Date with the same effect as though made at and as of such date (except that such representations and warranties that are made as of a specific date need only be true and correct as of such date), except, in the case of this clause (iii), where the failure of any such representations and warranties to be true and correct has not had a Material Adverse Effect;

(b) the Company shall have performed in all material respects all of the covenants and agreements required to be performed by them under this Agreement prior to the Closing; provided, that, with respect to covenants and agreements that are qualified by materiality or Material Adverse Effect, the Company shall have performed such covenants and agreements, as so qualified, in all respects;

(c) any applicable waiting period under the HSR Act relating to the transactions contemplated by this Agreement shall have expired or been terminated;

(d) no Law or order shall have been enacted, promulgated, entered or enforced that would prevent any party hereto from, and there shall not be any pending Action by or before

any court or other Governmental Authority that would restrain, enjoin or otherwise prohibit any party hereto from, consummating the transactions contemplated hereby, including the Merger;

(e) since the date of this Agreement, there shall not have occurred a Material Adverse Effect;

(f) the Escrow Agreement shall have been duly executed by the Sellers' Representative and the Escrow Agent;

(g) Company Unitholders constituting no less than sixty-six and two thirds percent (66 2/3%) of the Company Unitholders entitled to approve the Merger shall have approved this Agreement, the Merger and the other transactions contemplated hereby in accordance with the DLLCA and the Company LLC Agreement;

(h) the Company shall have caused the agreements listed on the attached "Related Party Agreements Schedule" ("Related Party Agreements") to be terminated effective as of the Closing Date without continuing liability or obligation of any kind of any member of the Company Group; and

(i) on or prior to the Closing Date, the following shall have been delivered to Purchaser:

(i) a certificate from an officer of the Company in the form set forth as Exhibit E attached hereto, dated as of the Closing Date, stating that the applicable preconditions specified in Sections 3.2(a), (b) and (e) have been satisfied;

(ii) either (A) a non-foreign affidavit from each Company Unitholder dated as of the Closing Date, sworn under penalty of perjury and in form and substance required under the Treasury Regulations issued pursuant to Code Section 1445 stating that such Company Unitholder is not a "foreign person" as defined in Code Section 1445 or (B) an affidavit, under penalties of perjury, in accordance with Treasury Regulation Section 1.1445-11T(d)(2)(1) certifying that the transfers of interests in the Company are not subject to withholding under Code Section 1445 and the Treasury Regulations promulgated thereunder;

(iii) certified copies of the resolutions duly adopted by the Company Board authorizing the execution, delivery and performance of this Agreement, the other agreements contemplated hereby, and the consummation of all transactions contemplated hereby and thereby;

(iv) a Payoff Letter from each holder of Repaid Indebtedness;

(v) the certificate of formation of the Company certified by the Secretary of State of the State of Delaware as of a date not more than five (5) Business Days prior to the Closing Date;

(vi) a certificate of good standing with respect to the Company issued by the Secretary of State of the State of Delaware as of a date not more than five (5) Business Days prior to the Closing Date;

(vii) written resignations effective as of the Closing from the officers, directors and managers of the Company and its Subsidiaries (solely in their capacities as such) that are identified by Purchaser prior to the Closing Date (other than independent directors of foreign Subsidiaries whose resignations cannot practicably be obtained after the use of commercially reasonable efforts by the Company);

(viii) the notices, approvals, consents, waivers or other authorizations set forth on the "Required Consents Schedule" attached hereto; and

(ix) the Restrictive Covenant Agreement, duly executed by Gryphon Partners 3.5, L.P., Gryphon Partners 3.5-A, L.P. and Gryphon 3.5 Co-Invest, LLC.

Any condition specified in this Section 3.2 may be waived by Purchaser, on behalf of Purchaser and Merger Sub; provided, however, that no such waiver shall be effective unless it is set forth in a writing executed by Purchaser.

3.3 Purchaser Closing Deliveries. At the Closing:

(a) Purchaser shall deliver the Aggregate Initial Consideration to the Paying Agent pursuant to the terms of Section 2.7(b);

(b) Purchaser shall deliver the Adjustment Escrow Amount to the Escrow Agent;

(c) Purchaser shall deliver the Indemnity Escrow Amount to the Escrow Agent;

(d) Purchaser shall deliver the amount of the Sellers' Representative Expense Fund to the Sellers' Representative pursuant to Section 8.6(e); and

(e) Purchaser shall pay, or caused to be paid, the Repaid Indebtedness and all Estimated Sellers' Transaction Expenses (to the extent not paid by the Company prior to the Closing).

ARTICLE 4

COVENANTS PRIOR TO CLOSING

4.1 Affirmative Covenants. From the date hereof until the earlier to occur of the Closing and the date that this Agreement is terminated in accordance with Article 7, except as otherwise expressly provided herein or as required by Law, the Company shall and shall cause each other member of the Company Group to:

(a) use its commercially reasonable efforts to conduct the Business only in the ordinary course of business consistent with past custom and practice;

(b) use its commercially reasonable efforts to (i) maintain and preserve intact in all material respects the Company's and each of its Subsidiaries' present business organization, (ii) preserve and maintain the Owned Real Property and Leased Real Property, including all improvements thereon, in substantially the same condition as such existed on the date hereof, (iii) maintain in effect in all material respects all of its Governmental Licenses, (iv) keep available the services of its directors, officers, Key Employees and other senior management members and (v) maintain in all material respects its relationships with its customers, lenders, suppliers and others having material business relationships with it (it being understood and agreed that the foregoing shall not prohibit the negotiation or renegotiation of terms with customers and suppliers in the ordinary course of business consistent with past custom and practice);

(c) incur and expend in all material respects in accordance with the Company Group's latest operating budget (a true, correct and complete copy of which has been provided to Purchaser prior to the date hereof) the amounts budgeted therein for merchandising and promotional activities, marketing, advertising and promotional programs and capital expenditures and improvements (it being understood and agreed that individual variances therefrom in amounts less than $250,000 shall not be deemed to be a breach of this Section 4.1(c));

(d) to the extent consistent in all material respects with the 2017 plans and programs of the Company Group relating to cost reductions and other cost savings programs and practices (copies of which have been provided to Purchaser prior to the date hereof), use commercially reasonable efforts to implement and complete in all material respects all cost reduction and other cost savings programs and practices proposed or contemplated by any member of the Company Group as of the date hereof;

(e) provide promptly to Purchaser copies of (but in any event within three (3) Business Days after receipt of) any written notice, correspondence or other communication received by any member of the Company Group from any Top Customer concerning or relating to any product delisting, adverse store count change or other adverse change to any of the material terms or conditions of the Company Group's (or any Company Group member's) relationship with such Top Customer;

(f) (i) timely file all Tax Returns required to be filed by any member of the Company Group and all such Tax Returns shall be prepared in a manner consistent with past practice, (ii) timely pay all Taxes due and payable by any member of the Company Group; and (iii) promptly notify Purchaser of any income, franchise or similar (or other material) Tax claim, investigation or audit pending against or with respect to any member of the Company Group in respect of any Tax matters (or any significant developments with respect to ongoing Tax matters), including material Tax liabilities and material Tax refund claims;

(g) with respect to any fiscal year of the Company Group that ends after the date of this Agreement but prior to the earlier to occur of the Closing and the date that this Agreement is terminated in accordance with Article 7, promptly after the end of any such fiscal year (i) compile and finalize all books, records, and other information and documents of the Company Group reasonably necessary for the preparation of audited, consolidated financial statements of the Company Group for such fiscal year end; and (ii) take all other steps reasonably necessary to have

audited, consolidated financial statements of the Company Group promptly prepared for such fiscal year, including engaging a certified public accounting firm and promptly responding to requests for information and documents from such certified public account firm, in each case, in a manner consistent with the past practices of the Company Group;

(h) cooperate reasonably with Purchaser in Purchaser's investigation of the Business and its properties and, at the sole cost of Purchaser, in Purchaser's procurement of title commitments, title policies and surveys with respect to the Owned Real Property (including reasonably cooperating to remove from title any Liens that are not Permitted Liens), permit Purchaser and its authorized Representatives, at the sole cost of Purchaser, to (i) have reasonable access to its premises, books and records, during normal business hours and with reasonable prior written notice, (ii) visit and visually inspect any of its properties during normal business hours and with reasonable prior written notice, and (iii) discuss its affairs, finances and accounts with its Key Employees; provided, that Purchaser shall coordinate all contact with any of the Key Employees through the Sellers' Representative or its designee; provided further, that Purchaser and its Representatives shall not contact or otherwise communicate with the employees, customers, suppliers or other business relations of the Company or its Subsidiaries in connection with this Agreement or the transactions contemplated hereby without the prior written consent of the Sellers' Representative (not to be unreasonably withheld, conditioned or delayed); provided, further, notwithstanding anything to the contrary in this Agreement, none of the Company Unitholders or the Company shall be required to disclose any information if such disclosure would (A) result in the waiver of any attorney-client or other legal privilege or (B) violate any Applicable Laws, in which case the Sellers' Representative and Purchaser shall reasonably cooperate to structure mutually acceptable alternative arrangements to provide for such disclosure without waiving any attorney-client or other legal privilege or contravening any Applicable Laws; provided, further, that such access or inspection shall not include any sampling or analysis of soil, groundwater, building materials or other environmental media including of the sort generally referred to as a Phase II environmental investigation without the prior written consent of the Sellers' Representative; and

(i) prior to the Closing, use commercially reasonable efforts to, and the Company Unitholders and the Sellers' Representative (in its capacity as the Sellers' Representative) shall, provide such cooperation as reasonably requested by Purchaser with respect to Purchaser's financing (the "Financing") of the transactions contemplated hereby as is customary with Financing of the type contemplated by the Debt Commitment Letter or any Alternative Financing, including: (i) subject to the immediately following paragraph, providing to Purchaser and the Debt Financing Sources the Required Financial Information and all other material financial information in their possession with respect to any member of the Company Group as reasonably requested by Purchaser or the Debt Financing Sources, for use in connection with the completion of the Financing (including, if requested by Purchaser in connection with a Financing that includes an offering of debt securities under Rule 144A under the US Securities Laws, requesting from the Company's independent auditors interim quarterly financial statements reviewed by such independent auditors as provided in the procedures specified by AICPA AU-C Section 930), (ii) making each member of the Company Group's senior officers reasonably available to the Debt Financing Sources in connection with the Financing, to reasonably participate in a limited number of road shows and due diligence sessions and to reasonably participate in presentations related to the Financing, upon reasonable notice and

at reasonable times, (iii) each member of the Company Group providing customary authorization letters to the Debt Financing Sources authorizing the distribution of information to prospective lenders or investors, subject to customary confidentiality requirements reasonably acceptable to the Company, (iv) any member of the Company Group executing and delivering any guarantee, pledge and security documents, other definitive financing documents, and other customary certificates or customary documents and back-up therefor as may be reasonably requested by Purchaser and otherwise reasonably facilitating the pledging of collateral, in each case, which are necessary and customary in connection with the Financing, (v) reasonably assisting Purchaser and the Debt Financing Sources with their preparation of any Offering Documents and other marketing materials or memoranda, including business and financial projections reasonably requested by Purchaser, in connection with the Financing (and assisting Purchaser in obtaining any corporate credit or family ratings from ratings agencies contemplated by the Debt Commitment Letter or the Offering Documents); *provided* that any rating agency presentations, bank information memoranda, similar documents or Offering Documents required in connection with the Financing shall contain disclosure reflecting the Surviving Company and/or its Subsidiaries as the obligor, (vi) obtaining from the Company Group's existing lenders customary Payoff Letters, lien releases and/or instruments of termination or discharge, (vii) furnishing Purchaser and the Debt Financing Sources at least four (4) Business Days prior to the Closing Date with such documentation and other information in any member of the Company Group's possession, custody or control which any lender providing or arranging Financing has reasonably requested and that such lender has determined is required by regulatory authorities in connection with such Financing under applicable "know your customer" and anti-money laundering rules and regulations, including the USA Patriot Act (Title III of Pub. L. 107-56, signed into law October 26, 2001) (provided that the request for such information is received by the Company at least seven (7) Business Days prior to the Closing Date), and (viii) if requested by Purchaser in connection with a Financing that includes an offering of debt securities under Rule 144A under the US Securities Laws, requesting and using commercially reasonable efforts to obtain from the Company Group's accounting firm comfort letters and consents customary for financings similar to the Financing. Each of the Sellers' Representative and the Company Group, as applicable, shall supplement the Required Financial Information provided by them on a reasonably current basis to the extent that any of them become aware that any such Required Financial Information contains any material misstatement of fact or omits to state any material fact, in each case, with respect to the Company or any member of the Company Group, necessary to make such information not misleading in any material respect.

Whether or not the Closing occurs, Purchaser will promptly, upon request by the Company, reimburse the Company for all reasonable and documented out-of-pocket costs and expenses (including reasonable attorneys' fees) incurred by the Company or any other member of the Company Group in connection with the cooperation of the Company and any other member of the Company Group contemplated by this Section 4.1(i). Purchaser will indemnify and hold harmless the Company, its Affiliates and their respective Representatives from and against any and all losses, damages, claims, costs or expenses suffered or incurred by any of them in connection with the arrangement of the Financing (including any action taken in accordance with this Section 4.1(i)) and any assistance or activities in connection therewith, in each case other than to the extent any of the foregoing arises from the bad faith, gross negligence or willful misconduct of, or material breach of this Agreement by, any such Person.

Notwithstanding anything to the contrary contained in this Section 4.1(i), (A) none of the Sellers' Representative, or, prior to the Closing, any member of the Company Group, shall be required to pay any fees or other amounts in connection with the Financing, and the Sellers' Representative (in its capacity as such) shall not be required to execute, deliver or enter into any binding documentation with respect to the Financing, (B) until the Closing occurs, no member of the Company Group shall have any liability or any obligation under any agreement or document related to the Financing (other than with respect to representations made in the authorization letters made to the Debt Financing Sources and potential lenders and investors in the Financing described above in Section 4.1(i)(iii)) and no such agreement or document shall become effective earlier than the Closing Date, (C) any cooperation pursuant to this Section 4.1(i) shall not require the Company to waive or amend any terms of this Agreement, (D) any cooperation or agreements pursuant to this Section 4.1(i) shall not require any member of the Company Group to take any action that would conflict with any Applicable Law, the Organizational Documents of any member of the Company Group or result in the contravention of, or would reasonably be expected to result in the violation or breach of, or default under, any material contract to which any member of the Company Group is a party, (E) no officer, director, manager, member or employee of the Company Group or any other member of the Company Group (other than those officers, directors, managers, members or employees that are continuing in the same or similar capacity on or after the Closing Date, in which case, any such execution or entry into or performance of any such agreement with respect to the Financing shall be subject to the occurrence of the Closing Date and effective no earlier than the Closing Date) shall be required to pass resolutions or consents to approve or authorize the execution of the Financing, or to execute or enter into or perform any agreement with respect to the Financing, that is not contingent upon the occurrence of the Closing Date or that would be effective prior to the Closing Date, (F) no officer, director or other representative of the Company or any other member of the Company Group shall be required to deliver any certificate or opinion that such officer, director other representative reasonably believes, in good faith, contains any untrue certifications or opinions, as applicable, (G) neither the Company nor any other member of the Company Group shall provide any information the disclosure of which is prohibited or restricted under Applicable Law or is legally privileged, (H) nothing herein shall require cooperation contemplated thereby to the extent it would interfere unreasonably with the business or operations of the Company or any other member of the Company Group, (I) nothing herein shall require the Sellers or the Company or any member of the Company Group to cause the delivery of any legal opinions or any certificate as to solvency by the Sellers or the Company or any member of the Company Group, and (J) Purchaser shall keep the Company and the Sellers' Representative currently and reasonably informed with respect to its efforts with respect to the Financing.

4.2 Negative Covenants. From the date hereof until the earlier to occur of the Closing and the date that this Agreement is terminated in accordance with Article 7, except (w) as otherwise provided in this Agreement, (x) as set forth on the "Negative Covenants Schedule," (y) as required by Applicable Law or (z) with the prior written consent of Purchaser, which shall not be unreasonably withheld, conditioned or delayed, the Company shall not and shall cause each other member of the Company Group not to:

(a) except in the ordinary course of business consistent with past practices, sell, lease, assign, license, transfer, mortgage, pledge, fail to maintain or protect, or create or incur any

Lien (other than any Permitted Lien) on, any of its material assets (including the Owned Real Property and Leased Real Property) or any portion thereof (other than sales of inventory in the ordinary course of business consistent with past practice or sales of obsolete assets or assets with no book value and prepayment of Indebtedness using excess Cash);

(b) except as required by Applicable Law or the terms of a contract listed on the "Contracts Schedule" or an Employee Plan as in effect on the date hereof, (A) make, grant or promise any bonus or any wage or salary increase to any Service Provider, or make, grant or promise any other material change in employment terms for any Service Provider, other than (i) routine or annual wage increases for employees in the ordinary course of business consistent in all material respects with past practice, (ii) in connection with the hiring of new or replacement employees in the ordinary course of business consistent with past practice; or (iii) for bonuses or other amounts that reduce Aggregate Initial Consideration and that are consistent with this Agreement in other respects; (B) grant any equity, equity-based or other incentive awards to, or discretionarily accelerate the vesting or payment (other than as expressly contemplated by this Agreement) of any such awards held by, any current or former Service Provider; or (C) establish, adopt, enter into or amend any material Employee Plan or collective bargaining agreement except for amendments to material Employee Plans (or the adoption of successor material Employee Plans) that are broad-based welfare plans in connection with the Company's annual or open enrollment procedures that will not cause a material increase in the cost of any such Employee Plan;

(c) except as required by Applicable Law, make or change any material Tax election, change an annual accounting period, adopt or change any accounting method, file any amended Tax Return, settle or compromise any Tax matter, extend or waive the statute of limitations period applicable to any Tax, or surrender any right to claim a refund of material Taxes or take any other similar action where such action would reasonably be expected to have the effect of increasing any present or future Tax liability or decreasing any present or future Tax benefit for any member of the Company Group;

(d) create, incur, assume or guarantee any Indebtedness either (i) involving more than $200,000 or (ii) outside of the ordinary course of business inconsistent with past practices, except in the case of clause (i) for borrowings from banks (or similar financial institutions or other lenders) necessary to fund capital expenditures or working capital as set forth in the Company Group's capital expenditure plan and budget for ordinary working capital requirements (true, correct and complete copies of which have been provided to Purchaser prior to the date hereof);

(e) amend or authorize the amendment of its Organizational Documents;

(f) issue, deliver or sell, or authorize the issuance, delivery or sale of, any of its equity securities or Convertible Securities;

(g) effect any recapitalization, reclassification, stock dividend, stock split or like change in capitalization;

(h) incur any capital expenditures or commitments therefor, except for those consistent with the Company's business capital expenditure plan (a true, correct and complete copy of which has been provided to Purchaser prior to the date hereof);

(i) acquire by merging or consolidating with, or by purchasing all or a substantial portion of the assets or equity securities of, any Person or division thereof (other than acquisitions of inventory in the ordinary course of business consistent with past practice) or otherwise acquire or license any assets or properties (other than inventory or Proprietary Rights acquired in the ordinary course of business consistent with past practice) that are material to any member of Company Group;

(j) make any loans, advances or capital contributions to, or investments in, any other Person other than in the ordinary course of business consistent with past practices;

(k) commence or settle (i) any litigation where the amount in controversy is in excess of $50,000, (ii) any criminal or other proceeding with any Governmental Authority, or (iii) any proceeding involving injunctive or other equitable relief;

(l) make any material change in the accounting methods or practices of any member of the Company Group, except as required by Applicable Law or GAAP;

(m) manage its working capital other than in the ordinary course of business consistent in all material respects with past practice;

(n) (i) change payment terms to any Top Customer of any member of the Company Group in any material respect or (ii) change in any material respect the payment or payment terms by any member of the Company Group to any material supplier of any member of the Company Group, in each case, to the extent that any or some combination of the foregoing would or would reasonably be expected to result in a change in the working capital or cash management, credit collection or payment policies, procedures and practices of any member of the Company Group in any material respect, except, in each case, to the extent any such change is consistent in all material respects with the current plans and programs of the Company Group relating to such matters;

(o) voluntarily change in any material respect and outside of the ordinary course of business (i) any marketing, advertising, promotion, discount or other similar program or practice applicable to any material customer of or material supplier to any member of the Company Group or (ii) any Company Group member's order or purchase, supply or distribution of inventory, as applicable, practices or patterns with respect to any material customer of or material supplier to any member of the Company Group, except, in each case, to the extent any such change is consistent in all material respects with the 2017 plans and programs of the Company Group relating to such matters (copies of which have been provided to Purchaser prior to the date hereof);

(p) modify or terminate any contract listed on the "Contracts Schedule" (except for the automatic termination of any such contract in the ordinary course of business consistent with past practice upon the expiration of its term) or enter into, renew, extend or otherwise modify any

lease, sublease, license, or other agreement with respect to the Owned Real Property, the Leased Real Property or any other real property; or

(q) agree or commit to do any of the foregoing.

4.3 Commercially Reasonable Efforts. Unless a different standard of effort is expressly set forth herein with respect to a particular matter, each party hereto shall, on or prior to the Closing, subject to the express provisions of this Agreement, use its commercially reasonable efforts to (a) fulfill or obtain the fulfillment of the conditions precedent to the consummation of the transactions contemplated hereby, including the execution and delivery of any documents, certificates, instruments or other papers that are reasonably required for the consummation of the transactions contemplated hereby, and to enable the Closing to occur as promptly as practicable in accordance with the terms herein and in any event prior to the Termination Date and (b) obtain as promptly as practicable any consent of, or any approval by, any Governmental Authority which is required to be obtained by the parties or their respective Affiliates in connection with the transactions contemplated hereby at all times prior to and at the Closing. Without limiting the generality of the foregoing, the parties shall give all material notices, make all material required filings with or applications to Governmental Authorities, and use commercially reasonable efforts to obtain all material consents of all third parties set forth on the "Material Restrictions Schedule" and all Governmental Authorities necessary for the parties hereto to consummate the transactions contemplated hereby; provided, that no member of the Company Group shall be required to pay any money to any such third party or commence any litigation or arbitration proceeding against any such third party. Notwithstanding the foregoing, all of the provisions of this Section 4.3 shall be subject to Section 4.5 and in the event of a conflict between this Section 4.3 and Section 4.5, Section 4.5 shall govern and control.

4.4 Exclusivity. From the date hereof until the earlier to occur of the Closing and the date that this Agreement is terminated in accordance with Article 7, the Company shall not, and shall cause the other members of the Company Group and the officers, managers, employees, agents and Representatives of each member of the Company Group not to, directly or indirectly, (i) solicit, initiate, or encourage any Acquisition Proposal, (ii) engage in negotiations or discussions (except for any internal discussions among the members of the board of directors or other applicable governing body of the Company and the investors in the Company) concerning, or provide any information to any Person in connection with, any Acquisition Proposal, or (iii) agree to or approve any Acquisition Proposal. The Company will, and the Company will cause the other members of the Company Group to, immediately cease any and all existing discussions, negotiations or other activities with any Person (other than Purchaser and its Affiliates and Representatives) conducted heretofore with respect to any of the foregoing.

4.5 Regulatory Approval. Without limiting the generality of Section 4.3

(a) Subject to the terms and conditions of this Agreement, each party shall, and shall cause its Affiliates to: (i) file (x) a Notification and Report Form pursuant to the HSR Act with respect to the transactions contemplated hereby as soon as reasonably practicable following the date hereof, but no later than ten (10) Business Days after the date hereof and (y) make any other filing or notification required pursuant to any other competition or antitrust related legal or

regulatory requirements of any Governmental Authority ("Antitrust Law") with respect to the transactions contemplated hereby as promptly as practicable after the date hereof; (ii) use its commercially reasonable efforts to supply as promptly as practicable any additional information and documentary material that may be requested or required pursuant to any Antitrust Law, including the HSR Act; and (iii) use its commercially reasonable efforts to request early termination of the initial waiting period under the HSR Act, and otherwise cause the expiration or termination of the applicable waiting periods under the HSR Act or any other Antitrust Law as soon as practicable. All filing fees required under the HSR Act shall be paid fifty percent (50%) by Purchaser and fifty percent (50%) by the Company Unitholders (or by the Sellers' Representative on their behalf). Purchaser and the Company shall bear the costs and expenses of preparing their respective filings.

(b) In connection with the efforts referenced in this Section 4.5 to obtain all requisite approvals and authorizations for the transactions contemplated by this Agreement under the HSR Act, any other Antitrust Law, or any state law, each of the parties shall use commercially reasonable efforts to (i) cooperate with each other in connection with any filing or submission and in connection with any investigation or other inquiry, including any proceeding initiated by a private party; (ii) to the extent permitted by Applicable Law, promptly notify each other of any substantive written or oral communication to that party (or, in the case of the Sellers' Representative, any Company Unitholder or member of the Company Group) from any Governmental Authority with respect to this Agreement and the transactions contemplated hereby, and, to the extent permitted by Applicable Law, permit the other parties to review in advance any proposed substantive written communication to any Governmental Authority and consider, in good faith, the parties' comments on any proposed written communication; (iii) to the extent permitted by Applicable Law, permit the other party to review any communication given to it (or, in the case of the Sellers' Representative, to any Company Unitholder or member of the Company Group) by, and consult with each other in advance of any meeting or conference with, any Governmental Authority, including in connection with any proceeding by a private party, (iv) not agree to participate in any meeting with any Governmental Authority in respect of any filings, investigation or other inquiry with respect to this Agreement and the transactions contemplated hereby unless, to the extent permitted by Applicable Law, it consults with the other parties in advance and, to the extent permitted by such Governmental Authority or Applicable Law, gives the other parties the opportunity to attend and participate thereat, in each case to the extent reasonably practicable. The foregoing obligations in this Section 4.5(b) shall be subject to any pre-existing confidentiality agreements, the Confidentiality Agreement and any attorney-client, work product or other applicable privilege. Each party may, as it deems reasonably appropriate, designate any competitively sensitive material provided to the other under this Section 4.5 as "Outside Counsel Only Material." Such materials and the information contained therein shall be given only to the outside counsel of the other parties and, subject to any additional confidentiality or joint defense agreement the parties may mutually enter into, will not be disclosed by such outside counsel to employees, officers or managers of the other parties unless express permission is obtained in advance from the source of the materials or such source's legal counsel. Notwithstanding anything to the contrary in this Section 4.5, materials provided to the other parties and its outside counsel may be redacted (x) to remove references concerning valuation of the Business or the Company Group, (y) as necessary to comply with contractual arrangements (including obligations of confidentiality), and (z) as necessary to address reasonable attorney-client or other privilege.

(c) In furtherance and not in limitation of the foregoing, each of the parties hereto shall, and shall cause its Affiliates and its and their respective officers, directors, managers, employees or agents to, take any and all actions reasonably necessary, proper or advisable to avoid each and every impediment under any Antitrust Law or order that may be asserted by any Governmental Authority with respect to this Agreement and the transactions contemplated hereby so as to cause the conditions set forth in Sections 3.1(c), 3.1(d), 3.2(c) and 3.2(d) to be satisfied and to enable the Closing to occur as promptly as practicable and in any event prior to the Termination Date, including:

(i) opposing any motion or action for a temporary, preliminary or permanent injunction against the Merger; and

(ii) in the case of Purchaser, entering into a consent decree containing Purchaser's agreement to hold separate and divest (pursuant to such terms as may be required by any Governmental Authority) such businesses and assets of the Company or Purchaser and its Affiliates as may be determined by any Governmental Authority;

provided, however, notwithstanding the foregoing or anything set forth anywhere else in this Agreement, in no event shall Purchaser or any of its Affiliates or Subsidiaries be required to (A) agree to sell, lease, license, transfer, or otherwise dispose of or encumber, or (B) agree to any changes (including through a licensing arrangement) or restriction on, or other impairment of, Purchaser's or any of its Affiliates' or Subsidiaries' ability to own or operate or control, in the case of each of clause (A) and clause (B), either before (to the extent applicable) or after the Closing, any of the following product lines: Monistat, Clear Eyes, BC and/or Goody's.

(d) No party hereto shall, and each party hereto shall cause its Affiliates not to, directly or indirectly take any action, including directly or indirectly acquiring or investing in any Person or acquiring, leasing or licensing any assets, or agreeing to do any of the foregoing, if doing so would reasonably be expected to prevent or delay the satisfaction of any of the conditions set forth in Sections 3.1(c), 3.1(d), 3.2(c) and 3.2(d) to be satisfied or the consummation of the transactions contemplated hereby.

None of the parties hereto shall (i) extend any waiting period under the HSR Act or any other applicable Antitrust Law or (ii) enter into any agreement with any Governmental Authority not to consummate the transactions contemplated hereby, except, in each case, with the prior written consent of the other parties to this Agreement (such consent not to be unreasonably withheld, conditioned or delayed).

4.6 Interim Financial Statements. From the date hereof until the earlier to occur of the Closing and the date that this Agreement is terminated in accordance with Article 7, the Company shall deliver to Purchaser as promptly as practicable after the last day of each calendar month (and in no event later than the twentieth (20^{th}) day following the last date of such month), copies of the monthly consolidated financial statements of the Company Group stamped "Estimates".

4.7 Schedule Updates.

(a) From the date hereof until the Closing, the Company shall disclose to Purchaser in writing (in the form of an updated schedule hereto), promptly upon discovery thereof, any variances from the representations and warranties contained in Article 5 hereof (each, a "Schedule Update") resulting from any matter existing or arising prior to the date of this Agreement that was required to be but was not previously set forth in any of the schedules hereto (each such matter, an "Existing Matter").

(b) To the extent of the Existing Matter(s) disclosed in a Schedule Update: (i) such Schedule Update shall not amend or supplement the schedules hereto delivered on the date of this Agreement; (ii) subject to Section 4.7(c), such Schedule Update shall not affect or limit the termination rights of Purchaser set forth in Section 7.1; (iii) such Schedule Update shall not be taken into consideration for purposes of determining whether the conditions set forth in Section 3.2(a) or Section 3.2(b) have been satisfied; (iv) such Schedule Update shall not affect or limit the indemnification obligations of the Company Unitholders under Section 9.2; and (v) accordingly the Purchaser Indemnified Parties shall be entitled to indemnification pursuant to Section 9.2 (subject to the applicable limitations, if any, set forth in Section 9.5) for any breaches of or inaccuracies in any of the representations and warranties contained in Article 5 that otherwise would have existed but for the Existing Matter(s) being disclosed pursuant to such Schedule Update.

(c) Notwithstanding the foregoing, if an Existing Matter underlying any Schedule Update would give rise to Purchaser's right to terminate this Agreement in accordance with Section 7.1(b) and Purchaser does not terminate this Agreement within fifteen (15) calendar days following the first date on which Purchaser's right to terminate this Agreement under Section 7.1(b) arises, then Purchaser's right to terminate this Agreement in respect of such Existing Matter shall be irrevocably waived.

4.8 Section 280G. Between the date hereof and the Closing Date, the Company will use prompt and commercially reasonable efforts (which efforts shall not, for clarity, include the requirement to offer or provide any additional value or any other financial accommodation to any Person) to obtain waivers and solicit shareholder approval of any payments that may, separately or in the aggregate, constitute "excess parachute payments" (within the meaning of Section 280G of the Code) that may be made to individuals who are "disqualified individuals" (within the meaning of Section 280G(c) of the Code and the regulations thereunder) in connection with the transactions contemplated by this Agreement, such that such payments would not be deemed to constitute "excess parachute payments" pursuant to Section 280G of the Code; provided that, for clarity, Company shall not be in breach of this covenant solely as a result of the refusal of any disqualified individual to waive the applicable payments and submit them to the applicable stockholder vote and/or as a result of the requisite shareholder approval not to be obtained; provided, that the Company shall immediately notify Purchaser of either such circumstance. The Company will provide drafts of the waiver, disclosure and consent documentation associated with the foregoing at least seven (7) calendar days prior to the intended dissemination thereof and will consider in good faith any comments of Purchaser thereto that are provided to the Company at least one (1) calendar day prior to such intended dissemination. Notwithstanding the foregoing, to the extent that any contract,

agreement, or plan is or is contemplated to be entered into by Purchaser, the Surviving Company or any of their Affiliates and a disqualified individual who has been identified to Purchaser as such in connection with the transactions contemplated by this Agreement before the Closing Date (the "Purchaser Arrangements"), which may reasonably constitute or require a payment to such disqualified individual that is contingent upon a change in control within the meaning the Section 280G of the Code, Purchaser shall provide a copy of such contract, agreement or plan to the Company and the Sellers' Representative at least fifteen (15) days before the Closing Date and shall cooperate with the Company in good faith in order to calculate or determine the value (for the purposes of Section 280G of the Code) of any payments or benefits granted or contemplated therein, which may be paid or granted in connection with the transactions contemplated by this Agreement that could constitute a "parachute payment" under Section 280G of the Code; provided that, in any event, the Company's failure to include any Purchaser Arrangements which are not communicated to the Company prior to the intended dissemination of the disclosure and consent documentation in the stockholder voting materials described herein will not result in a breach of the covenants set forth in this Section 4.8.

4.9 Financing.

(a) Subject to the other terms and conditions of this Agreement, Purchaser shall use, and shall cause the Subsidiaries of Purchaser to use, their respective commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things reasonably necessary or advisable to arrange and consummate the Financing, including using commercially reasonable efforts to (i) maintain in effect the Debt Commitment Letter and satisfy on a timely basis (taking into account the expected timing of the Marketing Period) all conditions to the Financing in the Debt Commitment Letter and the definitive agreements to be entered into pursuant thereto, to the extent applicable to or within the control of Purchaser or its Subsidiaries (other than any condition where the failure to be so satisfied is a direct result of the Company Group's failure to provide the cooperation described in Section 4.1(i)), (ii) negotiate, execute and deliver definitive agreements with respect to such Financing on the terms contained in the Debt Commitment Letter or otherwise no less favorable to Purchaser and Merger Sub than the terms and conditions (including the "flex" provisions) contemplated by the Debt Commitment Letter and the Fee Letter, (iii) comply with its obligations under the Debt Commitment Letter, including to satisfy on a timely basis all conditions precedent to funding in the Debt Commitment Letter and such definitive agreements thereto and to consummate the Financing at or prior to the Closing, (iv) in the event that the conditions to Closing under this Agreement and the conditions to the availability of the Financing under the Debt Commitment Letter are satisfied, obtain a sufficient amount of the Financing to enable Purchaser and Merger Sub to consummate the transactions contemplated by this Agreement, and (v) if appropriate and practical under the circumstances and available sources of cash are not otherwise available to consummate the transactions contemplated herein, enforce its rights under the Debt Commitment Letter and Fee Letter. Purchaser and Merger Sub shall keep Sellers' Representative and the Company informed on a reasonably current basis in reasonable detail of the status of its efforts to arrange the Financing and provide the Company with copies of all executed definitive agreements related to the Financing. Subject to the terms and upon satisfaction of the conditions set forth in the Debt Commitment Letter, Purchaser and Merger Sub shall use its commercially reasonable efforts to cause the Debt Financing Sources to provide the Financing on

the Closing Date. In the event any portion of the Financing becomes unavailable on the terms and conditions (including any "flex" provisions) contemplated in the Debt Commitment Letter and the Fee Letter, and such portion is reasonably required to consummate the transactions contemplated by this Agreement, including without limitation, to pay the Final Merger Consideration, the Repaid Indebtedness, the Final Sellers' Transaction Expenses and all other fees and expenses and other payment obligations required to be paid by Purchaser and Merger Sub in connection with this Agreement, Purchaser and Merger Sub shall (A) promptly notify Sellers' Representative and the Company and (B) use their commercially reasonable efforts to arrange to obtain Alternative Financing in an amount at least equal to the amount of such portion, upon terms and conditions not materially less favorable to Purchaser and its Subsidiaries than the terms and conditions set forth in the Debt Commitment Letter, as promptly as practicable following the occurrence of such event. Purchaser and Merger Sub shall promptly (and in any event within two (2) Business Days) notify Sellers' Representative and the Company in writing (I) of any breach or default by Purchaser or Merger Sub under the Debt Commitment Letter or any definitive agreements related thereto or, to the knowledge of the Purchaser or Merger Sub, any other party to the Debt Commitment Letter or any definitive agreements related thereto, (II) if for any reason either Purchaser or Merger Sub at any time believes it will not be able to obtain all or any portion of the Financing on the terms, in the manner or from the sources contemplated by the Debt Commitment Letter or any definitive agreements related thereto and (III) of the receipt by either Purchaser or Merger Sub or any of their respective Representatives of any written notice or other written communication from any Debt Financing Source or other Person with respect to (x) any actual or potential breach (or threatened breach), default, termination or repudiation by any party to the Debt Commitment Letter, any definitive agreement related thereto or any provision of the financing contemplated pursuant to the Debt Commitment Letter or any definitive agreement related thereto (including any proposal by any lender named in the Debt Commitment Letter to withdraw, terminate, reduce the amount of financing or delay the timing of financing contemplated by the Debt Commitment Letter), including any Alternative Financing or (y) any material dispute or disagreement between or among any parties to the Debt Commitment Letter or any definitive agreement related thereto that Purchaser or Merger Sub believes in good faith could result in an inability to receive or a delay in Purchaser's or Merger Sub's receipt of the proceeds of the Financing, and in any such case, Purchaser and Merger Sub shall provide any information relating to any of the foregoing circumstances as soon as reasonably practicable (and in any event within two (2) Business Days) following the Company's reasonable request therefor; provided, that in no event shall Purchaser or Merger Sub be required to disclose any information that is subject to attorney-client or similar privilege if Purchaser or Merger Sub has used commercially reasonable efforts to disclose such information in a way that would not waive such privilege. In the event that Purchaser or Merger Sub does not provide access or information in reliance on the proviso to the immediately preceding sentence, Purchaser or Merger Sub shall provide written notice to the Company that such access or information is being withheld and Purchaser and Merger Sub shall use commercially reasonable efforts to communicate, to the extent feasible, the applicable information in a way that would not violate the applicable obligation or risk waiver of such privilege. Prior to the Closing, neither Purchaser nor Merger Sub shall, without the Company's prior written consent, consent to (1) any amendment or modification to, or any waiver of any provision or remedy under, the Debt Commitment Letter or the Fee Letter if such amendment, modification or waiver (a) imposes new or additional conditions, or otherwise expands or modifies any of the conditions, to Purchaser's or Merger Sub's receipt of the Financing, (b)

extends the timing of the funding of the commitments thereunder, or reduces the aggregate cash amount of the funding commitments thereunder required to be paid by Purchaser and Merger Sub under this Agreement below the amount required to consummate the transactions contemplated in the Agreement, or (c) otherwise amends, modifies or waives, any provision of the Debt Commitment Letter in a manner that would reasonably be expected to prevent, delay or adversely affect the ability of the Purchaser or Merger Sub to consummate the transactions contemplated by this Agreement or otherwise delay, hinder or make less likely the occurrence of the Closing or adversely impact the ability of Purchaser or Merger Sub to enforce its rights against the other parties to the Commitment Letter or other definitive agreements related thereto (provided, that Purchaser or Merger Sub may replace or amend the Debt Commitment Letter to add lenders, underwriters, lead arrangers, bookrunners, initial purchasers, placement agents, syndication agents or similar entities that have not executed the Debt Commitment Letter as of the date hereof) or (2) early termination of the Debt Commitment Letter unless it has been replaced by Alternative Financing in accordance with this Section 4.9. Purchaser and Merger Sub shall furnish to Sellers' Representative and the Company a copy of any amendment, modification, waiver or consent of or relating to the Debt Commitment Letter promptly upon execution thereof (which copy may be redacted in the manner described in Section 6.7).

(b) In the event that the Debt Commitment Letter is amended, replaced, supplemented or otherwise modified, including as a result of obtaining Alternative Financing, or Purchaser otherwise obtains Alternative Financing, (i) true, complete and correct copies of the definitive documentation for any such Alternative Financing (the "Alternative Financing Documents") shall be provided by the Purchaser to the Company promptly execution thereof, (ii) the Sellers and the Company shall comply with their respective covenants in this Section 4.9 with respect to the Debt Commitment Letter as so amended, replaced, supplemented or otherwise modified and with respect to such Alternative Financing to the same extent that the Purchaser, the Sellers and the Company would have been obligated to comply with respect to the Financing, including using their reasonable best efforts to arrange and obtain Alternative Financing in an amount sufficient to consummate the Transactions with terms and conditions not materially less favorable (taken as a whole) to Purchaser and Merger Sub than the terms and conditions (taken as a whole) set forth in the Debt Commitment Letter and which would not reasonably be expected to prevent, impede or delay the consummation of the Financing or the transactions contemplated by this Agreement, (iii) no such amendment, replacement, supplement or other modification shall result in additional or expanded covenants of the Sellers or the Company Group, and (iv) references to the "Financing" (and other like terms in this Agreement) shall be deemed to include such Alternative Financing, or the Financing as so amended, replaced, supplemented or otherwise modified.

(c) All non-public or other confidential information provided by the Sellers, the Company, the Company Subsidiaries or their respective Representatives pursuant to this Section 4.9 shall be kept confidential in accordance with the Confidentiality Agreement, Section 9.2 and any other applicable terms of this Agreement; provided that Purchaser shall be permitted to disclose customary projections with respect to the Company and its business to the Debt Financing Sources identified in the Debt Commitment Letter and any provider of Alternative Financing and their respective Representatives in connection with the Financing or any Alternative Financing so long as such Persons agree to be bound by the confidentiality provisions of the Confidentiality Agreement

or other reasonable and customary confidentiality undertakings in respect of transactions similar to that contemplated by the Financing or any Alternative Financing and of which the Company is a third party beneficiary.

(d) Notwithstanding anything herein to the contrary, in no event shall any failure to obtain any Financing (or any Alternative Financing) nor any failure to fund any Financing (or any Alternative Financing) relieve Purchaser or Merger Sub of any obligation under or in respect of this Agreement, including the obligation to timely consummate the transactions contemplated by this Agreement as required hereby, and neither the obtaining nor the availability or funding of any Financing (or any Alternative Financing) shall constitute a condition to Purchaser's or Merger Sub's obligation to timely consummate the transactions contemplated by this Agreement as required hereby. Each of Purchaser and Merger Sub reaffirms its obligation to consummate the transactions contemplated by this Agreement irrespective and independently of the availability of the Financing (or any Alternative Financing), subject to satisfaction or waiver of the conditions set forth in Article 3.

(e) Notwithstanding anything to the contrary contained in this Agreement, nothing contained in this Section 4.9 shall require, and in no event shall the commercially reasonable efforts of Purchaser or Merger Sub be deemed or construed to require, Purchaser or Merger Sub to, in connection with Alternative Financing, pay any fees or any interest rates applicable to the Financing in excess of those contemplated by the Debt Commitment Letter (or the market flex provisions in the Fee Letter), or agree to any market flex term less favorable to Purchaser or Merger Sub, taken as a whole, than such corresponding market flex term contained in or contemplated by the Debt Commitment Letter or the Fee Letter (in either case, whether to secure waiver of any conditions contained therein or otherwise).

ARTICLE 5

REPRESENTATIONS AND WARRANTIES REGARDING THE COMPANY GROUP

As a material inducement to Purchaser and Merger Sub to enter into this Agreement, the Company hereby represents and warrants to Purchaser and Merger Sub, as of the date hereof and as of the Closing Date, as follows:

5.1 Organization and Power; Subsidiaries and Investments.

(a) Each member of the Company Group is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization. Each member of the Company Group has all requisite corporate, limited liability company or similar power and authority to execute and deliver this Agreement and the other agreements contemplated hereby and to perform its obligations hereunder and thereunder. Except as set forth on the attached "Capitalization Schedule," no member of the Company Group owns or controls (directly or indirectly) any stock, partnership interest, joint venture interest, equity participation or other security or interest in any other Person.

(b) Except as set forth on the attached "Company Organization Schedule," each member of the Company Group is qualified to do business as a foreign entity and is in good standing in each jurisdiction listed on the attached "Company Organization Schedule," which jurisdictions constitute all of the jurisdictions in which the ownership of properties or the conduct of the its business requires such member of the Company Group to be so qualified, except to the extent the failure to qualify has not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. Each member of the Company Group has all requisite corporate, limited liability company or similar power and authority to carry on its business as now conducted. The Organizational Documents of each member of the Company Group, which have previously been furnished to Purchaser, reflect all amendments thereto through the date hereof, and are true, correct and complete in all respects. No member of the Company Group is in breach or default of, or has breached or defaulted under, any of its Organizational Documents. The "Company Organization Schedule" sets forth a correct and complete list of the officers, directors and/or similar functionaries of each member of the Company Group.

5.2 Authorization. The execution, delivery and performance by the Company Group of this Agreement, the other agreements contemplated hereby and the consummation of each of the transactions contemplated hereby and thereby have been duly and validly authorized by all requisite corporate, limited liability company or similar action by each of the members of the Company Group, as the case may be, and no other act or proceeding on the part of any member of the Company Group, their respective governing bodies or equityholders is necessary to authorize the execution, delivery or performance by each member of the Company Group of this Agreement or any other agreement contemplated hereby or the consummation of any of the transactions contemplated hereby or thereby other than the Written Consent. The Company has all requisite limited liability company power and authority to execute and deliver this Agreement and the other agreements contemplated hereby to which it is a party, to perform its obligations hereunder and thereunder, and to consummate the transactions contemplated hereby and thereby. This Agreement has been duly executed and delivered by the Company, and, assuming the due execution and delivery of this Agreement and the other agreements contemplated hereby by the other parties hereto and thereto, this Agreement constitutes, and the other agreements contemplated hereby upon execution and delivery by the members of the Company Group, as applicable, will each constitute, a valid and binding obligation of such member of the Company Group, enforceable against such Person in accordance with their terms, except as such enforceability may be limited by (a) applicable insolvency, bankruptcy, reorganization, moratorium or other similar Laws affecting creditors' rights generally, and (b) applicable equitable principles (whether considered in a proceeding at law or in equity).

5.3 Capitalization. The attached "Capitalization Schedule" sets forth a true, correct and complete list of the authorized and outstanding equity of each member of the Company Group and the name and number of equity securities owned of record and beneficially by each equityholder thereof, free and clear of all Liens (other than under the Topco LLC Agreement (as defined in the Capitalization Schedule) and except for restrictions on transfer under applicable securities Laws). All of the issued and outstanding equity securities of each member of the Company Group have been duly authorized, validly issued, are fully paid and non-assessable, as applicable, and were issued in compliance with all applicable securities Laws and are not subject to, nor were

they issued in violation of, any purchase option, call option, right of first refusal, first offer, co-sale or participation, preemptive right, subscription right or any similar right. Except for this Agreement and as may be set forth on the attached "Capitalization Schedule," there are no outstanding or authorized equity securities of any member of the Company Group or any outstanding or authorized options, warrants, rights, contracts, pledges, calls, puts, rights to subscribe, conversion rights, securities convertible into or exchangeable for equity securities of any member of the Company Group or other agreements or commitments providing for the issuance, disposition or acquisition of any Company Group member's equity securities or any rights or interests exercisable therefor ("Convertible Securities"). Except as set forth on the attached "Capitalization Schedule," there are no outstanding or authorized stock options, restricted shares, restricted stock units, equity appreciation, phantom equity or similar rights with respect to any member of the Company Group. There are no outstanding obligations of any member of the Company Group to repurchase, redeem or otherwise acquire any equity securities of any member of the Company Group. Except as set forth on the attached "Capitalization Schedule," there are no voting trusts or other agreements or understandings to which any member of the Company Group or any equityholder of any member of the Company Group is a party with respect to the voting of the equity securities of any member of the Company Group. The Distribution Waterfall was prepared in accordance with the Company LLC Agreement and all Applicable Laws and accurately sets forth the portion of the Final Merger Consideration that each Company Unitholder is entitled to receive in accordance therewith.

5.4 Absence of Conflicts. Except as set forth on the attached "Material Restrictions Schedule," the execution, delivery and performance by the Company of this Agreement and the other agreements contemplated hereby and the consummation of each of the transactions contemplated hereby or thereby will not (a) conflict with, violate or constitute a default under the Organizational Documents of any member of the Company Group, (b) assuming compliance with any applicable Antitrust Law, violate any Applicable Law, (c) conflict with, violate, result in any breach of, constitute a default under, result in the termination, acceleration or modification of, create in any party the right to accelerate, terminate, modify or cancel, or require any consent, notice or payment under, or give rise to a loss of any benefit to which any member of the Company Group is entitled under any contract set forth on the "Contracts Schedule," (d) result in the creation or imposition of any Lien on any asset of any member of the Company Group, except for any Permitted Liens or except as would not, individually or in the aggregate, be material to any member of the Company Group or (e) conflict with or violate or require any authorization, consent, approval, exemption or notice to any Governmental Authority under the provisions of any Law (except for the filing and recordation of the Certificate of Merger as required by the DLLCA and any such actions required by the HSR Act or any other Antitrust Law), with such exceptions in the case of clauses (b) and (e), as would not, individually or in the aggregate, be material to any member of the Company Group.

5.5 Financial Statements. The attached "Financial Statements Schedule" contains the following financial statements (the "Financial Statements"):

(a) the unaudited consolidated balance sheet of the Company Group as of October 1, 2016 (the "Latest Balance Sheet") and the related unaudited consolidated statement of operations for the nine (9)-month period then ended; and

(b) the audited consolidated balance sheet of the Company Group as of January 3, 2015 and January 2, 2016, and the related audited consolidated statements of operations, comprehensive income, members' and shareholders' equity and cash flows for the fiscal periods then ended.

Except as set forth in the attached "Financial Statements Schedule," each of the Financial Statements is accurate and complete in all material respects and presents fairly in all material respects the consolidated financial condition, results of operations, comprehensive income, members' and shareholders' equity and cash flows, as applicable, of the Company Group throughout the periods covered thereby and such Financial Statements have been prepared in accordance with GAAP consistently applied throughout the periods indicated (except that the Latest Balance Sheet and the related unaudited consolidated statements of operations, comprehensive income, members' and shareholders' equity and cash flows, as applicable, are subject to normal and recurring year-end adjustments and reclassifications, none of which is material, individually or in the aggregate, and lack footnote disclosure and other presentation items).

5.6 No Material Undisclosed Liabilities; 2017 Marketing Plan.

(a) No member of the Company Group has any material liabilities or obligations of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable or otherwise, other than (i) liabilities reflected on the face of the Latest Balance Sheet, (ii) working capital liabilities incurred in the ordinary course of business consistent with past practice since the date of the Latest Balance Sheet (none of which is a liability resulting from any noncompliance with any Applicable Law, breach of contract, breach of warranty, tort, infringement or other proceeding), or (iii) liabilities disclosed in the attached "Liabilities Schedule."

(b) The obligations and liabilities of the Company Group set forth or otherwise described in the Company Group's fiscal year 2017 marketing plan (a copy of which has been provided to Purchaser prior to the date hereof) have been accrued in a manner consistent with the manner and methodology used in determining the Target Working Capital.

5.7 Absence of Certain Developments. Except as set forth in the attached "Developments Schedule," since September 30, 2016, the business of each member of the Company Group has been conducted in the ordinary course of business consistent with past practices and no member of the Company Group has:

(a) suffered a Material Adverse Effect;

(b) sold, leased, assigned, licensed, transferred, mortgaged or pledged, failed to maintain in any material respect or protect in any material respect, or created or incurred any Lien (other than any Permitted Lien) on, any of the material assets or portion thereof of any member of the Company Group (other than sales of inventory in the ordinary course of business consistent with past practice and other than sales of obsolete assets or assets with no book value);

(c) made any material capital expenditures or commitments therefor, other than in amounts consistent with the Company's business plan and budget (a true, correct and complete copy of which has been provided to Purchaser prior to the date hereof);

(d) suffered any damage, destruction, or loss of any property owned, leased or licensed by any member of the Company Group, whether or not covered by insurance, having a replacement cost or fair market value in excess of $100,000;

(e) created, incurred, assumed or guaranteed any Indebtedness either (i) involving more than $200,000 or (ii) outside the ordinary course of business consistent with past practice, except in the case of clause (i) for borrowings from banks (or similar financial institutions) necessary to fund capital expenditures or working capital as set forth in the Company Group's budget for capital expenditures and ordinary working capital requirements (a true, correct and complete copy of which has been provided to Purchaser prior to the date hereof);

(f) amended or authorized the amendment of any Organizational Document of any member of the Company Group;

(g) made any material change in the accounting methods or practices of any member of the Company Group, except insofar as was required by a change in GAAP;

(h) acquired by merging or consolidating with, or by purchasing all or a substantial portion of the assets or equity securities of, any Person or division thereof (other than acquisitions of inventory in the ordinary course of business consistent with past practice) or otherwise acquired or licensed any assets or properties (other than inventory or Proprietary Rights acquired or licensed in the ordinary course of business consistent with past practice) that are material to any member of Company Group;

(i) managed its working capital other than in the ordinary course of business consistent in all material respects with past practice;

(j) (i) changed payment terms to any material customer of any member of the Company Group in any material respect or (ii) changed in any material respect the payment or payment terms by any member of the Company Group to any material supplier of any member of the Company Group, in each case, to the extent that any or some combination of the foregoing would or would reasonably be expected to result in a change in the working capital or cash management, credit collection or payment policies, procedures and practices of any member of the Company Group in any material respect;

(k) except as required by Applicable Law or expressly required by the terms of a contract listed on the "Contracts Schedule" or by an Employee Plan as in effect on the date hereof, (i) made, granted or promised any bonus or any wage or salary increase to any Service Provider, or made, granted or promised any other material change in employment terms for any Service Provider, other than (A) routine or annual wage increases for employees in the ordinary course of business consistent with past practice, (B) in connection with the hiring of new or replacement employees in the ordinary course of business consistent with past practice; or (C) for bonuses or

other amounts that reduce Aggregate Initial Consideration (ii) granted any equity, equity-based or other incentive awards to, or discretionarily accelerated the vesting or payment of any such awards held by, any current or former Service Provider; or (iii) established, adopted, entered into or amended any material Employee Plan or collective bargaining agreement except for amendments to material Employee Plans (or the adoption of successor material Employee Plans) that are broad-based welfare plans in connection with the Company's annual or open enrollment procedures that did not cause a material increase in the cost of any such Employee Plan;

(l) except as required by Applicable Law, made or changed any material Tax election, changed an annual accounting period, adopted or changed any accounting method, filed any amended Tax Return, settled or compromised any Tax matter, extended or waived the statute of limitations period applicable to any Tax, or surrendered any right to claim a refund of material Taxes;

(m) issued, delivered or sold, or authorized the issuance, delivery or sale of, any of its equity securities or any Convertible Securities;

(n) effected any recapitalization, reclassification, stock dividend, stock split or like change in its capitalization;

(o) made any loans, advances or capital contributions to, or investments in, any other Person other than in the ordinary course of business consistent with past practice;

(p) commenced or settled (i) any litigation where the amount in controversy was in excess of $250,000, (ii) any criminal or other proceeding with any Governmental Authority, or (iii) any proceeding involving injunctive or other equitable relief;

(q) changed in any material respect (i) any marketing, advertising, promotion, discount or other similar program or practice applicable to any Top Customer of or Top Supplier to any member of the Company Group or (ii) any Company Group member's order or purchase, supply or distribution or inventory, as applicable, practices or patterns with respect to any material customer of or material supplier to any member of the Company Group, in each case, other than any such change that is consistent in all material respects with the 2017 plans and programs of the Company Group relating to such matters (copies of which have been provided to Purchaser prior to the date hereof); or

(r) committed or agreed to do any of the foregoing (whether or not in writing).

5.8 Real Property.

(a) The attached "Leased Real Property Schedule" sets forth the address of each Leased Real Property facility of the Company Group as of the date hereof. Except as set forth in the attached "Leased Real Property Schedule" and except as would not have a Material Adverse Effect, with respect to each of the leases for such Leased Real Property facility: (i) such lease is valid, binding and enforceable against the member of the Company Group which is party to such lease and, to the Company's Knowledge, each other party thereto, except as such enforceability

may be limited by (A) applicable insolvency, bankruptcy, reorganization, moratorium or other similar Laws affecting creditor' rights generally, and (B) applicable equitable principles (whether considered in a proceeding at law or in equity); (ii) no such lease has been breached in any material respect by any member of the Company Group or, to the Company's Knowledge, by any other party thereto or canceled by the other party which has not been duly cured or reinstated, (iii) no member of the Company Group is in receipt of any written claim of default under any such lease which remains uncured and no event has occurred or circumstances exist that, with the delivery of notice, the passage of time or both, would constitute such a breach or default or permit the termination, modification or acceleration of rent under such lease, (iv) the transactions contemplated by this Agreement do not require the consent of any other party to such lease (except for those leases for which consents are obtained prior to Closing), (v) no security deposit or portion thereof deposited with respect to such lease has been applied in respect of a breach of or default under such lease which has not been restored, (vi) no member of the Company Group owes, or will owe in the future, any brokerage commissions or finder's fees with respect to such lease, and (vii) no member of the Company Group has subleased, licensed or otherwise granted any Person the right to use or occupy the Leased Real Property or any portion thereof. The Company has delivered to Purchaser a true and complete copy of each such lease document and all amendments thereto, and in the case of any oral lease, a written summary of the material terms of such lease.

(b) The attached "Owned Real Property Schedule" sets forth the address of each parcel of real property that is owned by the Company or any of its Subsidiaries in connection with its Business (the "Owned Real Property"). Except as set forth on the "Owned Real Property Schedule," the Company or its relevant Subsidiary has good and marketable fee simple title to each parcel of Owned Real Property, free and clear of all Liens other than Permitted Liens. Except as set forth on the "Owned Real Property Schedule," none of the Company or its Subsidiaries (i) is a party to any agreement, right of first refusal or option to purchase any real property or interest therein or (ii) has leased or otherwise granted to any Person the right to use or occupy such Owned Real Property or any portion thereof.

(c) No member of the Company Group has received any written notice of any material condemnation, expropriation or other proceeding in eminent domain affecting any parcel of Owned Real Property or Leased Real Property or any portion thereof or interest therein, nor, to the Company's Knowledge, is any such proceeding threatened affecting any parcel of Owned Real Property or Leased Real Property or any portion thereof or interest therein.

5.9 Title to Tangible Assets.

(a) One or more members of the Company Group owns good and valid title, free and clear of all Liens, other than Permitted Liens, to (or in the case of leased personal property, a valid leasehold title to) all of the material tangible personal property and assets shown on the Latest Balance Sheet or acquired since the date of the Latest Balance Sheet.

(b) The plants, buildings, structures and equipment owned by the Company Group have no known material defects, are in good operating condition and repair and have been reasonably maintained consistent with standards generally followed in the industry (giving due account to the age and length of use of same, ordinary wear and tear excepted), are adequate and

suitable for their present and intended uses and, in the case of plants, buildings and other structures (including the roofs thereof), to the Company's Knowledge, are structurally sound and there are no facts or conditions affecting any of the improvements which would, individually or in the aggregate, interfere in any respect with the use or occupancy of the improvements of any portion thereof in the operation of the Business as currently conducted thereon.

(c) The property and assets owned or leased by the Company Group, or which they otherwise have the right to use, constitute all of the property and assets used or held for use in connection with the Businesses of each member of the Company Group and are adequate to conduct such Businesses as currently conducted.

5.10 Contracts and Commitments.

(a) The "Contracts Schedule" attached hereto lists all of the following written agreements to which any member of the Company Group is a party or otherwise bound by:

(i) any contract or group of related contracts with the top ten (10) customers of the Company Group based on customer revenue for the trailing twelve-month period ended September 30, 2016 (the "Top Customers");

(ii) any contract or group of related contracts with the top five (5) suppliers to the Company Group based on the dollar amount of purchases for the trailing twelve-month period ended September 30, 2016 (the "Top Suppliers");

(iii) (A) any contract or group of related contracts for capital expenditures in excess of $200,000 in any calendar year or $500,000 in the aggregate, and (B) any contract or group of related contracts for services with respect to which the Company Group paid the applicable service provider at least $200,000 for the trailing twelve month period ended September 30, 2016 (other than, in each case, purchase orders placed by the Company in the ordinary course of business);

(iv) any contract or group of related contracts relating to Indebtedness of any member of the Company Group or any guaranty by any member of the Company Group of any obligation in respect of Indebtedness;

(v) any contract or group of related contracts for the purchase of materials, supplies, goods, equipment or other assets by any member of the Company Group with respect to which the Company Group paid the applicable supplier at least $200,000 for the trailing twelve month period ended September 30, 2016 (other than, in each case, purchase orders placed by the Company in the ordinary course of business);

(vi) employment agreements providing for base salary to any Person in any calendar year in excess of $150,000 or any written contract applicable to any Key Employee or any written contract for employment applicable to any employee not residing in the United States, in each case other than offer letters or employment agreements providing for at-will

employment that do not deviate in any material respect from the standard offer letter or employment agreement templates provided to Purchaser;

(vii) collective bargaining agreements or other contracts with any labor union, works council, or employee representative organization;

(viii) any contract or group of related contracts relating to the marketing, sale, advertising or promotion of any Company Group member's products or services involving consideration in excess of $200,000 in any calendar year or $500,000 in the aggregate (other than, in each case, purchase orders received in the ordinary course of business);

(ix) any contract imposing any restriction on the right or ability of any member of the Company Group to engage in any line of business or in any geographic region, compete with any other Person or solicit any customer, vendor, other business relation, employee, consultant or other service provider or which would impose any such restriction after the Closing Date on Purchaser, any member of the Company Group or any of their respective Affiliates, other than pursuant to customer contracts entered into in the ordinary course of business consistent with past practice that are disclosed elsewhere on the "Contracts Schedule";

(x) any contract with respect to any partnership, joint venture or minority equity investment;

(xi) any contract or group of related contracts pursuant to which any member of the Company Group is a lessor or a lessee of any property, personal or real, or holds or operates any tangible personal property owned by another Person, except for any leases of personal property under which the aggregate annual rent or lease payments do not exceed $200,000;

(xii) any contract or group of related contracts that requires any member of the Company Group to use any supplier or third party for all or any material portion of such member of the Company Group's requirements or needs or requires such member of the Company Group to provide a third party "most favored nation" or similar protective pricing terms or any other pricing, discounts or benefits that change based on the pricing, discounts or benefits offered to other customers of any member of the Company Group;

(xiii) any contract or group of related contracts relating to the acquisition or disposition of any business, real property or other material assets of any Person (or any division thereof) (other than, for clarity, contracts for capital expenditures);

(xiv) any License-In or License-Out;

(xv) any contract granting any Person a Lien on all or any material portion of the assets of any member of the Company Group, other than Permitted Liens and Liens which will be released at Closing;

(xvi) any contract that is a settlement, conciliation or similar agreement with any Governmental Authority or pursuant to which any member of the Company Group would be required after the date of this Agreement to pay consideration in excess of $250,000;

(xvii) any contract that is or contains any power of attorney, other than customary limited powers of attorney granted in connection with Tax matters; and

(xviii) any Related Party Agreement.

(b) Except as disclosed on the attached "Contracts Schedule": (i) no member of the Company Group or, to the Knowledge of the Company, any other party thereto has defaulted under or breached in any material respect any contract set forth on, or required to be set forth on, the attached "Contracts Schedule" or canceled any such contract (other than any default or breach that has been duly cured prior to the date hereof); (ii) no member of the Company Group is in receipt of any unresolved written claim of material default under or breach of any such contract; (iii) no action has been taken by any member of the Company Group nor, to the Company's Knowledge, has any event occurred that, with notice or lapse of time or both, would reasonably be expected to constitute an event of default under or breach of any such contract; (iv) each contract listed on the attached "Contracts Schedule" is in full force and effect and is a valid, binding agreement of one or more members of the Company Group, enforceable against each member of the Company Group party thereto and, to the Knowledge of the Company, each other party thereto in accordance with its terms, except as such enforceability may be limited by (A) applicable insolvency, bankruptcy, reorganization, moratorium or other similar Laws affecting creditors' rights generally, and (B) applicable equitable principles (whether considered in a proceeding at law or in equity); and (v) a true and complete copy of each such contract (and all amendments or other modifications thereto) has been made available to Purchaser.

(c) Except as disclosed on the attached "Customers and Suppliers Schedule," since January 1, 2016, no party to any of the contracts referenced in Section 5.10(a)(i) or Section 5.10(a)(ii) has terminated or materially modified in any adverse respect or delivered written notice to, or to the Knowledge of the Company, otherwise informed any member of the Company Group of any intention to terminate or alter in a manner materially adverse to any member of the Company Group (including by decreasing in any material respect the volumes or dollar amounts of products ordered or purchased from the Company Group) its relationship with any member of the Company Group. The attached "Customers and Suppliers Schedule" sets forth a true and complete list of the top ten (10) customers of the Company Group based on customer revenue and top five (5) suppliers to the Company Group based on the dollar amount of purchases, in each case, for the periods January 1, 2015 through December 31, 2015 and January 1, 2016 through September 30, 2016.

(d) There is no planned restructuring or similar non-recurring transaction with respect to any member of the Company Group that involves any material expenditure by or other cost incurred or accrued by any member of the Company Group.

5.11 Proprietary Rights.

(a) The attached "Proprietary Rights Schedule" contains a complete and accurate list, as of the date hereof, of all (i) registered Proprietary Rights and pending applications owned by any member of the Company Group ("Registered Proprietary Rights"); (ii) licenses granted by any member of the Company Group to any third party with respect to any Proprietary Rights (other than as part of customer or end user relationships) (each, a "License-Out"); and (iii) licenses granted by any third party to any member of the Company Group with respect to any Proprietary Rights (other than any license of off-the-shelf or similar generally available software) (each, a "License-In"). All Registered Proprietary Rights are valid and enforceable.

(b) Except as indicated on the attached "Proprietary Rights Schedule," one or more members of the Company Group owns all right, title and interest in and to the Registered Proprietary Rights, free and clear of all Liens other than Permitted Liens and all Registered Proprietary Rights are currently in full compliance with all formal legal requirements of any jurisdiction in which they are issued or pending.

(c) No member of the Company Group has received any written claims within the past three (3) years alleging that the operation of the Business as presently conducted or that the use of its Proprietary Rights infringes, misappropriates or otherwise violates or has infringed, misappropriated or otherwise violated the Proprietary Rights of any third party, and, except as indicated on the attached "Proprietary Rights Schedule," none of the Registered Proprietary Rights is currently subject to any challenge or objection in any jurisdiction.

(d) To the Knowledge of the Company, no third party is infringing, misappropriating or otherwise violating or has infringed, misappropriated or otherwise violated any Registered Proprietary Rights, and, except as indicated on the attached "Proprietary Rights Schedule," to the Knowledge of the Company, no third party has used any trademarks or service marks in any manner that is likely to cause confusion with or dilution of the trademarks and service marks used in the operation of the Business.

(e) Except as indicated on the attached "Proprietary Rights Schedule," all current employees, consultants and contractors and, during the three (3) year period prior to the date hereof, former employees, consultants and contractors of each member of the Company Group who were creators, authors or inventors of any material Registered Proprietary Rights have (i) executed written instruments that assign to, or (ii) by operation of Applicable Law have assigned to, the applicable member of the Company Group all rights, title and interest in and to any and all (A) inventions, improvements, ideas, discoveries, writings, works of authorship, and any other material intellectual property solely for and relating to the Business, and developed for the Business by the assignor in the course of assignor's employment or work for hire, as applicable, and (B) Proprietary Rights relating thereto.

(f) Each member of the Company Group, has taken commercially reasonable security measures to protect the confidentiality of all Trade Secrets in the Proprietary Rights, including requiring each current employee, consultant and contractor and, during the three (3) year period prior to the date hereof, each former employee, consultant and contractor, in each case, who

was a creator, author or inventor of any material Proprietary Rights or otherwise had access to any such Trade Secrets to execute a confidentiality agreement, copies or forms of which have been provided to Purchaser, and, to the Company's Knowledge, there has not been any breach by any party of such security measures or confidentiality agreements that would constitute a Material Adverse Effect.

(g) Except as indicated on the attached "Proprietary Rights Schedule," to the Company's Knowledge, in connection with the collection and/or use of any personally identifiable information ("Personal Data"), there has been no material violation during the three (3)-year period ending on the date of this Agreement by any member of the Company Group, of any Applicable Law in relevant jurisdictions relating to the collection, storage, use and onward transfer of all Personal Data collected by such member of the Company Group, or by third parties having authorized access to the databases or other records of such member of the Company Group (the "Privacy Requirements"). Each member of the Company Group has commercially reasonable security measures in place to protect all Personal Data under its control and/or in its possession and to protect such Personal Data from unauthorized access by any third parties. To the Knowledge of the Company, the hardware, software, encryption, systems, policies and procedures of each member of the Company Group are reasonably sufficient to protect the privacy, security and confidentiality of all Personal Data in accordance with the Privacy Requirements. To the Company's Knowledge, no member of the Company Group has suffered any breach in security during the last three (3) years that has resulted in the unauthorized access of Personal Data under the control or possession of any member of the Company Group.

5.12 Governmental Licenses and Permits. The attached "Governmental Licenses Schedule" contains a complete listing of all material Governmental Licenses used by the Company Group in the conduct of the Business as of the date hereof, together with the name of the Governmental Authority issuing such Governmental License. Except as indicated on the attached "Governmental Licenses Schedule," (a) one or more members of the Company Group owns or possesses all right, title and interest in and to each such Governmental License, (b) each such Governmental License is valid and in full force and effect, (c) no member of the Company Group is in default under, and no condition exists that with notice or lapse of time or both would constitute a default under, any such Governmental License and (d) no such Governmental License will be terminated or impaired or become terminable, in whole or in part, as a result of the transactions contemplated hereby. Each member of the Company Group is in material compliance with the terms and conditions of such Governmental Licenses and since January 1, 2014, has not received any written notice that it is in violation of, and there are no Actions pending to revoke or withdraw, any of such Governmental Licenses.

5.13 Litigation; Proceedings. Except as set forth in the attached "Litigation Schedule," (a) there are no, and since January 1, 2014 there have been no, Actions pending or, to the Company's Knowledge, threatened against any member of the Company Group, or any of their respective assets or the Business and (b) no member of the Company Group is subject to, and since January 1, 2014 no member of the Company Group has been subject to, any judgment, order or decree of any Governmental Authority.

5.14 Compliance with Laws. Except as set forth in the attached "Compliance Schedule," each member of the Company Group is and, since January 1, 2014, has been in compliance in all material respects with, and no member of the Company Group has violated in any material respect, any Applicable Law, rule or regulation of any Governmental Authority, including economic sanctions Laws administered by the U.S. Department of Treasury, Office of Foreign Assets Control, U.S. export and import control Laws, and the U.S. Foreign Corrupt Practices Act of 1977, as amended. No notice, claim, charge, complaint, action, suit, proceeding, investigation or hearing has been received by, filed, or commenced in writing against any member of the Company Group or, to the Knowledge of the Company, threatened against any member of the Company Group alleging a violation of or liability or potential responsibility under any such Applicable Law, rule or regulation which has not heretofore been duly cured and for which there is no remaining liability. Each member of the Company Group is and, since January 1, 2014, has been in compliance in all material respects with all orders, decrees or judgments promulgated or issued by any Governmental Authority.

5.15 Environmental Matters. Except as set forth in the attached "Environmental Matters Schedule," (a) each member of the Company Group is and, since January 1, 2014, has been in compliance in all material respects with all applicable Environmental Laws, except where the failure to comply would not have a Material Adverse Effect; (b) each member of the Company Group is and, since January 1, 2014, has been in compliance in all material respects with all Governmental Licenses required under applicable Environmental Laws for its operations as currently conducted, except where the failure to comply would not have a Material Adverse Effect; (c) no member of the Company Group has, since January 1, 2014, received any written notice regarding any violation of, or any liability under, any Environmental Law with respect to the operations, properties or facilities of the Company Group, the subject of which is unresolved and would have a Material Adverse Effect; (d) no member of the Company Group has Released any Hazardous Substance at the Owned Real Property or Leased Real Property either in violation of any Environmental Laws or in a manner which currently requires investigation, corrective action or remediation by any member of the Company Group pursuant to Environmental Laws which Release, violation, investigation, corrective action or remediation would have a Material Adverse Effect; (e) to the Company's Knowledge, there are no Hazardous Substances at any property formerly owned, operated or leased by any member of the Company Group, or any predecessor, for which any member of the Company Group would reasonably expected to have any liability under any Environmental Laws, except where such liability would not have a Material Adverse Effect; and (f) the Company has provided Purchaser with all material and non-privileged documents related to compliance with, or liability under, Environmental Laws, including all investigations or assessments of environmental conditions at any current or formerly owned, leased or operated property, to the extent such documents are in the Company's possession.

5.16 Employees.

(a) Except as set forth on the attached "Employees Schedule": no member of the Company Group is or has been party to or subject to, or is currently negotiating in connection with entering into, any collective bargaining agreement or other agreement with any labor organization, works council, or similar employee representative body. Except as set forth on the

attached "Employees Schedule," to the Company's Knowledge, there has not been any union organizational campaign, petition or other activity seeking recognition of a collective bargaining unit relating to the Company Group or any Service Provider. There are no, and since January 1, 2014, there have not been any, labor strikes, slowdowns, stoppages, picketing, interruptions of work or lockouts pending or, to the Company's Knowledge, threatened against the Company Group before the National Labor Relations Board or any other Governmental Authority or any current union representation questions involving the Company Group or any Service Providers. The consent or consultation of, or the rendering of formal advice by, any labor or trade union, works council or other employee representative body is not required for the Company to enter into this Agreement or to consummate any of the transactions contemplated hereby.

(b) The Company Group is, and has been since January 1, 2014, in compliance in all material respects with all Applicable Laws with respect to labor relations, employment and employment practices, including those relating to labor management relations, wages, hours, overtime, employee classification, discrimination, sexual harassment, civil rights, affirmative action, work authorization, immigration, safety and health, information privacy and security, workers compensation, continuation coverage under group health plans, wage payment and the payment and withholding of Taxes. All individuals characterized and treated by any member of the Company Group as independent contractors or consultants are properly treated as independent contractors under all Applicable Laws.

(c) Each member of the Company Group is, and has been since January 1, 2014, in compliance in all material respects with the WARN Act and has no liabilities or other obligations thereunder. No member of the Company Group has taken any action that would reasonably be expected to cause Purchaser or any of its Affiliates to have any material liability or other obligation following the Closing Date under the WARN Act.

5.17 Employee Benefit Plans.

(a) The attached "Employee Benefits Schedule" contains a correct and complete list identifying each Employee Plan and specifies whether such plan is a US Plan or an International Plan. For each such Employee Plan, the Company has made available to Purchaser a copy of such plan (or a description, if such plan is not written) and all amendments thereto and, as applicable, (i) all trust agreements, insurance contracts or other funding arrangements and amendments thereto, (ii) the current summary plan description (including summaries of material modifications), (iii) the most recent favorable determination or opinion letter from the IRS, (iv) the most recently filed annual return/report (Form 5500) and accompanying schedules and attachments thereto, (v) the most recently prepared actuarial report and financial statements, (vi) copies of material notices, letters or other correspondence from any Governmental Authority relating to an Employee Plan dated within the past twenty-four (24) months, together with any material compliance statements, requests for voluntary correction or audit notifications with respect to an Employee Plan regardless of when issued and (vii) if such plan is an International Plan, documents that are substantially comparable (taking into account differences in Applicable Law and practices) to the documents required to be provided in clauses (i) through (vi).

(b) With respect to any Employee Plan covered by Subtitle B, Part 4 of Title I or ERISA or Section 4975 of the Code, no non-exempt prohibited transaction has occurred that has caused or would reasonably be expected to cause the Company Group to incur any material liability under ERISA or the Code. Except as provided on the attached "Employee Benefits Schedule," no member of the Company Group sponsors, maintains, administers or contributes to (or has any obligation to contribute to), or has any direct or indirect liability with respect to (including on account of any ERISA Affiliate), any plan that is (i) subject to Title IV of ERISA or Section 412 of the Code or (ii) a "multiemployer plan" (as defined in Section 3(37) of ERISA). With respect to any Employee Plan that is subject to Title IV of ERISA and except as provided on the attached "Employee Benefits Schedule", (A) none of the assets of the Company or any ERISA Affiliate is, or may reasonably be expected to become, the subject of any Lien arising under Section 302 of ERISA or Section 412(a) of the Code, and (B) no reportable event within the meaning of Section 4043 of ERISA has occurred during the past twenty-four (24) months for which notice to the Pension Benefit Guaranty Corporation was not waived under applicable regulations.

(c) Each Employee Plan that is intended to be qualified under Section 401(a) of the Code is so qualified to the Company's Knowledge and has received a current favorable determination letter or prototype opinion letter on which it is permitted to rely, or has pending or has time remaining in which to file, an application for such determination from the IRS, and no circumstances exist that would reasonably be expected to result in any such determination or opinion letter being revoked. Each Employee Plan has been maintained in compliance in all material respects with its terms and with the requirements of Applicable Law, including ERISA and the Code. If required by Applicable Law to be funded or book-reserved, each US Plan has been funded or book-reserved in all material respects in accordance with such Applicable Law and based on reasonable actuarial assumptions and accounting principles. No events have occurred with respect to any Employee Plan that would result in payment or assessment by or against any member of the Company Group of any material excise taxes under ERISA, the Code or other Applicable Law. Each International Plan (i) if intended to qualify for special tax treatment, meets all the requirements for such treatment, and (ii) if required under Applicable Law, to any extent, to be funded, book-reserved or secured by an insurance policy, is so funded, book-reserved or secured by an insurance policy, as applicable, based on reasonable actuarial assumptions in accordance with applicable accounting principles.

(d) There is no action, suit, investigation, audit, proceeding or claim (other than routine claims for benefits) pending against or involving, or, to the Company's Knowledge, threatened against or involving any Employee Plan before any arbitrator or any Governmental Authority, including the IRS or the Department of Labor.

(e) Except as provided in the attached "Employee Benefits Schedule," neither the execution of this Agreement nor the consummation of the transactions contemplated by this Agreement will, alone or in conjunction with any other event, (i) entitle any current or former Service Provider to any compensatory payment or benefit, including any bonus, retention, severance, retirement or job security payment or benefit, or (ii) enhance any benefits or accelerate the time or payment or vesting or trigger any payment of funding (through a grantor trust or otherwise) of compensation or benefits under, or increase the amount payable or trigger any other obligation

under, any Employee Plan or otherwise. Except as set forth in the attached "Employee Benefits Schedule" or with respect to any contract, plan, or arrangement entered into by Purchaser with any Service Provider, there is no contract, plan or arrangement covering any current or former Service Provider that, individually or collectively, could give rise to the payment of any amount that would not be deductible due to the application of Section 280G of the Code in connection with the transactions contemplated by this Agreement. No member of the Company Group has any agreements to gross-up any Service Provider for any excise taxes due under Sections 409A, 280G, or 4999 of the Code.

(f) No member of the Company Group has any current, projected or contingent liability for, and no Employee Plan provides or promises, any post-employment or post-retirement medical, dental, disability, hospitalization, life or similar benefits (whether insured or self- insured) to any current or former Service Provider (other than coverage mandated by Applicable Law, including the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA)).

5.18 Tax Matters. Except as set forth on the attached "Taxes Schedule":

(a) Each member of the Company Group has timely filed all material Tax Returns required to be filed by it, all such Tax Returns are true and accurate in all material respects and all Taxes due and owing by each member of the Company Group (whether or not shown on any Tax Return) have been paid. There are no Liens for Taxes (other than Permitted Liens) upon any of the assets of any member of the Company Group. Each member of the Company Group has withheld and timely paid over to the relevant taxing authority all Taxes required to be so withheld and paid over in connection with amounts paid or owing to any Person;

(b) The Company Group has made available to Purchaser copies of all federal income and other material Tax Returns filed with respect to the Company Group for taxable periods ending on or after December 31, 2013, October 24, 2014, January 3, 2015, and January 1, 2016, has indicated those Tax Returns that have been audited, and has indicated those Tax Returns that currently are the subject of an audit. The Company Group has made available to Purchaser all examination reports, and statements of deficiencies assessed against or agreed to by any member of the Company Group with respect to such taxable periods;

(c) No member of the Company Group has consented to extend the time in which any Tax may be assessed or collected by any taxing authority, which extension is in effect as of the date hereof;

(d) No member of the Company Group has requested or been granted an extension of the time for filing any Tax Return to a date later than the Closing Date;

(e) There is no action, suit, taxing authority proceeding or audit now in progress or, to the Company's Knowledge, pending against or threatened in writing with respect to the Company Group with respect to any Tax;

(f) No written claim has been made within the last three (3) years by an authority in a jurisdiction in which a member of the Company Group does not file Tax Returns that such member is or may be subject to taxation by that jurisdiction;

(g) No member of the Company Group (i) has been a member of an Affiliated Group (other than a group of which a member of the Company Group is or was the parent), or (ii) has any liability for the Taxes of any Person (other than members of the Company Group) under Treasury Regulations Section 1.1502-6 or any similar provision of state, local or foreign law, as transferee or successor, by contract or otherwise;

(h) No member of the Company Group is a party to or bound by any Tax indemnity agreement, Tax allocation agreement or Tax sharing agreement, except to the extent such agreement was entered into in the ordinary course of business and not primarily related to Taxes.;

(i) No member of the Company Group is a party to any understanding or arrangement described in Section 6662(d)(2)(C)(ii) of the Code, or has participated in a "listed transaction" within the meaning of Treasury Regulation Section 1.6011-4(6)(2);

(j) No member of the Company Group will be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any: (i) change in method of accounting for a taxable period ending on or prior to the Closing Date; (ii) use of an improper method of accounting for a taxable period ending on or prior to the Closing Date; (iii) "closing agreement" as described in Code Section 7121 (or any corresponding or similar provision of state, local or foreign Law) executed on or prior to the Closing Date; (iv) deferred intercompany gain or any excess loss account described in Treasury Regulations under Code Section 1502 (or any corresponding or similar provision of state, local or foreign law); (v) any prepaid amount received prior to the Closing, (vi) an installment sale or an open transaction disposition which occurred prior to the Closing Date or (vii) any election pursuant to Section 108(i) of the Code (or any similar provision of state, local or foreign Law);

(k) Within the past three (3) years, no member of the Company Group has distributed the stock of another Person, or has had its stock distributed by another Person, in a transaction that was purported or intended to be governed in whole or in part by Sections 355 or 361 of the Code; and

(l) The Company Group's liability for unpaid Taxes, whether to any Governmental Authority or to another Person (such as under a Tax sharing agreement), (i) did not, as of the Latest Balance Sheet Date, exceed the reserve for Tax liability (excluding reserves for deferred Tax assets or deferred Tax liabilities) set forth on the face of the Latest Balance Sheet and (ii) does not exceed that reserve as adjusted for the passage of time through the Closing Date in accordance with the past custom and practice of the Company Group in filing its Tax Returns.

5.19 Brokerage. Except as disclosed on the attached "Brokerage Schedule," no Person is entitled to any brokerage commissions, finder's fees or similar compensation in connection

with the transactions contemplated by this Agreement based on any arrangement or agreement made by any member of the Company Group.

5.20 Insurance Coverage. The "Insurance Schedule" attached hereto sets forth a true and correct list of all insurance policies currently covering the assets, business, operations, employees, officers or directors of the Company Group (including the name of the insurer, the policy type, the policy number, and the policy period), and the Company has provided copies of all such insurance policies to Purchaser. There is no claim by any member of the Company Group pending under any of such policies for which any member of the Company Group has received written notice that coverage therefor has been questioned, denied or disputed by the underwriters of such policies or in respect of which such underwriters have reserved their rights. All premiums payable under all such policies have been timely paid and the members of the Company Group have otherwise complied in all material respects with the terms and conditions of all such policies, and no member of the Company Group is in breach of or default under any such policy. Such policies are in full force and effect. There is no pending or, to the Company's Knowledge, threatened termination of, premium increase with respect to, or material alteration of coverage under, any of such policies.

5.21 Products. Each of the products produced, manufactured, leased, delivered or sold by any member of the Company Group is, and at all times up to and including the sale thereof has been, produced, manufactured, leased, delivered or sold, as applicable, in compliance in all material respects with all Applicable Laws, all applicable contractual commitments, all applicable industry association and other certified standards, and all applicable warranties. There have been no and, to the Knowledge of the Company there are no threatened, product recalls or market withdrawals relating to any product produced, manufactured, leased, delivered or sold by any member of the Company Group at any time since January 1, 2014. No product produced, manufactured, leased, delivered or sold by any member of the Company Group is subject to any guaranty, warranty or other indemnity beyond the applicable Company Group member's standard terms and conditions of sale or license, copies of which have been provided to Purchaser.

5.22 Inventory. The inventories of each member of the Company Group reflected on the Latest Balance Sheet or acquired after the date of the Latest Balance Sheet in the ordinary course of business are of a quality and quantity useable and saleable in the ordinary course of business consistent with past practice, subject to allowances, if any, reflected on the Latest Balance Sheet for obsolete, excess, LIFO (last in first out) slow-moving, lower of cost or market and other irregular items in accordance with the Accounting Principles (as such allowances would be adjusted for the passage of time through the Closing Date in accordance with the past custom and practice of the Company Group with respect to such later acquired inventories).

5.23 Accounts Receivable. The accounts receivable of the Company Group set forth on the Latest Balance Sheet and arising subsequent to the date of the Latest Balance Sheet represent sales made by the Company Group in the ordinary course of business consistent with past practice pursuant to bona fide transactions involving goods delivered or services rendered by the Company Group. The accounts receivable, and reserves and allowances with respect thereto, reflected on the Latest Balance Sheet (as such reserves and allowances would be adjusted for the passage of time through the Closing Date in accordance with the past custom and practice of the

Company Group with respect to such later arising accounts receivable) are stated thereon in accordance with the Accounting Principles, consistently applied with the Company Group's historical accounting practices. To the Company's Knowledge, no material amounts due, or to become due, in respect of such accounts receivable on the Latest Balance Sheet or arising after the date of the Latest Balance Sheet in the ordinary course of business are in dispute and there are no material setoffs or counterclaims asserted with respect thereto, except to the extent sufficient provision has been made therefor in the Latest Balance Sheet (as such provision would be adjusted for the passage of time through the Closing Date in accordance with the past custom and practice of the Company Group with respect to such later arising accounts receivables).

5.24 FDA/FTC Regulatory Compliance.

(a) Except as disclosed in subsection (a) of the attached "FDA/FTC Regulatory Compliance Schedule," to the Company's Knowledge, none of the Top Suppliers has, since January 1, 2014, been issued a FDA Form 483 or received a warning letter from, or has otherwise been cited by, the FDA or any other Governmental Authority. Except as disclosed in subsection (a) of the attached "FDA/FTC Regulatory Compliance Schedule," none of the Top Suppliers has, since January 1, 2014, failed to fulfill in any material respects its supply obligations with respect to the Business in a timely and complete manner, whether due to an event of force majeure or otherwise.

(b) Except as disclosed in subsection (b) of the attached "FDA/FTC Regulatory Compliance Schedule," since January 1, 2014, each member of the Company Group has complied in all material respects with all applicable provisions of the Federal Food, Drug, and Cosmetic Act, 21 U.S.C. § 301 et seq., as amended from time to time (the "FD&C Act"), and all applicable regulations promulgated thereunder by the FDA (collectively, "FDA Laws and Regulations"), and analogous provisions of foreign Law governing the regulation of the Company Group's current and/or proposed products.

(c) Except as disclosed in subsection (c) of the attached "FDA/FTC Regulatory Compliance Schedule," since January 1, 2014, to the Company's Knowledge, no member of the Company Group has received any written notice or communication from the FDA or FTC alleging noncompliance with any applicable FDA Laws and Regulations or the FTC Act, or any written notice from any other Governmental Authority with respect to analogous provisions of foreign Law governing the regulation of the Company Group's products. Except as disclosed in subsection (c) of the attached "FDA/FTC Regulatory Compliance Schedule," since January 1, 2014, the Company Group has not received written (or, to the Company's Knowledge, any other) notice of any civil, criminal or administrative action, suit, claim, complaint, hearing, demand letter, warning letter, untitled letter, proceeding, inspection, finding, recall, investigation, penalty assessment, audit or other compliance or enforcement, regulatory or administrative proceedings by the FDA, and no review or investigation has, to the Company's Knowledge, been threatened, against any member of the Company Group for failure to comply with any FDA Laws and Regulations or analogous provision of foreign Law governing the regulation of the Company Group's products. No member of the Company Group, or any officer, director or managing employee of any member of the Company Group, has (i) been convicted of any crime or (ii) has engaged in any conduct, in each

case for which debarment is mandated or expressly permitted by 21 U.S.C. § 335a or the regulations issued in respect thereof.

(d) Since January 1, 2014, each member of the Company Group has obtained all necessary FDA Applications for its business activities during such period, including the commercial distribution of any products that are regulated by the FDA, except to the extent any failure to obtain any such FDA Application would not be material to any member of the Company Group.

(e) Except as disclosed in subsection (e) of the attached "FDA/FTC Regulatory Compliance Schedule," since January 1, 2014, each member of the Company Group has timely filed all required FDA Registrations.

(f) Set forth in subsection (f) of the attached "FDA/FTC Regulatory Compliance Schedule" is a true, correct and complete list, as of the date hereof, of: (i) the name of each product sold by any member of the Company Group; and (ii) the current manufacturer(s) of each product.

(g) Since January 1, 2014, except as disclosed in subsection (g) of the attached "FDA/FTC Regulatory Compliance Schedule," the Drug products and Dietary Supplements distributed by the Company have been in compliance in all material respects with the Current Good Manufacturing Practice Regulations set forth in 21 C.F.R. Parts 111, 210, & 211, as applicable.

(h) Except as disclosed in subsection (h) of the attached "FDA/FTC Regulatory Compliance Schedule," each member of the Company Group and, to the Company's Knowledge, such member's contract manufacturers of Drug products, are in compliance in all material respects with the written procedures, record-keeping, complaint handling and investigation, and FDA reporting requirements for Post-Market Adverse Drug Experience Investigation and Reporting, set forth in 21 C.F.R. Part 314.80, other Post- Marketing Reporting Requirements, set forth in 21 C.F.R. Part 314.81. The Company has made available to Purchaser copies of all Adverse Event Reports and Serious Adverse Event Reports prepared since January 1, 2014, in the possession, custody or control of any member of the Company Group and in respect of the use of products developed, manufactured, marketed, sold and/or distributed by any member of the Company Group.

(i) Except as disclosed in subsection (i) of the attached "FDA/FTC Regulatory Compliance Schedule," each product intended for use as a Drug and not subject to an approved New Drug Application or Abbreviated New Drug Application has, since January 1, 2014, been labeled, promoted, and advertised in compliance in all material respects with all applicable rules and regulations pertaining to Over the Counter Human Drugs Which Are Generally Recognized as Safe and Effective, including 21 C.F.R. Part 330, and, as applicable, FDA standards governing Tentative Final Monograph products.

(j) Except as disclosed in subsection (j) of the attached "FDA/FTC Regulatory Compliance Schedule," since January 1, 2014, to the Company's Knowledge, no member of the Company Group has received any written requests from the FDA or any other applicable Governmental Authority requesting that any member of the Company Group cease to investigate,

test, manufacture, transport, promote, market, advertise, import, export, distribute or sell any products of any member of the Company Group.

(k) Since January 1, 2014, the Company Group has been in material compliance with all applicable Laws governing product promotion and advertising, including Section 5 of the FTC Act.

5.25 Indebtedness. Except as set forth on "Indebtedness Schedule", no member of the Company Group has any Indebtedness.

5.26 Disclaimer. Except as expressly set forth in this Agreement, none of the Company Unitholders or any member of the Company Group makes any representation or warranty, express or implied, at law or in equity and any such other representations or warranties are hereby expressly disclaimed. Without limiting the generality or the foregoing, (a) none of the Company Unitholders or any member of the Company Group shall be deemed to make to Purchaser any representation or warranty other than as expressly made by such Person in this Agreement and (b) none of the Company Unitholders or any member of the Company Group makes any representation or warranty to Purchaser with respect to (i) any projections, estimates or budgets heretofore delivered to or made available to Purchaser or its counsel, accountants or advisors of future revenues, expenses or expenditures or future results of operations of the Company Group or any member thereof, or (ii) except as expressly covered by a representation and warranty contained in this Agreement, any other information or documents (financial or otherwise) made available to Purchaser or its counsel, accountants or advisors with respect to any Company Unitholder or any member of the Company Group. Nothing in this Section 5.26 shall prohibit, restrict or otherwise limit any Action by Purchaser or Merger Sub hereunder in respect of actual and intentional fraud in the making of any of the representations and warranties in this Article 5.

ARTICLE 6

REPRESENTATIONS AND WARRANTIES OF PURCHASER AND MERGER SUB

As an inducement to the Company to enter into this Agreement, Purchaser and Merger Sub represent and warrant, as of the date hereof and as of the Closing Date, as follows:

6.1 Organization and Power; Ownership of Merger Sub; No Prior Activities. Purchaser is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Merger Sub is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware. Purchaser and Merger Sub have all requisite corporate or limited liability company, as applicable, power and authority to execute and deliver this Agreement and the other agreements contemplated hereby and to perform their respective obligations hereunder and thereunder. Purchaser owns 100% of the issued and outstanding equity interests of Merger Sub. Merger Sub was formed solely for the purpose of engaging in the transactions contemplated by this Agreement. Except for obligations or liabilities incurred in connection with its formation and the transactions contemplated by this Agreement, Merger Sub has not and will not have incurred, directly or indirectly, through any Subsidiary or Affiliate, any obligations or liabilities or engaged in any business activities of any type or kind whatsoever or

entered into any agreements or arrangements with any Person (other than its Organizational Documents).

6.2 Authorization. The execution, delivery and performance by Purchaser and Merger Sub of this Agreement, the other agreements contemplated hereby and the consummation of the transactions contemplated hereby and thereby have been duly and validly authorized by all requisite corporate or limited liability company, as applicable, action and no other act or proceeding on the part of Purchaser or Merger Sub, or their respective board of directors or managers, as applicable (or equivalent governing body), or equityholders or members, as applicable, is necessary to authorize the execution, delivery or performance by Purchaser or Merger Sub of this Agreement or the other agreements contemplated hereby and the consummation of the transactions contemplated hereby or thereby. Each of Purchaser and Merger Sub has all requisite corporate or limited liability company, as applicable, power and authority to execute and deliver this Agreement and the other agreements contemplated hereby to which it is a party, to perform is obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. This Agreement has been duly executed and delivered by Purchaser and Merger Sub and, assuming the due execution and delivery of this Agreement and the other agreements contemplated hereby by the other parties hereto and thereto, this Agreement constitutes, and the other agreements contemplated hereby upon execution and delivery by Purchaser and Merger Sub will each constitute, a valid and binding obligation of Purchaser and Merger Sub, enforceable in accordance with their terms, except as such enforceability may be limited by (a) applicable insolvency, bankruptcy, reorganization, moratorium or other similar Laws affecting creditors' rights generally, and (b) applicable equitable principles (whether considered in a proceeding at law or in equity).

6.3 No Violation. Except as set forth on the attached "Violations Schedule," the execution, delivery and performance by Purchaser and Merger Sub of this Agreement and the other agreements contemplated hereby and the consummation of each of the transactions contemplated hereby or thereby will not (a) conflict with, violate or constitute a default under the Organizational Documents of Purchaser or Merger Sub, (b) assuming compliance with applicable Antitrust Law, violate any Applicable Law, (c) conflict with, violate, result in any breach of, constitute a default under, result in the termination, acceleration or modification of, create in any party the right to accelerate, terminate, modify or cancel, or require any consent, notice or payment under any provision of any material agreement or instrument binding upon Purchaser or Merger Sub or (d) conflict with or violate or require any authorization, consent, approval, exemption or notice to any Governmental Authority under the provisions of any Law (except for the filing and recordation of the Certificate of Merger as required by the DGCL and any such actions required by the HSR Act or any other Antitrust Law), with such exceptions in the case of clauses (b) and (d), as would not, individually or in the aggregate, have a material adverse effect on Purchaser's or Merger Sub's ability to consummate the transactions contemplated hereby.

6.4 Litigation. There are no Actions pending or, to Purchaser's Knowledge, threatened against or affecting Purchaser or Merger Sub, at law or in equity, or before or by any Governmental Authority, which would have a material adverse effect on Purchaser's or Merger Sub's performance under this Agreement, the other agreements contemplated hereby or the consummation of the transactions contemplated hereby or thereby.

6.5 Investment Intent; Restricted Securities. Purchaser is acquiring the Company Units solely for Purchaser's own account, for investment purposes only, and not with a present view to, or with any present intention of, reselling or otherwise distributing the Company Units or dividing its participation herein with others. Purchaser understands and acknowledges that (a) none of the Company Units has been registered or qualified under the Securities Act, or under any securities Laws of any state of the United States or other jurisdiction, in reliance upon specific exemptions thereunder for transactions not involving any public offering; (b) all of the Company Units constitute "restricted securities" as defined in Rule 144 under the Securities Act; (c) none of the Company Units are traded or tradable on any securities exchange or over-the-counter; and (d) none of the Company Units may be sold, transferred or otherwise disposed of unless a registration statement under the Securities Act with respect to such Company Units and qualification in accordance with any applicable state securities Laws becomes effective or unless such registration and qualification is inapplicable, or an exemption therefrom is available. Purchaser will not transfer or otherwise dispose any of the Company Units acquired hereunder or any interest therein in any manner that may cause any Company Unitholder to be in violation of the Securities Act or any applicable state securities Laws. Purchaser is an "accredited investor" as defined in Rule 501(a) of the Securities Act.

6.6 Brokerage. No Person is entitled to any brokerage commissions, finder's fees or similar compensation in connection with the transactions contemplated by this Agreement based on any arrangement or agreement made by or on behalf of Purchaser or Merger Sub, except as set forth on the attached "Purchaser Brokerage Schedule."

6.7 Financing. Purchaser has provided to the Company true, correct and complete copies of the fully executed commitment letter, dated as of the date hereof, among Purchaser's indirect parent, Prestige Brands Holdings, Inc., and the Debt Financing Sources party thereto, including all exhibits, schedules, annexes and amendments to such letter in effect as of the date of this Agreement (collectively, the "Debt Commitment Letter") pursuant to which the Debt Financing Sources party thereto have agreed, subject to the terms and conditions set forth in the Debt Commitment Letter, to provide debt financing to Purchaser in connection with the consummation of the transactions contemplated hereby in an aggregate amount not to exceed the amount set forth in the Debt Commitment Letter, and the related fee letter (the "Fee Letter") (provided, that provisions in the Fee Letter related to fees, pricing, economic "flex" terms, thresholds, caps and other items not affecting conditionality, availability or the amount of the Financing that would otherwise be available to Purchaser and Merger Sub have been redacted) from the Debt Financing Sources. As of the date of this Agreement, the Debt Commitment Letter and the Fee Letter have not been amended or modified, except as permitted pursuant to Section 4.9, no such amendment or modification to the Debt Commitment Letter or the Fee Letter is contemplated, the respective commitments contained therein have not been withdrawn, rescinded or otherwise modified in any respect, and the Purchaser has not entered into any side letters or other agreements or arrangements related to the Financing, other than as set forth in the Debt Commitment Letter and the related Fee Letter, (a) which would impose conditions or other contingencies to or could affect the availability or funding of the full amount of the Financing or (b) prohibiting or seeking to prohibit any Person from providing or seeking to provide financing to any Person in connection with a transaction relating to the Company. The obligations of the parties identified in the Debt

Commitment Letter to make the full amount of the Financing available to Purchaser and Merger Sub on the terms and conditions specified therein are not subject to any conditions precedent or other contingencies other than as set forth therein and, as of the date of this Agreement, the Debt Commitment Letter is in full force and effect and is the legal, valid, binding and enforceable obligations of Purchaser and Merger Sub and, to the knowledge of the Purchaser, each of the other parties thereto. Each of Purchaser and Merger Sub has fully paid any and all commitment fees or other fees that are required to be paid pursuant to the terms of the Debt Commitment Letter and the Fee Letter on or prior to the date of this Agreement. As of the date of this Agreement, neither Purchaser nor Merger Sub has reason to believe that it will be unable to satisfy any term or condition to be satisfied by it as a condition to the availability of the Financing contained in the Debt Commitment Letter (and the payment of all associated costs and expenses) or that the Financing will not be made available to Purchaser or Merger Sub at the Closing, and no event has occurred that, with or without notice, lapse of time or both, would or would reasonably be expected to constitute a default or breach or failure to satisfy a condition on the part of Purchaser or Merger Sub (or to the Purchaser's knowledge, any other party thereto) under the Debt Commitment Letter or would otherwise be reasonably likely to result in any portion of the Financing contemplated thereby to be unavailable, other than any such default, breach or failure that has been irrevocably waived by the parties providing the Financing or otherwise cured in a timely manner by Purchaser or Merger Sub to the satisfaction of such parties providing the Financing. Purchaser and Merger Sub will have on the Closing Date sufficient unrestricted cash on hand and available financing arrangements to pay all amounts required to be paid by Purchaser and Merger Sub at the Closing pursuant to the terms of this Agreement, and to pay all of its related fees and expenses. Neither Purchaser nor Merger Sub has reason to believe that such available cash shall not be available or that the debt shall not be funded, and neither Purchaser nor Merger Sub has made any misrepresentation in connection with obtaining such debt financing commitments. In no event shall the receipt by, or the availability of any funds or financing to, Purchaser or any of its Affiliates or any other financing be a condition to Purchaser's or Merger Sub's obligation to consummate the transactions contemplated hereunder.

6.8 Solvency. Assuming (a) that the representations and warranties of the Company contained in this Agreement are true and correct in all material respects as of the Closing, (b) each member of the Company Group has complied with all pre-Closing covenants and agreements herein and (c) the financial condition of each member of the Company Group has not changed in any material respect since the date of the Latest Balance Sheet, immediately after the Closing, after giving effect to all of the transactions contemplated by this Agreement, each member of the Company Group will be Solvent. For purposes of this Section 6.8, "Solvent" means that, with respect to any Person and as of any date of determination, (i) the amount of the "present fair saleable value" of the assets of such Person, will, as of such date, exceed the amount of all "liabilities of such Person, contingent or otherwise," as of such date, as such quoted terms are generally determined in accordance with applicable federal laws governing determinations of the insolvency of debtors, (ii) the present fair saleable value of the assets of such Person will, as of such date, be greater than the amount that will be required to pay the liabilities of such Person on its indebtedness as its indebtedness becomes absolute and matured, (iii) such Person will not have, as of such date, an unreasonably small amount of capital with which to conduct its business and (iv) such Person will be able to pay its indebtedness as it matures. For purposes of the foregoing definition only,

"indebtedness" means a liability in connection with another Person's (x) right to payment, whether or not such a right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured or (y) right to any equitable remedy for breach of performance if such breach gives rise to a right of payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured.

6.9 Disclaimer. Except as expressly set forth in this Agreement, neither Purchaser nor Merger Sub makes any representation or warranty, express or implied, at law or in equity and any such other representations or warranties are hereby expressly disclaimed. Without limiting the generality or the foregoing, neither Purchaser nor Merger Sub shall be deemed to make to any Company Unitholder or any member of the Company Group any representation or warranty other than as expressly made by such Person in this Agreement. Nothing in this Section 6.9 shall prohibit, restrict or otherwise limit any Action by a Company Unitholder hereunder in respect of actual and intentional fraud in the making of any of the representations and warranties in this Article 6.

ARTICLE 7

TERMINATION

7.1 Termination. This Agreement may be terminated at any time prior to the Closing only as follows:

(a) by mutual written consent of Purchaser and Merger Sub, on the one hand, and the Sellers' Representative, on behalf of the Company, on the other hand;

(b) by Purchaser and Merger Sub providing written notice to the Sellers' Representative if there has been a breach of the representations and warranties or covenants and agreements by the Company set forth in this Agreement, which would result in the failure of the conditions set forth in Sections 3.2(a), 3.2(b) or 3.2(b) to be satisfied (but not waived) (so long as Purchaser and Merger Sub have provided the Sellers' Representative with written notice of such breach and the breach has continued without cure until the earliest to occur of (i) ten (10) days following the date of such notice of breach and (ii) one (1) day prior to the Termination Date);

(c) by the Sellers' Representative, on behalf of the Company, providing written notice to Purchaser and Merger Sub if there has been a breach of the representations and warranties or covenants and agreements by Purchaser or Merger Sub set forth in this Agreement, which would result in the failure of the conditions set forth in Sections 3.1(a) or 3.1(b) to be satisfied (but not waived) (so long as the Sellers' Representative has provided Purchaser and Merger Sub with written notice of such breach and the breach has continued without cure until the earliest to occur of (i) ten (10) days following the date of such notice of breach and (ii) one (1) day prior to the Termination Date);

(d) by either Purchaser and Merger Sub, on the one hand, or the Sellers' Representative, on behalf of the Company, on the other hand, if the transactions contemplated hereby

have not been consummated by June 20, 2017 (the "Termination Date"); provided, that a party shall not be entitled to terminate this Agreement pursuant to this subsection (d) if (i) that party's breach of this Agreement has been the primary cause of the consummation of the transactions contemplated hereby not occurring at or prior to such time; or (ii) that party has failed to satisfy any condition set forth in Article 3 that such party was required to satisfy at or prior to such time; or

(e) by Purchaser if the Written Consent has not been obtained and a copy thereof has not been delivered to Purchaser on or before the date that is one (1) Business Day after the date hereof.

7.2 Effect of Termination. In the event of termination of this Agreement as provided in Section 7.1, this Agreement shall forthwith become void and there shall be no liability or obligation hereunder on the part of any party hereto (other than this Section 7.2, the second sentence of Section 8.2 (Press Releases and Announcements; Confidentiality), Section 8.3 (Expenses), and Article 10, each of which shall survive any such termination), except for intentional or willful breaches of this Agreement prior to the time of such termination.

ARTICLE 8

ADDITIONAL AGREEMENTS; COVENANTS AFTER CLOSING

8.1 Mutual Assistance. Subject to the requirements of Section 4.5 (which, in the event of a conflict with the provisions of this Section 8.1, shall govern and control), each of the parties hereto agrees that they will mutually cooperate in the expeditious filing of all notices, reports and other filings with any Governmental Authority required to be submitted jointly by any of the parties hereto in connection with the execution and delivery of this Agreement, the other agreements contemplated hereby and the consummation of the transactions contemplated hereby or thereby. Subsequent to the Closing, each of the parties hereto, at the cost and expense of the requesting party, will assist each other (including by the retention of records and the provision of access to relevant records) in the preparation of their respective Tax Returns and the filing and execution of Tax elections, if reasonably required, as well as in the defense of any audits or litigation that may ensue as a result of the filing thereof, to the extent that such assistance is reasonably requested.

8.2 Press Release and Announcements; Confidentiality. Unless required by Applicable Law, including the rules or regulations of any United States or foreign securities exchange (in which case each of Purchaser and the Sellers' Representative shall, to the fullest extent permitted by law, consult with the other party prior to any such disclosure as to the form and content of such disclosure), from and after the date hereof, through and including the Closing, no press releases, announcements to the employees, customers or suppliers of the Business or other releases of information related to this Agreement or the transactions contemplated hereby will be issued or released without the written consent of both Purchaser and the Sellers' Representative; provided, that Purchaser may disclose the terms hereof to its Affiliates and its and their respective employees, accountants, advisors and other Representatives as necessary in connection with Purchaser's evaluation, investigation and review of the Business and each member of the Company Group (so long as such Persons agree to or are bound by contract to keep the terms of this Agreement confidential). Following the Closing, the parties hereto agree to keep the terms of this Agreement

confidential, except to the extent required by Applicable Law (including the rules or regulations of any United States or foreign securities exchange) or for financial reporting purposes and except that the parties may disclose such terms to their respective Affiliates, limited partners, and their respective employees, accountants, advisors and other Representatives as necessary in connection with the ordinary conduct of their respective businesses (so long as such Persons agree to or are bound by contract to keep the terms of this Agreement confidential). Purchaser acknowledges that following the date hereof, regardless of whether this Agreement is terminated, that certain confidentiality agreement by and between the Company and Prestige Brands Holdings, Inc., dated as of September 1, 2016 (the "Confidentiality Agreement"), shall remain in full force and effect in accordance with its terms; provided, that the Confidentiality Agreement shall terminate and be of no further force or effect upon the consummation of the Closing.

8.3 Expenses. Except as otherwise set forth in this Agreement, each of the parties hereto shall be solely responsible for and shall bear all of its own costs and expenses incident to its obligations under and in respect of this Agreement and the transactions contemplated hereby, including, but not limited to, any such costs and expenses incurred by any party hereto in connection with the negotiation, preparation and performance of and compliance with the terms of this Agreement (including the fees and expenses of legal counsel, accountants, investment bankers or other Representatives and consultants), regardless of whether the transactions contemplated hereby are consummated.

8.4 Further Transfers. Each of the parties hereto shall, and shall cause its Affiliates to, execute and deliver such further instruments and take such additional action as any other party hereto may reasonably request (at the requesting party's cost and expense) to effect or consummate the transactions contemplated hereby.

8.5 Transfer Taxes; Recording Charges. Notwithstanding anything to the contrary herein, all transfer, documentary, sales, use, stamp, registration and other such Taxes, and all conveyance fees, recording charges and other fees and charges (including any penalties and interest) incurred in connection with consummation of the transactions contemplated by this Agreement shall be paid fifty percent (50%) by Purchaser and fifty percent (50%) by the Sellers' Representative out of the Sellers' Representative Expense Fund, and Purchaser will, at its own expense, file all necessary Tax Returns and other documentation with respect to all such Taxes, fees and charges, and, if required by Applicable Law, the Company Unitholders will, and will cause their Affiliates to, join in the execution of any such Tax Returns and other documentation.

8.6 Sellers' Representative.

(a) Gryphon Partners 3.5, L.P. is hereby constituted and appointed as the Sellers' Representative. For purposes of this Agreement, the term "Sellers' Representative" shall mean the representative, true and lawful agent, proxy and attorney in fact of the Company Unitholders for all purposes of this Agreement and the Escrow Agreement, with full power and authority on such Company Unitholder's behalf (i) to consummate the transactions contemplated herein, (ii) to pay such Company Unitholder's expenses (whether incurred on or after the date hereof) incurred in connection with the negotiation and performance of this Agreement, (iii) to receive, give receipt and disburse any funds received hereunder on behalf of or to such Company Unitholder and each

other Company Unitholder and to hold back from disbursement any such funds to the extent it reasonably determines may be necessary, (iv) to execute and deliver any certificates representing the Company Units and execution of such further instruments as Purchaser shall reasonably request, (v) to execute and deliver on behalf of such Company Unitholder all documents contemplated herein and any amendment or waiver hereto, (vi) to take all other actions to be taken by or on behalf of such Company Unitholder in connection herewith, (vii) to negotiate, settle, compromise and otherwise handle all disputes under this Agreement, including without limitation, disputes regarding Actual Working Capital, Actual Cash, Actual Indebtedness and/or Actual Sellers' Transactions Expenses, any adjustment pursuant to Section 2.10 or any indemnification claim under Article 9, (viii) to waive any condition to the obligations of the Company or the Company Unitholders to consummate the transactions contemplated herein, (ix) to give and receive notices on behalf of the Company Unitholders and (x) to do each and every act and exercise any and all rights which such Company Unitholder is, or the Company Unitholders collectively are, permitted or required to do or exercise under this Agreement. The Company Unitholders, by approving the principal terms of the Merger (through the execution of the Written Consent or otherwise) and/or accepting the consideration payable to them hereunder, irrevocably grant unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing necessary or desirable to be done in connection with the transactions contemplated by this Agreement, as fully to all intents and purposes as the Company Unitholders might or could do in person. Each of the Company Unitholders agrees that such agency and proxy are coupled with an interest, are therefore irrevocable without the consent of the Sellers' Representative and shall survive the death, incapacity or bankruptcy of any Company Unitholder.

(b) All decisions, actions, consents and instructions of the Sellers' Representative shall be final and binding upon all the Company Unitholders and no Company Unitholder shall have any right to object, dissent, protest or otherwise contest the same, except for fraud, bad faith or willful misconduct. Neither the Sellers' Representative nor any agent employed by Sellers' Representative shall incur any liability to any Company Unitholder relating to the performance of its duties hereunder except for actions or omissions constituting fraud, bad faith or willful misconduct. The Sellers' Representative shall not have by reason of this Agreement a fiduciary relationship in respect of any Company Unitholder, except in respect of amounts actually received on behalf of such Company Unitholder. The Sellers' Representative shall not be required to make any inquiry concerning either the performance or observance of any of the terms, provisions or conditions of this Agreement.

(c) The Company Unitholders shall cooperate with the Sellers' Representative and any accountants, attorneys or other agents whom the Sellers' Representative may retain to assist in carrying out Sellers' Representative's duties hereunder. The Company Unitholders shall reimburse the Sellers' Representative for all costs and expenses, including professional fees, incurred.

(d) In the event that the Sellers' Representative becomes unable to perform the Sellers' Representative's responsibilities or resigns from such position, the Company Unitholders holding, prior to the Closing, a majority of the Company Units shall select another representative to fill such vacancy and such substituted representative shall (i) be deemed to be the Sellers'

Representative for all purposes of this Agreement and (ii) exercise the rights and powers of, and be entitled to the indemnity, reimbursement and other benefits of, the Sellers' Representative.

(e) At the Effective Time, Purchaser shall deliver to the Sellers' Representative an amount in cash equal to $750,000 (the "Sellers' Representative Expense Fund") to be held in trust to cover and reimburse the fees and expenses incurred by the Sellers' Representative for its obligations in connection with this Agreement and the transactions contemplated herein. Any balance of the Sellers' Representative Expense Fund not incurred for such purposes shall be returned to the Company Unitholders in accordance with their respective Applicable Percentage.

(f) It is acknowledged by each of the parties hereto that the Company Group, the Company Unitholders, the Sellers' Representative (and its Affiliates) and each of their respective directors, managers, members, officers, and employees have retained Kirkland & Ellis LLP (excluding those attorneys and agents thereof who represent Purchaser and Merger Sub with respect to the transactions contemplated hereby, "Sellers' Counsel") to act as their counsel in connection with the transactions contemplated hereby and that Sellers' Counsel has not acted as counsel for any other Person in connection with the transactions contemplated hereby and that no other party or Person has the status of a client of the Sellers' Counsel for conflict of interest or any other purposes as a result thereof. Purchaser and the Company hereby agree that, in the event that a dispute arises between Purchaser, the Company, the Company Unitholders or any of their respective Affiliates, directors, managers, members, officers or employees and the Sellers' Representative or any of its Affiliates, Sellers' Counsel may represent the Sellers' Representative or any of its Affiliates in such dispute even though the interests of the Sellers' Representative or any of its Affiliates may be directly adverse to Purchaser, any member of the Company Group, any Company Unitholder or any of their respective Affiliates, directors, managers, officers or employees and even though Sellers' Counsel may have represented a member of the Company Group in a matter substantially related to such dispute, and Purchaser, the Company and their respective Affiliates hereby waive, on behalf of themselves and each of their Affiliates, any conflict of interest in connection with such representation by Sellers' Counsel and agree not to seek to have Sellers' Counsel disqualified from representing the Sellers' Representative or any of its Affiliates in connection with such dispute. Each of Purchaser and the Company further agrees that, as to all pre-Closing communications among Sellers' Counsel, any member of the Company Group, any Company Unitholder and any of their respective Affiliates, directors, managers, officers or employees to the extent related to the transactions contemplated by this Agreement, the attorney-client privilege, the expectation of client confidence and all other rights to any evidentiary privilege belong to Sellers' Representative and its Affiliates, as applicable, and may be controlled by Sellers' Representative and its Affiliates and shall not pass to or be claimed by Purchaser, the Company Group, any Company Unitholder or any of their respective Affiliates, directors, managers, officers or employees. Purchaser further agrees, on behalf of itself and its Affiliates, that all communications that occurred prior to the Closing in any form or format whatsoever between or among any of Sellers' Counsel, the Company Group, the Company Unitholders, the Sellers' Representative (and its Affiliates) and each of their respective directors, officers, employees and other Representatives that relate to the negotiation, documentation and consummation of the transactions contemplated by this Agreement or any dispute arising under this Agreement (collectively, the "Deal Communications") shall be deemed to be retained and owned collectively by the Sellers' Representative, shall be controlled by the Sellers' Representative and

shall not pass to or be claimed by Purchaser or the Company or their respective Affiliates. All Deal Communications that are attorney-client privileged (the "Privileged Deal Communications") shall remain privileged after the Closing. To the extent that files in respect of any Privileged Deal Communications constitute property of the client, the privilege and the expectation of client confidence relating thereto shall belong solely to the Sellers' Representative and its Affiliates, shall be controlled by the Sellers' Representatives and its Affiliates and shall not pass to or be claimed by Purchaser or the Company or their respective Affiliates.

(g) Each Company Unitholder (including in each case for purposes of this Section 8.6(g), the Sellers' Representative) agrees that Purchaser, and following the Closing, the Surviving Company and each other member of the Company Group, shall be entitled to rely on any action authorized by this Section 8.6 or any Letter of Transmittal to be taken by the Sellers' Representative, on behalf of each Company Unitholder (each, an "Authorized Action"), and that each Authorized Action shall be binding on each Company Unitholder as fully as if such Company Unitholder had taken such Authorized Action. Each Company Unitholder agrees to pay, and to indemnify and hold harmless, each of the Purchaser Indemnified Parties from and against any Losses which they may suffer, sustain or become subject to, as a result of any claim by any Person that an Authorized Action is not binding on, or enforceable against, such Company Unitholder. In addition, each Company Unitholder hereby releases and discharges each of the Purchaser Indemnified Parties and, following the Closing, the Surviving Company and each other member of the Company Group, from and against any Losses arising out of or in connection with the Sellers' Representative's failure (other than to the extent arising out of any action taken by or at the written direction of any Purchaser Indemnified Party that is inconsistent with the terms of this Agreement) to distribute any amounts received by the Sellers' Representative on behalf of the Company Unitholders to the Company Unitholders. Payment of all amounts paid by or on behalf of Purchaser (whether directly or through any escrowed funds of any kind) to the Sellers' Representative shall constitute payment by Purchaser to each of the Company Unitholders and satisfaction of Purchaser's obligation to pay such amount hereunder (notwithstanding any withholding (including in the Sellers' Representative Expense Fund) by the Sellers' Representative).

8.7 Directors and Officers Insurance.

(a) From and after the Closing until the sixth (6^{th}) anniversary of the Closing Date, to the extent of coverage actually provided under the D&O Tail Policy, Purchaser shall provide or cause to be provided to any Person who is on the date hereof, or who becomes prior to the Closing Date, an officer, director or manager of any member of the Company Group (each such Person, a "D&O Beneficiary"), officers' and directors' liability insurance coverage ("D&O Insurance") with respect to all losses, claims, damages, liabilities, costs and expenses (including attorney's fees and expenses), judgments, fines and amounts paid in settlement in connection with any actual or threatened action, suit, claim, proceeding or investigation (each, a "D&O Claim") to the extent that any such D&O Claim is based on, or arises out of, the fact that such D&O Beneficiary is or was a manager, director or officer of any member of the Company Group at any time prior to the Closing Date or is or was serving at the request of any member of the Company Group as a manager, director, officer, employee or agent of another corporation, limited liability company, partnership, joint venture, trust or other enterprise at any time prior to the Closing Date, in each case to the extent

that any such D&O Claim pertains to any matter or fact arising, existing, or occurring prior to or at the Closing, regardless of whether such D&O Claim is asserted or claimed prior to, at or after the Closing Date.

(b) At or prior to the Closing, Purchaser shall coordinate the purchase of a "tail" policy for the existing D&O Insurance of the Company Group that shall provide for (x) an overall coverage amount not less than the overall coverage amount under the existing D&O Insurance of the Company Group as in effect on the date hereof and (y) coverage for liability under the Securities Act and the Exchange Act in amounts not less than the coverage amounts for such liabilities under the existing D&O Insurance of the Company Group as in effect on the date hereof (the "D&O Tail Policy"). Until the sixth (6^{th}) anniversary of the Closing Date, Purchaser shall cause the Surviving Company (i) not to terminate the D&O Tail Policy, (ii) not to amend or otherwise modify the D&O Tail Policy or take any action that would result in the cancellation, termination, amendment or modification of the D&O Tail Policy and (iii) to continue to honor its obligations under the D&O Tail Policy.

(c) For a period of six (6) years after the Closing Date, Purchaser shall not, and shall not permit any member of the Company Group (including the Surviving Company) to, amend, repeal or modify (in a manner adverse to the beneficiary thereof) any provision in such Person's Organizational Documents relating to the exculpation or indemnification of, or advancement of expenses to, any officers, directors or managers, it being the intent of the parties hereto that the officers, directors and managers of the Company Group on the date hereof shall continue to be entitled to such exculpation, indemnification and advancement to the full extent of Applicable Law, but subject to any qualifications or limitations provided for under the Organizational Documents of the applicable member of the Company Group as in effect on the date hereof. The provisions of this Section 8.7 are intended to be for the benefit of, and enforceable by, each D&O Beneficiary and such Person's estate, heirs and representatives, and are in addition to, and not in substitution for, any other rights to indemnification or contribution that any such Person may have pursuant to Applicable Law, the Organizational Documents of any member of the Company Group in effect as of the date hereof or any contract in effect as of the date hereof.

8.8 Tax Matters.

(a) Purchaser shall prepare or cause to be prepared and file or cause to be filed all Tax Returns for the Company Group which are filed after the Closing Date for any taxable period ending on or prior to the Closing Date and for any Straddle Period. No later than forty-five (45) days prior to filing any such Tax Return, Purchaser shall submit such Tax Return to the Sellers' Representative for its review, comment, and consent. Purchaser shall make any revisions as are reasonably requested by Sellers' Representative. The parties hereto agree that any Tax Return of the applicable member of the Company Group that includes the Closing Date shall, to the extent permitted by Applicable Law, reflect, without limitation, any Transaction Tax Deductions.

(b) Purchaser and its Affiliates (including on or after the Closing Date, the Company Group) shall not file, or cause to be filed, any restatement or amendment of, modification to, or claim for refund relating to, any Tax Return of any member of the Company Group for any taxable period that begins prior to the Closing Date (regardless of whether such taxable period ends

prior to the Closing Date) without the prior written consent of the Sellers' Representative (not to be unreasonably withheld, conditioned or delayed).

(c) Cooperation; Procedures Relating to Tax Claims. Subject to the other provisions of this Section 8.8, Purchaser and the Sellers' Representative shall cooperate fully, as and to the extent reasonably requested by the other party, in connection with (i) the filing of Tax Returns, (ii) any Action with respect to Taxes and Tax Returns and (iii) the preparation of any financial statements to the extent related to Taxes. Such cooperation shall include the retention, and (upon the other party's request) the provision, of records and information which are reasonably relevant to any such Action and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder; provided, that the party requesting assistance shall pay the reasonable out-of-pocket fees and expenses incurred by the party providing such assistance; provided, further, no party shall be required to provide assistance at times or in amounts that would interfere unreasonably with the business and operations of such party.

(d) No party hereto nor any Affiliate thereof shall make an election under Section 336 or Section 338 of the Code or any similar provision of Law in respect of the transactions contemplated by this Agreement.

(e) Purchaser shall not take any action or cause any action to be taken with respect to the Company Group or the Surviving Company subsequent to the Closing that would cause the transactions contemplated hereby to constitute part of a transaction that is the same as, or substantially similar to, the "Intermediary Transaction Tax Shelter" described in Internal Revenue Service Notice 2001-16, 2001-1 C.B. 730, and Internal Revenue Service Notice 2008-20 I.R.B. 2008-6 (January 17, 2008), and Internal Revenue Service Notice 2008-111 I.R.B. 1299 (December 1, 2008).

(f) Tax Contests.

(i) Purchaser shall deliver a written notice to the Sellers' Representative in writing promptly following the commencement of any Action with respect to Taxes of any of the Company or its Subsidiaries for which the Company Unitholders may be liable ("Tax Contest") and shall describe in reasonable detail (to the extent known by Purchaser) the facts constituting the basis for such Tax Contest, the nature of the relief sought, and the amount of the claimed losses (including Taxes), if any (the "Tax Claim Notice"); provided, however, that the failure or delay to so notify the Sellers' Representative shall not relieve the Company Unitholders of any obligation or liability that the Company Unitholders may have to Purchaser, except to the extent that the Company Unitholders demonstrate that the Company Unitholders are adversely prejudiced thereby.

(ii) With respect to Tax Contests for Taxes of the Company and its Subsidiaries for a Pre-Closing Tax Period (other than a Straddle Period), the Sellers' Representative may elect to assume and control the defense of such Tax Contest by written notice to Purchaser within thirty (30) days after delivery by Purchaser to the Sellers' Representative of the Tax Claim Notice. If the Sellers' Representative elects to assume and control the defense of

such Tax Contest, the Sellers' Representative (A) shall bear its own costs and expenses, (B) shall be entitled to engage its own counsel and (C) may (1) pursue or forego any and all administrative appeals, litigation, proceedings, hearings and conferences with any taxing authority, (2) either pay the Tax claimed or sue for refund where Applicable Law permits such refund suit or (3) contest, settle or compromise the Tax Contest in any permissible manner; provided, however, that the Sellers' Representative shall not settle or compromise (or take other actions described herein with respect to) any Tax Contest without the prior written consent of Purchaser (such consent not to be unreasonably withheld, delayed or conditioned) if such settlement or compromise would reasonably be expected to adversely affect the Tax liability of Purchaser or any of its Affiliates (including any of the Company or any of its Subsidiaries) for any taxable period ending after the Closing Date. If the Sellers' Representative elects to assume the defense of any Tax Contest, the Sellers' Representative shall (x) keep Purchaser reasonably informed of all material developments and events relating to such Tax Contest (including promptly forwarding copies to Purchaser of any related correspondence, and shall provide Purchaser with an opportunity to review and comment on any material correspondence before the Sellers' Representative sends such correspondence to any taxing authority), (y) consult with Purchaser in connection with the defense or prosecution of any such Tax Contest and (z) provide such cooperation and information as Purchaser shall reasonably request, and Purchaser shall have the right to participate in (but not control) the defense of such Tax Contest (including participating in any discussions with the applicable tax authorities regarding such Tax Contests).

(iii) In connection with any Tax Contest that relates to Taxes of the Company and its Subsidiaries for a Pre-Closing Tax Period (other than a Straddle Period) that (A) the Sellers' Representative does not timely elect to control pursuant to Section 8.8(f)(ii) or (B) the Sellers' Representative fails to diligently defend, such Tax Contest shall be controlled by Purchaser (and the Sellers' Representative shall reimburse Purchaser for all reasonable costs and expenses incurred by Purchaser relating to a Tax Contest described in this Section 8.8(f)(iii)) and the Sellers' Representative agrees to cooperate with Purchaser in pursuing such Tax Contest.

(iv) In connection with any Tax Contest for Taxes of the Company or any of its Subsidiaries for any Straddle Period, such Tax Contest shall be controlled by Purchaser; provided, that with respect to any Tax Contest described in Section (iii) or in this Section (iv), Purchaser shall not (1) forego any administrative appeals, litigation, proceedings, hearings and conferences with any taxing authority, (2) pay the Tax claimed or (3) settle or compromise (or take such other actions described herein with respect to) any such Tax Contest without the prior written consent of the Sellers' Representative, such consent not to be unreasonable withheld, conditioned or delayed. Purchaser shall (A) keep the Sellers' Representative informed of all material developments and events relating to such Tax Contest (including promptly forwarding copies to the Sellers' Representative of any related correspondence and shall provide the Sellers' Representative with an opportunity to review and comment on any material correspondence before Purchaser sends such correspondence to any taxing authority), (B) consult with the Sellers' Representative in connection with the defense or prosecution of any such Tax Contest and (C) provide such cooperation and

information as the Sellers' Representative shall reasonably request and the Sellers' Representative shall have the right, at its own cost and expense, to participate in (but not control) the defense of such Tax Contest (including participating in any discussions with the applicable tax authorities regarding such Tax Contests).

(v) Notwithstanding anything to the contrary contained in this Agreement, the procedures for all Tax Contests shall be governed exclusively by this Section 8.8(f) (and not Section 9.7(a)).

(g) Any refunds of Taxes (including, without limitation, estimated Taxes) with respect to any Pre-Closing Tax Period that are received by Purchaser or the Company Group after the Closing Date (any such refund, a "Pre-Closing Tax Refund"), shall be for the account of the Company Unitholders, and the Company shall pay over to the Sellers' Representative (for the benefit of the Company Unitholders) any such Pre-Closing Tax Refund within ten (10) days after receipt thereof, provided however that any refunds (i) attributable to a carryback from any taxable year beginning after the Closing Date or (ii) taken into account as an asset in the calculation of the Final Working Capital shall be for the account of Purchaser. Purchaser and the Company Group shall cooperate with the Sellers' Representative (on behalf of the Company Unitholders) in obtaining such refunds, it being understood that (A) Purchaser and the Company Group will carryback any net operating losses for taxable periods ending on or before or including the Closing Date to prior taxable periods as allowable by applicable Tax Law and shall claim Tax refunds as a result of such carryback (including through the filing of amended Tax Returns), (B) any such Pre-Closing Tax Refunds will be claimed in cash rather than as a credit against future Tax liabilities, (C) Purchaser and the Company Group shall cooperate with the Representative in preparing and filing Tax Returns (including amendments of prior Tax Returns and claims for refunds, including claims for refunds on IRS Forms 1139 and/or 4466) for any taxable period ending on or prior to the Closing Date and for any Straddle Period as promptly as reasonably possible, and (D) to the extent Pre-Closing Tax Refunds are reduced because of the inability to close the tax year of any member of the Company Group on the Closing Date, then Purchaser shall pay over to the Sellers' Representative (on behalf of the Company Unitholders) the amount of such reduction within ten (10) days of the filing of the Tax Return for the applicable Straddle Period.

(h) To the extent that Purchaser or any of its Affiliates recognizes a Transaction Tax Benefit (as defined below) in either of the first two (2) taxable years ending after the Closing Date, Purchaser shall pay the amount of such Transaction Tax Benefits to the Sellers' Representative (on behalf of the Company Unitholders) as such Transaction Tax Benefits are actually recognized by Purchaser (or its Affiliate) within ten (10) days of filing any Tax Return for each such taxable year. For this purpose, a "Transaction Tax Benefit" means any reduction in Purchaser's or any member of the Company Group's liability for Taxes resulting from (i) the carryforward of any net operating loss arising in a Pre-Closing Tax Period or (ii) any Transaction Tax Deductions to the extent not included as deductions in the Tax Returns of the Company Group for the taxable period that ends on the Closing Date. Purchaser or its Affiliates (including, for the avoidance of doubt, the Company Group) shall be deemed to recognize a Transaction Tax Benefit with respect to a taxable year if, and to the extent that, such party's cumulative liability for Taxes through the end of such taxable year, calculated by excluding the relevant net operating loss carryforwards and/or

Transaction Tax Deductions from all taxable years, exceeds such party's actual cumulative liability for Taxes through the end of such taxable year, calculated by taking into account such net operating loss carryforwards and/or Transaction Tax Deductions for all taxable years (to the extent permitted by relevant Tax Law and treating such net operating loss carryforwards and Transaction Tax Deductions as the last items claimed for any taxable year). Within fifteen (15) days of the filing of any income Tax Return of the Company Group with respect to any taxable period (or portion thereof) that begins after the Closing Date and takes into account any such net operating loss carryforwards or Transaction Tax Deduction, Purchaser shall deliver to the Sellers' Representative a schedule setting forth in reasonable detail the amount and calculation of any Transaction Tax Benefit realized during such taxable year.

(i) Any payments (including indemnification payments under this Section 8.8 and Article 9) under this Agreement (other than payments of the Aggregate Initial Consideration) shall be treated by all parties hereto as adjustments to the Aggregate Initial Consideration.

8.9 Employee Matters. Following the Closing, Purchaser shall cause the applicable members of the Company Group to pay to the applicable Service Providers bonuses and other cash incentive amounts earned in respect of the Company's fiscal year 2016 consistent with terms of the applicable Employee Plans (copies of which have been provided to Purchaser) in effect as of the date hereof, in each case, to the extent such amounts have been accrued on the Latest Balance Sheet or included in the determination of Final Working Capital. Such amounts shall be paid in the ordinary course of business consistent with past practice and the terms of the applicable Employee Plans, including in respect of timing and amount.

8.10 Certain Indemnity Proceeds. In the event that any member of the Company Group receives any payment in satisfaction of the indemnification claims listed on the "Indemnity Claims Schedule" from the indemnitor therefor (and not, for the avoidance of doubt, from any other third party, including any insurer), whether directly from such indemnitor or by recourse to any funds held in escrow to satisfy such payment obligations, Purchaser shall, or shall cause a member of the Company Group to, promptly and in any event within ten (10) Business Days of the receipt thereof, pay such amount to the Sellers' Representative (or, at the Sellers' Representative's direction, pay to the Paying Agent), less the reasonable and documented out-of-pocket costs and expenses incurred by Purchaser, any member of the Company Group, or any of their respective Affiliates in procuring such collection and recovery, for further distribution to the Company Unitholders in accordance with their respective Applicable Percentages. Following the Closing, Purchaser shall, and shall cause the applicable members of the Company Group to use commercially reasonable efforts to collect all amounts in respect thereof, not waive in any material respect the right to recover and collect any such amount, and upon, written request from the Sellers' Representative, timely provide periodic updates with respect to such efforts. Notwithstanding the foregoing, nothing in this Section 8.10 shall require Purchaser, any member of the Company Group or any of their respective Affiliates to institute or file any lawsuit or other legal proceeding against any such indemnitor unless the Company Unitholders irrevocably agree in writing to be responsible for all fees, costs, and expenses incurred by Purchaser, any member of the Company Group or any of their respective Affiliates in connection with such lawsuit or other legal proceeding.

ARTICLE 9

INDEMNIFICATION

9.1 Written Notice of Claims for Indemnification. Written notice of a claim for indemnification by an Indemnified Party under Section 9.2(a), 9.3(a), 9.2(b) (with respect to any covenant, agreement or obligation required to be performed prior to the Closing) or 9.3(b) (with respect to any covenant, agreement or obligation required to be performed prior to the Closing) (whether or not Losses have actually been incurred) made by an Indemnified Party against any Indemnifying Party must be given by such Indemnified Party on or before 11:59 pm New York, NY time on the date that is fifteen (15) months after the Closing Date (the "Claim Deadline"). Written notice of a claim for indemnification by an Indemnified Party under Section 9.2(b) (with respect to any covenant, agreement or obligation required to be performed following the Closing) or Section 9.3(b) (with respect to any covenant, agreement or obligation required to be performed following the Closing) (whether or not Losses have actually been incurred) made by an Indemnified Party against any Indemnifying Party must be given by such Indemnified Party on or before the applicable Covenant Survival Termination Date. If an Indemnified Party has made a claim for indemnification pursuant to Section 9.2 or Section 9.3, as applicable, on or prior to the Claim Deadline or Covenant Survival Termination Date, as applicable, then such indemnification claim, if then unresolved, shall not be extinguished by the passage of the applicable Claim Deadline or Covenant Survival Termination Date, and such indemnification claim shall survive until it is finally and fully resolved and any obligations in connection therewith are fully satisfied.

9.2 Indemnification of Purchaser Indemnified Parties. From and after the Closing (but subject to the applicable provisions of this Article 9), each Company Unitholder (pro rata based on such Company Unitholder's Applicable Percentage) shall, to the extent of the then-remaining amount in the Indemnity Escrow Fund, severally defend and indemnify the Purchaser, Merger Sub and their respective Affiliates (including, after the Closing, the Surviving Company and its Subsidiaries) and their respective officers, directors, shareholders, equityholders, partners, members, managers, employees, advisors, agents and other Representatives (collectively, the "Purchaser Indemnified Parties" against, and hold them harmless from, any and all Losses suffered or incurred by any of the Purchaser Indemnified Parties arising from or relating to:

(a) any breach of or inaccuracy in any of the representations and warranties contained in Article 5;

(b) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by the Company, any other member of the Company Group or any Company Unitholder pursuant to this Agreement;

(c) any Sellers' Transaction Expenses or Indebtedness of any member of the Company Group that, in either case, remains unpaid after the Closing and is not taken into account in the calculation of Aggregate Initial Consideration or in the payment made to Purchaser pursuant to Section 2.10(d)(i)(B); and

(d) any matter set forth on the "Indemnification Schedule" attached hereto.

9.3 Indemnification of the Company Unitholder Indemnified Parties. From and after the Closing (but subject to the applicable provisions of this Article 9), Purchaser shall defend and indemnify the Company Unitholders and their respective Affiliates and their respective officers, directors, shareholders, equityholders, partners, members, managers, employees, advisors, agents and other Representatives (collectively, the "Company Unitholder Indemnified Parties") against, and hold them harmless from, any and all Losses suffered or incurred by any of the Company Unitholder Indemnified Parties arising from or relating to:

(a) any breach of or inaccuracy in any of the representations and warranties contained in Article 6 or in any certificate or instrument delivered by or on behalf of Purchaser or Merger Sub pursuant to this Agreement; and

(b) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by Purchaser or Merger Sub pursuant to this Agreement.

9.4 Indemnifiable Losses. All Losses for which the Purchaser Indemnified Parties are entitled to seek indemnification pursuant to Section 9.2 are referred to herein as "Purchaser Indemnifiable Losses." All Losses for which the Company Unitholder Indemnified Parties are entitled to seek indemnification pursuant to Section 9.3 are referred to herein as "Company Unitholder Indemnifiable Losses." Purchaser Indemnifiable Losses and Company Unitholder Indemnifiable Losses are collectively referred to herein as "Indemnifiable Losses."

9.5 Certain Limitations. The indemnification obligations of the parties hereto provided for in Section 9.2 or Section 9.3 are subject to the following limitations:

(a) No Company Unitholder shall be liable to any Purchaser Indemnified Party for indemnification under Section 9.2(a) until the aggregate amount of all Purchaser Indemnifiable Losses in respect of indemnification under Section 9.2(a) exceeds Four Million One Hundred Twenty-Five Thousand ($4,125,000) (the "Basket"), in which event the Company Unitholders (pro rata based on their respective Applicable Percentages) shall be required to pay and shall be liable for all such Purchaser Indemnifiable Losses in excess of the Basket; provided, however, that the limitations in this Section 9.5(a) shall not apply to any claims of actual and intentional fraud.

(b) The aggregate liability of the Company Unitholders to indemnify the Purchaser Indemnified Parties from and against any Purchaser Indemnifiable Losses arising under Section 9.2 shall not, in any event, exceed Four Million One Hundred Twenty-Five Thousand ($4,125,000) (the "Cap"); provided, however, that the Cap shall not apply to any claims of actual and intentional fraud; provided, further, that in no event shall any Company Unitholder have any liability for any Purchaser Indemnifiable Losses in excess of the aggregate amount of proceeds actually received by such Company Unitholder from the Final Merger Consideration hereunder.

(c) Any indemnification under Section 9.2 for Losses in respect of breaches of the representations in Section 5.18 (other than in Sections 5.18(g), (h), (j), and (k)) shall be limited to such Losses incurred with respect to a Pre-Closing Tax Period.

(d) Neither a party's good faith judgment as to whether a matter meets a "materiality" or "Material Adverse Effect" threshold under a representation or warranty qualified by materiality or Material Adverse Effect, respectively, nor a party's good faith estimates and assumptions used in the preparation of financial statements shall be considered fraud for the purposes of this Agreement (provided, however, that the foregoing shall not be construed, in and of itself, to impute fraud to any Person merely by reason of the fact that it is alleged that such Person did not act in good faith).

9.6 [Reserved].

9.7 Procedures Relating to Indemnification. As used herein, an "Indemnified Party" shall refer to a Purchaser Indemnified Party or a Company Unitholder Indemnified Party, as applicable; provided, that, with respect to any actions to be taken by an Indemnified Party under this Section 9.7, "Indemnified Party" shall mean Purchaser or the Sellers' Representative, on behalf of the Company Unitholders, as applicable, and the "Indemnifying Party" shall refer to the party obligated to indemnify such Indemnified Party. Except to the extent doing so would be prohibited by the terms of the R&W Policy relating to any claim made by a Purchaser Indemnified Party, all claims for indemnification by an Indemnified Party under Section 9.2 or Section 9.3, as applicable (which the parties acknowledge and agree shall not apply to claims made under the R&W Policy or after the Claim Deadline), shall be asserted and resolved as follows:

(a) Third Party Claims.

(i) In the event that any Indemnified Party is made a party to or otherwise becomes subject to any Action instituted by any third party for which the liability or the costs or expenses of which are Losses for which indemnification may be sought by an Indemnified Party under this Article 9 (other than any Tax Contest, the procedures for which shall be governed exclusively by Section 8.8(f)) (any such third party Action being referred to herein as a "Third Party Claim"), the Indemnified Party shall give the Indemnifying Party prompt written notice thereof. The failure to give such written notice shall not affect the Indemnified Party's rights under this Article 9 except to the extent such failure has materially and adversely affected the Indemnifying Party's ability to defend such Third Party Claim. The Indemnifying Party shall be entitled to contest and defend such Third Party Claim at its sole cost and expense so long as (A) the Indemnifying Party notifies the Indemnified Party, within ten (10) Business Days after the Indemnified Party has given notice of the Third Party Claim to the Indemnifying Party (or by such earlier date as may be necessary under applicable procedural rules in order to file a timely appearance and response) that the Indemnifying Party is assuming the defense of such Third Party Claim and that the Indemnifying Party will indemnify the Indemnified Party from and against all Losses the Indemnified Party may suffer or incur resulting from, arising out of, relating to, in the nature of, or caused by, such Third Party Claim, (B) the Indemnifying Party provides the Indemnified Party with evidence reasonably acceptable to the Indemnified Party that the Indemnifying Party has and is reasonably likely at all times to continue to have the financial resources to defend against the Third Party Claim and fulfill its indemnification obligations hereunder with respect thereto, (C) the Indemnifying Party conducts the defense of the Third

Party Claim actively and diligently, (D) the Third Party Claim (1) does not seek injunctive relief, specific performance or other equitable relief as the primary remedy, (2) has not been brought by any Governmental Authority, and does not allege any criminal allegations, (3) is not one in which the Indemnifying Party is also a party and, in the opinion of counsel to the Indemnified Party, there may be legal defenses available to the Indemnified Party which are different from or additional to those available to the Indemnifying Party, or (4) does not involve a claim which, upon petition by the Indemnified Party, the appropriate Governmental Authority rules that the Indemnifying Party failed or is failing to vigorously prosecute or defend, and (E) settlement of, or an adverse judgment with respect to, the Third Party Claim is not reasonably likely to be adverse in any material respect to the Indemnified Party's relationships with its current customers, suppliers, or other Persons having a material business relationship with the Indemnified Party.

(ii) The Indemnified Party shall be entitled at any time, at its own cost and expense (which cost and expense shall not constitute a Loss unless such cost and expense is incurred at the request of the Indemnifying Party), to participate in such contest and defense and to be represented by attorneys of its own choosing; provided, however, that if the claim for indemnification is resolved in favor of the Indemnified Party (in whole or in part), the Indemnifying Party will pay the reasonable and documented fees and expenses of counsel retained by the Indemnified Party that are incurred prior to the Indemnifying Party's assumption of control of the defense of the Third Party Claim pursuant to the immediately preceding sentence. If the Indemnified Party elects to participate in such defense, the Indemnified Party shall cooperate with the Indemnifying Party in the conduct of such defense of such Third Party Claim. The Indemnifying Party may not consent to entry of judgment in, or settle or compromise, any Third Party Claim, the defense of which the Indemnifying Party is conducting pursuant to this Section 9.7(a), without the prior written consent of the Indemnified Party, unless such judgment, compromise or settlement (A) includes a full unconditional release of the Indemnified Party(ies) from all liabilities and obligations relating to such Third Party Claim, (B) does not contain any finding or admission of wrongdoing or any violation of any Law or the rights of any Person by the Indemnified Party and has no effect on any other Actions that may be asserted against the Indemnified Party and (C) provides for the payment of money, solely by the Indemnifying Party from the Indemnity Escrow Fund, as the sole relief for the claimant in such Third Party Claim. Notwithstanding the foregoing, in the event the Indemnifying Party fails to provide the notice contemplated by clause (A) of Section 9.7(a)(i) within the timeframe specified therein, the Indemnified Party may defend, and may consent to the entry of any judgment or enter into any compromise or settlement with respect to, the Third Party Claim, at the sole cost of the Indemnifying Party; provided, however, that the Indemnifying Party will not be bound by the entry of any such judgment consented to, or any such compromise or settlement effected, without its prior written consent (which consent will not be unreasonably withheld, conditioned or delayed). Notwithstanding the foregoing, the insurer(s) under the R&W Policy and its/their agents and advisors shall be permitted to consult and associate with any party in the defense of any Third Party Claim that may reasonably constitute a "Loss" or similar concept under the R&W Policy and nothing in this Section 9.7(a) shall

modify or be deemed to modify the relevant claim and claim handling process between Purchaser and its insurer(s) under the terms of the R&W Policy.

(b) Direct Claims. In the event any Indemnified Party should have a claim against any Indemnifying Party that does not involve a Third Party Claim (a "Direct Claim"), the Indemnified Party shall promptly deliver written notice of such Direct Claim to the Indemnifying Party, which notice shall specify in reasonable detail the amount or an estimate of the amount of the liability arising therefrom and the basis therefor, in each case to the extent then known. The failure to give such written notice shall not affect the Indemnified Party's rights hereunder except to the extent such failure has materially and adversely affected the Indemnifying Party's ability to defend such Direct Claim. If the Indemnifying Party (i) notifies the Indemnified Party within sixty (60) days after receipt of notice of a Direct Claim that it agrees with the Direct Claim described in such notice or (ii) fails to notify the Indemnified Party within sixty (60) days after receipt of notice of a Direct Claim that it disputes the Direct Claim described in such notice, then, in either case, the Loss(es) in the amount specified in the Indemnified Party's notice shall be deemed a liability of the Indemnifying Party in accordance with the terms herein, and payment thereof shall be made to the Indemnified Party promptly (and in any event within five (5) Business Days thereafter). If the Indemnifying Party notifies the Indemnified Party within sixty (60) days after receipt of notice of a Direct Claim that it disputes the Direct Claim described in such notice, then the Indemnified Party may pursue its remedies hereunder with respect thereto.

9.8 Determination of Losses.

(a) The amount of any Indemnifiable Loss payable under this Article 9 by an Indemnifying Party shall be net of any amounts actually recovered by the Indemnified Party from insurance policies (other than proceeds from the R&W Policy) or from any other Person alleged to be responsible for such Indemnifiable Loss (the "Alternative Arrangements"), in each case net of the following (collectively, the "Collection Expenses"): (i) reasonable and documented costs and expenses incurred by such Indemnified Party or its Affiliates in procuring such recovery, (ii) any retro-premium obligations, increases in premiums or premium adjustments to the extent attributable to such recovery, and (iii) deductibles and other amounts incurred in connection with such recovery. If, subsequent to an indemnification payment made by an Indemnifying Party for an Indemnifiable Loss, the Indemnified Party actually receives any amounts under any Alternative Arrangements with respect to such Indemnifiable Loss, then such Indemnified Party shall promptly (but in any event within ten (10) Business Days after receipt of such amounts under such Alternative Arrangements) reimburse the Indemnifying Party for the indemnification payment actually made to such Indemnified Party by such Indemnifying Party for such Indemnifiable Loss up to the amount actually received by the Indemnified Party under such Alternative Arrangements, in each case, net of all associated Collection Expenses.

(b) Indemnification payments under this Article 9 shall be paid by the Indemnifying Party without reduction for any Tax Benefits available to the Indemnified Party. However, to the extent that the Indemnified Party recognizes Tax Benefits as a result of any Indemnifiable Losses in any tax year in which or prior to which such Indemnifiable Losses were incurred (or in the immediately succeeding two (2) taxable years), the Indemnified Party shall pay

the amount of such Tax Benefits (but not in excess of the indemnification payment or payments actually received from the Indemnifying Party with respect to such Indemnifiable Losses) to the Indemnifying Party as such Tax Benefits are actually recognized by the Indemnified Party. For this purpose, an Indemnified Party shall be deemed to recognize a tax benefit (a "Tax Benefit") with respect to a taxable year if, and to the extent that, the Indemnified Party's cumulative liability for Taxes through the end of such taxable year, calculated by excluding any Tax items attributable to the Indemnifiable Losses from all taxable years, exceeds the Indemnified Party's actual cumulative liability for Taxes through the end of such taxable year, calculated by taking into account any Tax items attributable to the Indemnifiable Losses for all taxable years (to the extent permitted by relevant Tax Law and treating such Tax items as the last items claimed for any taxable year).

(c) Notwithstanding anything to the contrary contained in this Agreement, no Purchaser Indemnified Party will be entitled to indemnification under this Article 9 for any Loss to the extent that it has been taken into account in the final determination of Actual Working Capital, Actual Indebtedness or Actual Sellers' Transaction Expenses pursuant to Section 2.10 hereof.

9.9 Mitigation. Each Indemnified Party shall use commercially reasonable efforts to mitigate any Indemnifiable Losses for which such Indemnified Party seeks indemnification under this Article 9 to the extent required by Applicable Law.

9.10 No Circular Recovery. Notwithstanding anything to the contrary in this Agreement, no Company Unitholder shall have any right of contribution against Purchaser, the Surviving Company, any of their respective Affiliates or any other Purchaser Indemnified Party with respect to any Purchaser Indemnifiable Losses. Each Company Unitholder agrees that he, she or it shall not make any claim for indemnification against Purchaser, the Surviving Company or any other member of the Company Group (following the Closing), any of their respective Affiliates or any other Purchaser Indemnified Party by reason of the fact that such Company Unitholder or any of his, her or its agents or other Representatives was a controlling person, equityholder, director, officer, manager, employee, agent or other Representative of any member of the Company Group or was serving as such for another Person at the request of any member of the Company Group (whether such claim is for losses of any kind or otherwise and whether such claim is pursuant to any Law, Organizational Document, contractual obligation or otherwise) with respect to any Purchaser Indemnifiable Losses owed by such Company Unitholder pursuant to this Article 9.

9.11 Certain Determinations. For all purposes of this Article 9, each representation and warranty in this Agreement shall be read without regard and without giving effect to the term(s) "material" or "Material Adverse Effect" or similar qualifiers as if such words and surrounding related words (e.g., "reasonably be expected to," "could have" and similar restrictions and qualifiers) were deleted from such representation and warranty.

9.12 Effect of Investigation. The representations, warranties and covenants of the parties hereto, and an Indemnified Party's right to indemnification with respect thereto, shall not be affected or deemed waived by reason of any investigation made by or on behalf of such Indemnified Party (including by any of its Representatives) or by reason of the fact that such Indemnified Party or any of its Representatives knew or should have known that any such representation or warranty is, was or might be inaccurate or by reason of such Indemnified Party's

waiver of any condition set forth in Section 3.2(a), Section 3.2(b) or Section 3.2(b), as the case may be.

9.13 Exclusive Remedy; Source of Indemnification; R&W Policy.

(a) Following the Closing, the respective rights of the Purchaser Indemnified Parties and the Company Unitholder Indemnified Parties to indemnification pursuant to this Article 9 shall be the sole and exclusive remedies available to such parties with respect to any and all claims with respect to the subject matter of this Agreement and the transactions contemplated hereby (other than disputes under Section 2.10, which disputes under Section 2.10 shall be resolved in accordance with the dispute resolution mechanism set forth in Section 2.10). Notwithstanding the foregoing, (i) nothing herein shall limit or impair any party's right to obtain specific performance or other injunctive relief with respect to any breach or threatened breach of this Agreement or limit any Action hereunder in respect of actual and intentional fraud in the making of any of the representations and warranties in Article 5, and (ii) the limitations on remedies contained in this Section 9.13(a) shall not apply to any of the other agreements, documents and instruments entered into by the parties hereto in connection with the consummation of the transactions contemplated hereby.

(b) Subject to the other applicable provisions regarding indemnification contained herein, if the Company Unitholders are obligated to reimburse or compensate the Purchaser Indemnified Parties for any Purchaser Indemnifiable Losses in connection with a claim for indemnification by any of the Purchaser Indemnified Parties under Section 9.2, then indemnification for such Purchaser Indemnifiable Losses shall, subject to the applicable limitations, if any, set forth in Section 9.5, be satisfied solely from the then remaining balance of the Indemnity Escrow Fund.

ARTICLE 10

MISCELLANEOUS

10.1 Survival of Representations, Warranties and Covenants. The representations and warranties of the parties contained in this Agreement shall survive the Effective Time and the Closing to the extent expressly provided herein; provided, however, that any recourse by an Indemnified Party against an Indemnifying Party pursuant to the rights of indemnification set forth in Article 9 will be limited as set forth in Article 9. The covenants, agreements and obligations of the parties contained herein to be performed following the Closing shall survive the Effective Time and the Closing until performed in accordance with the terms thereof, unless the covenant, agreement or obligation specifies a term, in which case, such covenant, agreement or obligation shall survive for such specified term (the date on which such covenants, agreements or obligations terminate, the "Covenant Survival Termination Date").

10.2 Amendment and Waiver. This Agreement may not be amended, altered or modified except by a written instrument executed by Purchaser and the Sellers' Representative (on behalf of the Company Unitholders, and prior to the Closing, the Company). No course of dealing between or among any Persons having any interest in this Agreement will be deemed effective to modify, amend or discharge any part of this Agreement or any rights or obligations of any Person

under or by reason of this Agreement. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute, a waiver of any other provisions, whether or not similar, nor shall any waiver constitute a continuing waiver. Notwithstanding anything in this Agreement to the contrary, Sections 10.8, 10.13 and 10.14 and this Section 10.2 (and any provision of this Agreement to the extent an amendment, modification, waiver or termination of such provision would modify the substance of Sections 10.8, 10.13 and 10.14 and this Section 10.2) may not be amended, modified, waived or terminated in a manner that impacts or is adverse in any respect to the Debt Financing Sources without the prior written consent of the Debt Financing Sources party to the Debt Commitment Letter on the date of this Agreement.

10.3 Notices. All notices, demands and other communications to be given or delivered to Purchaser, the Company, the Sellers' Representative or any Company Unitholder under or by reason of the provisions of this Agreement will be in writing and will be deemed to have been given when personally delivered one (1) Business Day after being sent by reputable overnight courier or when transmitted by facsimile or telecopy (transmission confirmed) during normal business hours of the recipient, to the addresses indicated below (unless another address is so specified in writing):

If to any Company Unitholder, the Sellers' Representative or prior to the Closing, to the Company, then to:

c/o Gryphon Investors
One Maritime Plaza, Suite 2300
San Francisco, CA 94111
Attention: Keith Stimson
Facsimile No.: (415) 217-7447

with a copy, which shall not constitute notice, to:

Kirkland & Ellis LLP
555 California Street, Suite 2700
San Francisco, CA 94104
Attention: Noah Boyens
Facsimile No.: (415) 439-1500

If to Purchaser, or after the Closing, to the Company, then to:

c/o Prestige Brands Holdings, Inc.
660 White Plains Road, Suite #250
Tarrytown, NY 10591
Attention: General Counsel
Facsimile No.: (914) 524-7488

with a copy, which shall not constitute notice, to:

Reed Smith LLP
10 South Wacker Drive, 40th Floor
Chicago, IL 60606
Attention: Michelle L. Moore
Facsimile No.: (312) 207-6400

10.4 Assignment. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of each of the parties hereto and their respective successors and permitted assigns. Neither this Agreement nor any rights, benefits or obligations set forth herein may be assigned by any of the parties hereto without the prior written consent of Purchaser and the Sellers' Representative, and any attempted assignment without such prior written consent shall be void; provided, that Purchaser may transfer or assign (i) its rights and obligations under this Agreement, in whole or from time to time in part, to one or more of its Affiliates at any time, but no such transfer or assignment shall affect, or relieve Purchaser from performing, its obligations under this Agreement and (ii) as collateral security, its rights pursuant hereto to any Person providing financing to Purchaser or any of its Affiliates.

10.5 Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under Applicable Law, but if any provision of this Agreement is held to be prohibited by or invalid under Applicable Law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

10.6 No Strict Construction. The language used in this Agreement shall be deemed to be the language chosen by the parties hereto to express their mutual intent, and the parties intend that no rule of strict construction will be applied against any Person. The use of the word "including" in this Agreement or in any of the agreements contemplated hereby shall be by way of example rather than by limitation. Unless the context otherwise requires, any reference to a "Section," "Exhibit," or "Schedule" shall be deemed to refer to a section of this Agreement, exhibit to this Agreement or a schedule to this Agreement, as applicable. The words "hereof," "herein" and "hereunder" and words of similar import referring to this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement.

10.7 Captions. The captions used in this Agreement are for convenience of reference only and do not constitute a part of this Agreement and shall not be deemed to limit, characterize or in any way affect any provision of this Agreement, and all provisions of this Agreement shall be enforced and construed as if no caption had been used in this Agreement.

10.8 No Third-Party Beneficiaries. Except with respect to each of the Debt Financing Sources, who shall be third party beneficiaries of Sections 10.2, 10.13 and 10.14 and this Section 10.8, with respect to the Purchaser Indemnified Parties, who shall be third party beneficiaries of Sections 8.6(g) and Article 9, and as otherwise expressly set forth in this Agreement (including as set forth in Section 8.7 above), (a) nothing herein expressed or implied is intended or shall be construed to confer upon or give to any Person, other than the parties hereto and their respective

permitted successors and assigns, any rights or remedies under or by reason of this Agreement, such third parties specifically including employees or creditors of the Company Group, and (b) without limiting the generality of the foregoing clause (a), each party hereto will not, and will not cause or permit any other Person to, (i) assert any claim of any nature whatsoever arising under or relating to this Agreement, the negotiation thereof or its subject matter, or the transactions contemplated hereby or consummated or contemplated to be consummated in connection herewith, against any Person other than the other parties hereto (and against such parties only pursuant to the terms and conditions of this Agreement), including against any past, present or future direct or indirect equityholders, partners, members, managers, controlling Persons, directors, officers, employees, incorporators, managers, members, agents, other Representatives or Affiliates of any party hereto (or any Affiliate of any of the foregoing), or the heirs, executors, administrators, estates, successors or assigns of any of the foregoing (with respect to each party hereto, such party's "Nonparty Affiliates") or (ii) without limiting the generality of clause (i), hold or attempt to hold any of the Company's or the Sellers' Representative's Nonparty Affiliates liable for any actual or alleged inaccuracies, misstatements or omissions with respect to any information or materials of any kind furnished by or on behalf of the Company, any other member of the Company Group, the Sellers' Representatives, any of their respective Nonparty Affiliates, or their respective agents or other Representatives, concerning the Business, the Company Group, this Agreement or the transactions contemplated hereby or consummated or contemplated to be consummated in connection herewith; provided, that the foregoing shall not prohibit, restrict or otherwise limit any claim in respect of fraud.

10.9 Acknowledgment. Notwithstanding anything to the contrary in this Agreement, each of Purchaser and Merger Sub acknowledges and agrees, on behalf of itself and its Affiliates, that: (a) it has conducted, to its satisfaction, an independent investigation of the condition (financial and otherwise), results of operations, assets, liabilities, properties and projected operations of the Business and the Company Group and, in making its determination to enter into this Agreement and consummate the transaction contemplated hereby, it is relying only on the representations and warranties of the Company expressly and specifically set forth in Article 5, (b) that (i) neither the Company, any other member of the Company Group, the Sellers' Representative nor any of their respective Nonparty Affiliates has made or shall be deemed to have made, and Purchaser and Merger Sub have not relied on and are not relying on, any representation, warranty, covenant or agreement, express or implied, with respect to the Business, the Company Group, the subject matter of this Agreement or the transaction contemplated hereby, or the accuracy or completeness of any information or materials regarding the Business, the Company Group, the subject matter of this Agreement or the transaction contemplated hereby, that have been furnished or made available to Purchaser or Merger Sub or their representatives or any other Person, other than the representations and warranties of the Company that are expressly set forth in Article 5; (ii) neither the Company, the Sellers' Representative nor any of their respective Nonparty Affiliates shall have or be subject to any liability or obligation to Purchaser or Merger Sub or any other Person resulting from or in connection with the dissemination to Purchaser or Merger Sub or their representatives or any other Person or the use by Purchaser or Merger Sub or their representatives or any other Person of any such information or materials, including any information or materials made available to Purchaser, Merger Sub or their respective Affiliates or Representatives in any "data room," management presentation or in any other form in connection with or expectation of the entry into this Agreement

or the transactions contemplated hereby, and (iii) all other representations and warranties of any kind or nature express or implied (including any relating to the future or historical condition (financial or otherwise), results of operations, assets or liabilities of the Business, the Company Group, the subject matter of this Agreement or the transactions contemplated hereby) are expressly and specifically disclaimed by the Company and the Sellers' Representative and have not been and are not being relied upon by Purchaser or Merger Sub or any of their Representatives or Affiliates in entering into this Agreement and consummating the transactions contemplated by this Agreement.

10.10 Specific Performance. Each of the parties hereto acknowledges that the rights of each party to consummate the transactions contemplated hereby are unique and recognize and affirm that in the event of a breach of this Agreement by any party, money damages could be inadequate and the non-breaching party would have no adequate remedy at Law. Accordingly, the parties agree that such non-breaching party shall have the right, in addition to any other rights and remedies existing in its favor at law or in equity, to enforce its rights and the other parties' obligations hereunder not only by an action or actions for damages but also by seeking an action or actions for specific performance, injunctive and/or other equitable relief (without posting of bond or other security or alleging or proving insufficiency of damages).

10.11 Complete Agreement. This Agreement and the agreements and documents referred to herein contain the complete agreement among the parties hereto and supersede any prior understandings, agreements or representations by or among the parties, written or oral, which relate to the subject matter hereof in any way.

10.12 Counterparts. This Agreement may be executed in one or more counterparts, any one of which may be by facsimile, e-mail of a ".pdf" counterpart, or other electronic communication, and all of which taken together shall constitute one and the same instrument.

10.13 Governing Law and Jurisdiction. This Agreement shall be governed by and construed in accordance with the domestic laws of the State of Delaware, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware. To the extent permitted by Law, each of the parties hereto hereby irrevocably and unconditionally submits and consents to the exclusive jurisdiction of the Court of Chancery of the State of Delaware located in Wilmington, Delaware (or, if such courts shall not have jurisdiction, any United States federal court sitting in the State of Delaware), and, in each case, appellate courts therefrom, over any suit, action or other proceeding brought by any party arising out of or relating to this Agreement, and each of the parties hereto hereby irrevocably and unconditionally (a) agrees that all claims with respect to any such suit, action or other proceeding shall be heard and determined in the Court of Chancery of the State of Delaware or, to the extent permitted by law, in such federal such court and (b) waives, to the fullest extent permitted by Law, any objection that it may hereafter have to the laying of the venue of any such suit, action or other proceeding in any such court or that any suit, action or other proceeding brought in any such court has been brought in an inconvenient forum. In the event of any litigation regarding or arising from this Agreement, the prevailing party shall be entitled to recover from the non-prevailing party its reasonable expenses, attorneys' fees and costs incurred therein or in enforcement or collection of any judgment or award rendered therein.

Notwithstanding anything to the contrary contained in this Agreement, each of the parties hereto: (i) agrees that it will not bring or support any Person in any action of any kind or description, whether in Law or in equity, whether in contract or in tort or otherwise, against any of the Debt Financing Sources in any way relating to this Agreement or any of the transactions contemplated by this Agreement, including any dispute arising out of or relating in any way to the Debt Commitment Letter or the performance thereof or the financings contemplated thereby, in any forum other than the federal and New York state courts located in the Borough of Manhattan within the City of New York, and (ii) agrees that, except as specifically set forth in the Debt Commitment Letter, all claims or causes of action (whether at law, in equity, in contract, in tort or otherwise) against any of the Debt Financing Sources in any way relating to this Agreement, the Debt Commitment Letter or the performance thereof or the financings contemplated thereby, shall be exclusively governed by, and construed in accordance with, the internal laws of the State of New York, without giving effect to principles or rules or conflict of laws to the extent such principles or rules would require or permit the application of laws of another jurisdiction.

10.14 Waiver of Jury Trial. EACH PARTY HERETO ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE IT HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT AND ANY OF THE AGREEMENTS DELIVERED IN CONNECTION HEREWITH OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (INCLUDING IN THE CASE OF ANY ACTION AGAINST ANY DEBT FINANCING SOURCE (OR ITS AFFILIATES) IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED UNDER THE DEBT COMMITMENT LETTER).

10.15 Release. Conditioned and effective upon the Closing, (a) each Company Unitholder, in its capacity as a holder of Company Units, on such Company Unitholder's own behalf and, as applicable and to the greatest extent permitted by Applicable Law, on behalf of each of such Company Unitholder's heirs, successors, assigns, and management companies and general partner entities that are Affiliates of such Company Unitholder (collectively with such Company Unitholder, the "Releasors"), hereby unconditionally and irrevocably waives, releases and forever discharges Purchaser, the Surviving Company and their respective heirs, successors, assigns, Affiliates and management companies and equityholders (collectively with Purchaser and the Surviving Company, the "Company Parties") and each of their respective successors, assigns and past, present and future directors, managers, officers and employees, and each of their respective heirs, successors and assigns, in each case in their capacity as such (collectively with the Company Parties, the "Company Releasees") from any and all liabilities of any kind or nature whatsoever, in each case whether absolute or contingent, liquidated or unliquidated, known or unknown, arising on or prior to the Closing Date from any claims relating to or arising out of such Company Unitholder's ownership of the Company Units, the termination of such Company Unitholder's status as a holder of Company Units and actions taken by the Company's officers, directors, managers, members, employees, agents, attorneys, accountants and representatives in connection with the negotiation, authorization, approval and recommendation of the terms of the Merger, and (b) each Company Unitholder, for itself and the other Releasors, hereby irrevocably covenants to refrain from, directly or indirectly,

asserting any claim or demand, or commencing, distributing or causing to be commenced, any action of any kind against any Company Releasees based on any of the foregoing. For the avoidance of doubt, notwithstanding anything to the contrary contained in this Agreement, nothing in this Section 10.15 will waive, or preclude such Company Unitholder from exercising, any of such Company Unitholder's rights, if any, (a) to receive and be paid its portion of the Final Merger Consideration in accordance with the Distribution Waterfall payable under, and on the terms and subject to the conditions set forth in, this Agreement and the Escrow Agreement in respect of each Company Unit held by such Company Unitholder immediately prior to the Effective Time, (b) under this Agreement, the Escrow Agreement, the Letter of Transmittal or any other agreement entered into by such Company Unitholder (or with respect to which such Company Unitholder is an express third-party beneficiary) in connection with the consummation of the transactions contemplated by this Agreement, (c) if such Company Unitholder is an employee of any member of the Company, relating to such Company Unitholder's employment, including such Company Unitholder's right to any compensation earned, such Company Unitholder's benefits as an employee and any rights set forth under any employment agreement, or (d) if such Company Unitholder's is a director, officer or manager of any member of the Company Group, relating to such Company Unitholder's right to exculpation, indemnification, advancement or reimbursement of expenses and for any compensation or other fees earned.

*** * * * ***

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above-written.

COMPANY:

C.B. FLEET TOPCO, LLC

/s/ R. David Andrews
Name: R. David Andrews
Title: President

SELLERS' REPRESENTATIVE:

GRYPHON PARTNERS 3.5, L.P.

By: Gryphon GenPar 3.5, L.P
Its: General Partner

By: Gryphon Investors, LLC
Its: General Partner

/s/ R. David Andrews
Name: R. David Andrews
Title: Manager

PURCHASER:

MEDTECH PRODUCTS INC.

/s/ Ronald M. Lombardi
Name: Ronald M. Lombardi
Title: President and CEO

MERGER SUB:

AETAGE LLC

/s/ William P'Pool
Name: William P'Pool
Title: Vice President

November 14, 2016

William "Bill" C. P'Pool
2585 Anne Lane
Northbrook, IL 60062

Dear Bill,

We are pleased to offer you the role of Senior Vice President, General Counsel and Corporate Secretary, subject to interviews with Prestige BOD Members and completion of a satisfactory background check, beginning November 14, 2016.

The Senior Vice President, General Counsel and Corporate Secretary shall have the normal duties, responsibilities and authority implied by such position and report to the Chief Executive Officer of the Company.

The terms and conditions of your employment consist of the following:

Compensation

- Annual base salary of $400,000.00 (which is $16,666.67 per pay period).
- Participation in the Prestige Brands Inc. Bonus Plan for the fiscal year ending March 31, 2017. Your target eligibility is $200,000. The actual bonus may be higher, lower or non-existent dependent on the financial performance of the Company and your individual performance. For Fiscal Year 2017, your Bonus will be prorated based on length of service in the year and you must be employed on the date of payment to be eligible.
- Participation in the Long Term Incentive Plan (LTIP) with an initial target opportunity equal to $400,000. The structure of the long-term incentive will be generally consistent with that of other senior executives at Prestige. Your first award of long-term incentive will be made to you on the first day of your employment and be structured as follows:
    - § 2/3 Stock Options ($266,667) that vest in equal annual installments over 3 years. The options will have an exercise price equal to the stock price at the close on the date of grant and expire after 10 years if not exercised prior. The number of options will be determined based on the Black-Scholes formula.
    - § 1/3 Restricted Stock ($133,333) that cliff vests at the end of three years. The number of shares granted will be based on the closing price of the stock on the date of grant.

Benefits

You will be eligible to participate in all company-wide benefits as listed below, as well as in all other benefits the company offers now or in the future to its senior level executives:

- Medical Insurance (eligible immediately)
- Dental Insurance (eligible 1st of month after Date of Hire (DOH))

- Vision Insurance (eligible 1st of month after DOH)
- Employee Life Insurance (eligible 1st of month after DOH) company paid
- Long Term & Short Term Disability Insurance (eligible 1st of month after DOH)
- Flexible Spending Account (eligible 1st of month after DOH)
- 401K Plan (Match of 65% up to 6% of salary subject to IRS cap and limits) (Eligible immediately)
- 4 weeks of vacation

Your work location will be 660 White Plains Rd. Tarrytown, NY 10591, unless you are on business travel.

Termination

At-Will Employment - It is understood that your employment with the company is at-will in nature and for no specified period of time. Regardless of length of service you are free to terminate your employment at any time for any reason; however, we require at least 30 calendar days' notice because of your role within the organization. Likewise, the Company is free to terminate your employment at any time for any reason with or without cause, and will provide you with at least 30 calendar days of notice prior to any termination. The company makes no contract of continued employment.

Should the Company terminate your employment "without Cause", should you terminate your employment for Good Reason, or if your employment terminates pursuant to a Change of Control (as defined in the LTIP), and subject to your signing a mutually agreeable release with the company, you will receive severance pay in the amount of one (1) time your current annual salary, to be paid in 24 payments over twelve months. In addition, you will receive a lump sum equal to the greater of your target Annual Bonus for the fiscal year, or the average of the bonus that was paid to you over the previous 3 fiscal years. If you have not completed three (3) fiscal years prior to the date of termination, then the average Annual Bonus paid or payable to you by Prestige Brands will be determined based on the actual number of completed fiscal years prior to the date of termination. The Annual Bonus will be paid to you in lump sum payment within 60 days of termination date. In addition, if you and your eligible dependents are participating in the medical, dental and vision plans at the time of your termination you shall be eligible for that same coverage for one year from your date of termination. You will be required to pay the employee cost of the premium and the Company will pay for the remaining portion in full including any administrative fees. This coverage will not deplete any continued health care coverage rights that you or your dependents may have pursuant to the Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985, and such rights to continued health care coverage under COBRA shall remain available to you.

For purposes of this agreement, the terms below shall have the following meaning:

1.) Cause. "Cause" shall mean any of the following:

(a) Personal dishonesty or willful misconduct, in each case in connection with your employment by the Company;

(b) Breach of fiduciary duty or breach of the duty of loyalty to the Company which a majority of the Board determines in its sole and absolute good faith discretion materially adversely affects the Company or your ability to perform your duties under this Agreement;

(c) Conviction for any felony (other than minor traffic offenses) or any crime involving moral turpitude;

(d) Intentional breach of any provision of this Agreement or of any Company policy adopted by the Board which breach is not cured within 30 days after written notice from the Board;

(e) Your willful continued failure to substantially perform your duties with the Company (other than any such failure resulting from incapacity due to Disability) if not cured within 30 days after a written demand for substantial performance is delivered to you by a majority of the Board that specifically identifies the manner in which such Board believes that you have not substantially performed your duties. For clarity, the failure of the Company to meet its business plans shall not be, in and of itself, grounds for a termination for Cause;

Board Determination of Cause. A majority of the Board shall determine in its sole and absolute good faith discretion whether Cause exists; provided however that you will have a reasonable opportunity to present to the Board prior to any such determination.

2.) Good Reason. “Good Reason” shall mean any of the following, without your prior written consent:

(a) A material diminution in your title, reporting relationship, authority, duties or responsibilities; but excluding, for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by you to the CEO;

(b) A material reduction by the Company in your Base Salary in effect on the Effective Date or as the same may be increased from time to time;

(c) A material reduction by the Company in your annual target incentive bonus during the Term unless such reduction is a part of an across-the-board decrease in target incentive bonuses affecting all other Senior (C-level) Executives, in which case Good Reason shall exist only if the your decrease is larger than that of other C-level executives;

(d) The Company’s requiring you, without your consent, to be based at any office or location more than fifty (50) miles from the company’s current headquarters in Tarrytown, New York; or

(e) The material breach by the company of any provision of this Agreement.

Good Reason shall not include your Death or Disability. Your continued employment shall not constitute consent to, or a waiver of rights with respect to, any circumstance constituting Good

Reason hereunder, provided that you must deliver written notice to the CEO or the Board setting forth with specificity any circumstance you believe in good faith constitutes Good Reason within ninety (90) days after the initial occurrence of such circumstance or be foreclosed from raising such circumstance thereafter. The Company shall have an opportunity to cure to your satisfaction any claimed event of Good Reason within 30 days of notice from you before you may terminate for Good Reason. You may terminate your employment for Good Reason within a period of 120 days after the occurrence of an event of Good Reason.

3.) Change of Control. “Change of Control” shall have the meaning as defined in the Company’s then-current Long Term Incentive Plan (LTIP).

Governance of Senior Executive Compensation
The Compensation and Talent Management Committee oversees compensation as well as executive benefits. The Committee will periodically review your compensation and related programs, consistent with that of other senior executives, and make such adjustments to align with our compensation philosophy which considers both the competitive market, your performance and your role vis à vis other executives at Prestige.

Relocation Expense to the NY Metro area
You will be eligible for relocation benefits pursuant to the Company’s relocation policy, and the Addendum to this offer letter on “Relocation Assistance”.

Restrictive Covenants
As a condition to this offer of employment, you agree to the terms and conditions of the Confidential Information, Intellectual Property and Restrictive Covenants and Non-Solicitation Agreement attached as Appendix A.

Thank you for your consideration and let me know if you have any questions.

Sincerely,

/s/ Ron Lombardi
Ron Lombardi
Chief Executive Officer
Prestige Brands Holdings, Inc.

The provisions of this offer of employment have been read, are understood, and the offer is herewith accepted. I understand that my employment is contingent upon completion of a background check and drug test.

/s/ William P'Pool — 11-14-2016
William "Bill" C. P'Pool — Date

Exhibit 31.1

CERTIFICATIONS

I, Ronald M. Lombardi, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Prestige Brands Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 2, 2017

/s/ Ronald M. Lombardi

Ronald M. Lombardi
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, Christine Sacco, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Prestige Brands Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 2, 2017

/s/ Christine Sacco

Christine Sacco
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

CERTIFICATION
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Ronald M. Lombardi, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Prestige Brands Holdings, Inc. on Form 10-Q for the quarter ended December 31, 2016, fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of Prestige Brands Holdings, Inc.

/s/ Ronald M. Lombardi
Name: Ronald M. Lombardi
Title: Chief Executive Officer
(Principal Executive Officer)
Date: February 2, 2017

EXHIBIT 32.2

CERTIFICATION
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Christine Sacco, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Prestige Brands Holdings, Inc. on Form 10-Q for the quarter ended December 31, 2016, fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of Prestige Brands Holdings, Inc.

/s/ Christine Sacco
Name: Christine Sacco
Title: Chief Financial Officer
(Principal Financial Officer)
Date: February 2, 2017