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

FORM 10-K

(Mark One)

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED MARCH 31, 2014**

OR

o **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
(State or other jurisdiction of incorporation or organization)

20-1297589
(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)

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

Title of each class:	Name of each exchange on which registered:
Common Stock, par value $.01 per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: **None**

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

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

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	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 Act). Yes o No x

The aggregate market value of voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold as of the last business day of the Registrant's most recently completed second fiscal quarter ended September 30, 2013 was $1,550.9 million.

As of May 1, 2014, the Registrant had 51,815,282 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Definitive Proxy Statement for the 2014 Annual Meeting of Stockholders (the "2014 Proxy Statement") are incorporated by reference into Part III of this Annual Report on Form 10-K to the extent described herein.

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TRADEMARKS AND TRADE NAMES

Trademarks and trade names used in this Annual Report on Form 10-K 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 Annual Report on Form 10-K.

Part I.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K 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. Although we believe that our expectations are based on reasonable assumptions, actual results may differ materially from those in the forward-looking statements.

Forward-looking statements speak only as of the date of this Annual Report on Form 10-K. 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 Annual Report on Form 10-K, 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 Annual Report on Form 10-K 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," "future," "seek," "may," "should," "would," "will," "will be," 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, and our business in general is subject to such risks. For more information, see "Risk Factors" contained in Part I Item 1A of this Annual Report on Form 10-K. In addition, our expectations or beliefs concerning future events involve risks and uncertainties, including, without limitation:

- The high level of competition in our industry and markets;
- Our ability to increase organic growth via new product introductions or line extensions;
- Our ability 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 ability to grow our international sales;
- General economic conditions affecting sales of our products and their respective markets;
- Business, regulatory and other conditions affecting retailers;
- Changing consumer trends or pricing pressures which may cause us to lower our prices;
- Our dependence on third-party manufacturers to produce the products we sell;
- Price increases for raw materials, labor, energy and transportation costs;
- Disruptions in our distribution center;
- 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 ability 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;
- 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.

ITEM 1. BUSINESS

Overview

Unless otherwise indicated by the context, all references in this Annual Report on Form 10-K to "we," "us," "our," the "Company" or "Prestige" refer to Prestige Brands Holdings, Inc. and our subsidiaries. Similarly, reference to a year (e.g., "2014") refers to our fiscal year ended March 31 of that year.

We sell well-recognized, brand name, over-the-counter ("OTC") healthcare and household cleaning products largely in North America. 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 in these categories. Our ultimate success is dependent on several factors, including our ability to:

- Develop effective sales, advertising and marketing programs;
- Integrate acquired brands;
- Grow our existing product lines;
- Develop innovative new products;
- Respond to the technological advances and product introductions of our competitors; and
- Continue to grow our presence in the United States and international markets.

We engaged in strategic mergers and acquisitions over the last three years as follows:

Pending 2015 Acquisition

Acquisition of Insight Pharmaceuticals

On April 25, 2014, we announced that we had entered into a definitive agreement for the acquisition of Insight Pharmaceuticals Corporation, a marketer and distributor of feminine care and other OTC healthcare products for $750 million in cash. As of the date of this Annual Report on Form 10−K, we have not yet completed the initial accounting for the acquisition, and the acquisition date fair values of the acquired assets and assumed liabilities have not yet been determined. We anticipate closing on this transaction during the first half of this fiscal year, subject to customary closing conditions, including clearance under the Hart-Scott Rodino Antitrust Improvements Act of 1976. Financing for the transaction is expected from a combination of cash on the balance sheet, use of the 2012 ABL Revolver, and an add-on to our 2012 Term Loan.

2015 Acquisition

Acquisition of Hydralyte

On April 30, 2014, we completed the acquisition of Hydralyte in Australia and New Zealand from The Hydration Pharmaceuticals Trust of Victoria, Australia. As of the date of this Annual Report on Form 10−K, we have not yet completed the initial accounting for the acquisition, and the acquisition date fair values of the acquired assets and assumed liabilities have not yet been determined. Hydralyte is the leading OTC brand in oral rehydration in Australia, and will be marketed and sold through Care Pharmaceuticals. Hydralyte is available in pharmacies in multiple forms and is indicated for oral rehydration following diarrhea, vomiting, fever, heat and ailments. We funded this acquisition with a combination of cash on the balance sheet and our existing credit facility.

2014 Acquisition

Acquisition of Care Pharmaceuticals Pty Ltd.

On July 1, 2013, we completed the acquisition of Care Pharmaceuticals Pty Ltd. (“Care Pharma”), which was funded through a combination of our existing senior secured credit facility and cash on hand. The Care Pharma brands include the *Fess* line of cold/allergy and saline nasal health products, which is the leading saline spray for both adults and children in Australia. Other key brands include *Painstop* analgesic, *Rectogesic* for rectal discomfort, and the *Fab* line of nutritional supplements. Care Pharma also carries a line of brands for children including *Little Allergies*, *Little Eyes*, and *Little Coughs*. The brands acquired are complementary to our existing OTC Healthcare portfolio. This 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.

2012 Acquisitions

In 2012, we acquired 17 brands, which we believe are key to our growth strategy in the OTC Healthcare category and complementary to our existing OTC Healthcare brands. On January 31, 2012, we completed the acquisition of the first 15 North American OTC Healthcare brands, including the related contracts, trademarks and inventory, from GlaxoSmithKline plc ("GSK") and its affiliates (the “GSK Brands I”) for $615.0 million in cash, subject to a post-closing inventory and apportionment adjustment. The GSK Brands I include *BC*®, *Goody's*® and *Ecotrin*® brands of pain relievers; *Beano*®, *Gaviscon*®, *Phazyme*®, *Tagamet*® and *Fiber Choice*® gastrointestinal brands; and the *Sominex*® sleep aid brand. On March 30, 2012, we completed the acquisition of the *Debrox*® and *Gly-Oxide*® brands in the United States from GSK (the “GSK Brands II" and together with the GSK Brands I, the "GSK Brands”), including the related contracts, trademarks and inventory, for $45.0 million in cash, subject to a post-closing inventory and apportionment adjustment. In April 2012, we received the post-closing inventory and apportionment adjustments, attributable to both the GSK Brands I and GSK Brands II, which required us to pay an additional $2.8 million to GSK, and in May 2012, we received a revised post-closing inventory and apportionment adjustment, attributable to the GSK Brands II, which required us to pay an additional $0.2 million, for a total of $3.0 million, to GSK.

2013 Divestiture

In 2013, we divested the *Phazyme* gas treatment brand, which was a non-core OTC brand that we acquired from GSK in January 2012. We received $21.7 million from the divestiture on October 31, 2012 and the remaining $0.6 million on January 4, 2013. The proceeds were used to repay debt. No significant gain or loss was recorded as a result of the sale.

Major Brands

Our major brands, set forth in the table below, have strong levels of consumer awareness and retail distribution across all major channels. These brands accounted for approximately 90.0%, 93.0%, and 92.0% of our net revenues for 2014, 2013, and 2012, respectively, during the period the respective brands were owned by us.

Major Brands	Market Position(1)	Market Segment(2)	Market Share(3) (%)	ACV(4) (%)
Over-the-Counter Healthcare:				
Chloraseptic®	#1	Sore Throat Liquids/Lozenges	43.7	92.4
Clear Eyes®	#2	Eye Allergy/Redness Relief	21.0	96.8
Compound W®	#1	Wart Removal	37.2	91.9
Dramamine®	#1	Motion Sickness	40.5	94.4
Efferdent®	#2	Denture Cleanser Tablets	30.7	95.2
Little Remedies®	#7	Pediatric Healthcare	4.2	83.9
Luden's®	#3	Cough Drops	6.5	96.8
PediaCare®	#8	Pediatric Healthcare	3.9	82.9
The Doctor's® NightGuard®	#2	Bruxism (Teeth Grinding)	25.9	50.3
The Doctor's® Brushpicks®	#2	Disposable Dental Picks	14.6	55.6
BC®/Goody's®	#1	Analgesic Powders	98.2	70.2
Beano®	#1	Gas Prevention	85.0	85.7
Debrox®	#1	Ear Wax Removal	50.5	90.4
Gaviscon® (5)	#1	Upset Stomach Remedies	16.4	93.0
Dermoplast®	#4	Pain Relief Sprays	16.4	63.8
Murine®	#2	Ear Wax Removal	10.8	37.1
New-Skin®	#1	Liquid Bandages	67.3	84.3
Wartner®	#4	Wart Removal	2.2	8.7
Fiber Choice®	#4	Fiber Laxative Supplements	5.0	75.3
Ecotrin®	#2	Aspirin	3.4	78.0
Fess® (6)	#1	Nasal Saline Spray	64.0	—
Household Cleaning:				
Chore Boy®	#2	Soap Free Metal Scrubbers	11.9	13.2
Comet®	#1	Abrasive Tub and Tile Cleaner	37.1	93.3
Spic and Span®	#6	Dilutable All Purpose Cleaner	1.0	49.6

(1) We have prepared the information included in this Annual Report on Form 10-K with regard to the market share and ranking for our brands based in part on data generated by Information Resources, Inc., an independent market research firm ("IRI"). IRI reports Total U.S. Multi-Outlet retail sales data in the food, drug, mass merchandise markets (including Walmart), dollar stores, selected warehouse clubs (BJ's and Sam's) and DeCA military commissaries, representing approximately 90% of Prestige Brands categories for retail sales.

(2) "Market segment" is defined by us and is either a standard IRI category or a segment within a standard IRI category and is based on our product offerings and the categories in which we compete.

(3) "Market share" is based on sales dollars in the United States, as calculated by IRI for the 52 weeks ended March 23, 2014.

(4) "ACV" refers to the All Commodity Volume Food Drug Mass Index, as calculated by IRI for the 52 weeks ended March 23, 2014. ACV measures the ratio of the weighted sales volume of stores that sell a particular product to all the stores

that sell products in that market segment generally. For example, if a product is sold by 50% of the stores that sell products in that market segment, but those stores account for 85% of the sales volume in that market segment, that product would have an ACV of 85%. We believe that a high ACV evidences a product's attractiveness to consumers, as major national and regional retailers will carry products that are attractive to their customers. Lower ACV measures would indicate that a product is not as available to consumers because the major retailers generally would not carry products for which consumer demand is not as high. For these reasons, we believe that ACV is an important measure for investors to gauge consumer awareness of the Company's product offerings and of the importance of those products to major retailers.

(5) *Gaviscon* is distributed by us in Canada only and the market information was generated by Nielsen, an independent third party market research firm for the period ending April 5, 2014. Figures represent national, all channel retail sales data in the food, drug, mass merchandise (including Walmart), general merchandise (i.e. Dollarama), and warehouse club stores (Costco). Data reported for warehouse club and general merchandise is calculated based on home scan panel data, and not direct point of sale data.

(6) The Care Pharma brands includes the *Fess* line of cold/allergy and saline nasal health products, which is the leading saline spray for both adults and children in Australia. Market information was generated by IMS Australian Proprietary Index, an independent market research firm for the period ending March 31, 2014.

Our products are sold through multiple channels, including mass merchandisers and drug, grocery, dollar, convenience, and club stores, which reduces our exposure to any single distribution channel.

We have developed our brand portfolio through the acquisition of strong and well-recognized brands from larger consumer products and pharmaceutical companies, as well as growth brands from smaller private companies. While the brands we have purchased from larger consumer products and pharmaceutical companies have long histories of support and brand development, we believe that at the time we acquired them they were considered "non-core" by their previous owners. Consequently, these brands did not benefit from the focus of senior level personnel or strong marketing support. We also believe that the brands we have purchased from smaller private companies were constrained by the limited financial resources of their prior owners. After adding a core brand to our portfolio, we seek to increase its sales, market share and distribution in both new and existing channels through our established retail distribution network. We pursue this growth through increased advertising and promotion, new sales and marketing strategies, improved packaging and formulations, and innovative new products. Our business, business model, competitive strengths and growth strategy face various risks that are described in "Risk Factors" in Part I, Item 1A of this Annual Report on Form 10-K.

Competitive Strengths

Diversified Portfolio of Well-Recognized and Established Consumer Brands

We own and market well-recognized consumer brands, many of which were established over 60 years ago. Our diverse portfolio of products provides us with multiple sources of growth and minimizes our reliance on any one product or category. We provide significant marketing support to our core brands that is designed to enhance our sales growth and our long-term profitability. The markets in which we sell our products, however, are highly competitive and include numerous national and global manufacturers, distributors, marketers and retailers. Many of these competitors have greater research and development and financial resources than us and may be able to spend more aggressively on sales, advertising and marketing programs and research and development, which may have an adverse effect on our competitive position.

Strong Competitor in Attractive Categories

We compete in product categories that address recurring consumer needs. We believe we are well positioned in these categories due to the long history and consumer awareness of our brands, our strong market positions, and our low-cost operating model. However, a significant increase in the number of product introductions or increased advertising, marketing and trade support by our competitors in these markets could have a material adverse effect on our business, financial condition and results from operations.

Proven Ability to Develop and Introduce New Products

We focus our marketing and product development efforts on the identification of under-served consumer needs, the design of products that directly address those needs, and the ability to extend our highly recognizable brand names to other products. As an example of this philosophy, in 2014 we launched *Goody's Headache Relief Shot*, *Efferdent Fresh Guard* and *Beano Plus Dairy Defense*. In 2013, we launched *PediaCare Nighttime Multi-Symptom Cold* reliever, *Little Remedies Soothing Syrup*, *Luden's Moisture Drops*, *Chloraseptic Warming Spray* for sore throat, *BC Powder* in a new cherry flavor and *Fiber Choice Fruity Bites* fiber gummies. In 2012, we launched four new *PediaCare* Infant Formula products, *Dramamine* for Kids, *Efferdent Power Clean Crystals*, and *Efferdent PM* over night denture cleanser, among other product introductions. Although line extensions and new

product introductions are important to the overall growth of a brand, our efforts may reduce sales of existing products within that brand. In addition, certain of our product introductions may not be successful.

Efficient Operating Model
To gain operating efficiencies, we oversee the production planning and quality control aspects of the manufacturing, warehousing and distribution of our products, while we outsource the operating elements of these functions to well-established third-party providers. This approach allows us to benefit from their core competencies and maintain a highly variable cost structure, with low overhead, limited working capital requirements, and minimal investment in capital expenditures, as evidenced by the following:

	Gross Margin %	**G&A % To Total Revenues**	**CapEx % To Total Revenues**
2014	56.5	8.1	0.5
2013	55.7	8.3	1.6
2012	51.6	12.9	0.1

In 2014, our gross margin percentage was comparable to the prior year with a slight increase of 80 basis points from the prior year. In 2013, our gross margin percentage increased 410 basis points over 2012. The increase in 2013 was due primarily to the brands we acquired from GSK, as such brands have higher gross margins. General and administrative costs, as a percentage of total revenues, decreased 20 basis points in 2014 versus 2013. General and administrative costs, as a percentage of total revenues, decreased 460 basis points in 2013 versus 2012, primarily as a result of costs associated with the acquisition of GSK Brands I in 2012. In 2014, our capital expenditures as a percentage of revenues decreased 110 basis points versus 2013. This decrease was due to higher capital expenditures in 2013 for leasehold improvements associated with our new corporate office lease, as well as higher equipment purchases primarily resulting from the increased personnel and systems requirements associated with the acquisition of the GSK Brands in the prior year.

Management Team with Proven Ability to Acquire, Integrate and Grow Brands
Our business has grown through acquisition, integration and expansion of the many brands we have purchased. Our management team has significant experience in consumer product marketing, sales, legal and regulatory compliance, product development and customer service. Unlike many larger consumer products companies, which we believe often entrust their smaller brands to successive junior employees, we dedicate experienced managers to specific brands. We seek more experienced personnel to bear the substantial responsibility of brand management and to effectuate our growth strategy. These managers nurture the brands to allow the brands to grow and evolve.

Growth Strategy

In order to continue to enhance our brands and drive growth, we focus our growth strategy on our core competencies:

- Effective Marketing and Advertising;
- Sales Excellence;
- Extraordinary Customer Service; and
- Innovation and Product Development.

We execute this strategy through the following efforts:

- ***Investments in Advertising and Promotion***

We invest in advertising and promotion to drive the growth of our core brands. Our marketing strategy is focused primarily on consumer-oriented programs that include targeted coupon programs, media, in-store and digital advertising. While the absolute level of marketing expenditures differs by brand and category, we have often increased the amount of investment in our brands after acquiring them. Advertising and promotion spend on our top five selling brands was approximately 13.7% of the revenues associated with these brands in 2014. In 2014 and 2013, advertising and promotional spend on the core brands acquired from GSK, which are *BC*, *Goody's*, *Beano*, *Gaviscon* and *Debrox,* was approximately 21.2% and 18.4%, respectively, of the revenues associated with these brands. In 2014, advertising and promotional spend for the newly acquired Care Pharma brands was approximately 20.9% of revenues associated with those brands. Given the competition in our industry, there is a risk that our marketing efforts may not result in increased sales and profitability. Additionally, we can offer no assurance that we can maintain any increased sales and profitability levels once attained.

- ***Growing our Categories and Market Share with Innovative New Products***

One of our strategies is to broaden the categories in which we participate and increase our share within those categories through ongoing product innovation. In 2014, we launched *Goody's Headache Relief Shot*, *PediaCare Single Dose Fever Packet*, *Efferdent Fresh Guard* and *Beano Plus Dairy Defense.* In 2013, we launched *PediaCare Nighttime Multi-Symptom Cold* reliever, *Little Remedies Soothing Syrup*, *Luden's Moisture Drops*, *Chloraseptic Warming Spray* for sore throat, *BC Powder* in a new cherry flavor and *Fiber Choice Fruity Bites* fiber gummies. In 2012, we launched *Dramamine* for Kids, *Efferdent Power Clean Crystals*, *Efferdent PM*, and *New Skin* Anti-Chafing Spray. While there is always a risk that sales of existing products may be reduced by new product introductions, our goal is to grow the overall sales of our brands.

- ***Increasing Distribution Across Multiple Channels***

Our broad distribution base attempts to ensure that our products are well positioned across all available channels and that we are able to participate in changing consumer retail trends. In an effort to ensure continued sales growth, we have altered our focus by expanding our reliance on direct sales while reducing our reliance on brokers. We believe this philosophy allows us to better:

- Know our customer;
- Service our customer; and
- Support our customer.

While we make great efforts to both maintain our customer base and grow in new markets, there is a risk that we may not be able to maintain or enhance our relationships across distribution channels, which could adversely impact our business, financial condition and results from operations.

- ***Growing Our International Business***

International sales beyond the borders of North America represented 5.4%, 2.7% and 3.5% of revenues in 2014, 2013, and 2012, respectively, and international sales have increased as a result of the acquisition of Care Pharma in 2014. International sales beyond the borders of North America also grew 93.2% and 10.6% in 2014 and 2013, respectively. We have designed and developed both products and packaging for specific international markets and expect that our international revenues will continue to grow. In addition to *Clear Eyes*, *Murine* and *Chloraseptic,* which are currently sold internationally, we license a large multinational company to market the *Comet* brand in Eastern Europe. Since a number of our other brands have previously been sold internationally, we seek to expand the number of brands sold through our existing international distribution network and continue to identify additional distribution partners for further expansion into other international markets. On April 15, 2014, we announced the signing of a purchase agreement for the acquisition of Hydralyte in Australia and New Zealand from The Hydration Pharmaceuticals Trust of Victoria, Australia and on April 30, 2014, we completed the acquisition. Hydralyte is the leading OTC brand in oral rehydration in Australia and New Zealand.

- ***Pursuing Strategic Acquisitions***

  Acquisitions are an important part of our overall strategy for growing revenue. We have a history of growth through acquisition (see "Our History and Accomplishments" below). In 2014, we acquired Care Pharma, including the *Fess* line of cold/allergy and saline nasal health products. Other key brands acquired from Care Pharma include *Painstop* analgesic, *Rectogesic* for rectal discomfort, and the *Fab* line of nutritional supplements. Care Pharma also includes a line of brands for children including *Little Allergies*, *Little Eyes*, and *Little Coughs*. In 2012, we acquired 17 OTC Healthcare brands from GSK. In 2011, we acquired five brands from Blacksmith and acquired *Dramamine*. Prior to these acquisitions, our last acquisition was the *Wartner* brand of OTC wart treatment products in 2006. On April 15, 2014, we announced the signing of a purchase agreement for the acquisition of Hydralyte in Australia and New Zealand from The Hydration Pharmaceuticals Trust of Victoria, Australia and on April 30, 2014, we completed the acquisition. Hydralyte is the leading OTC brand in oral rehydration in Australia. On April 25, 2014, we announced that we had entered into a definitive agreement for the acquisition of Insight Pharmaceuticals Corporation, a marketer and distributor of feminine care and other OTC healthcare products. We anticipate closing on this transaction during the first half of this fiscal year, subject to regulatory approval. While we believe that there will continue to be a pipeline of acquisition candidates for us to investigate, strategic fit and relative cost are of the utmost importance in our decision to pursue such opportunities. We believe our business model allows us to integrate acquisitions in an efficient manner, while also providing opportunities to realize significant cost savings. However, there is a risk that our financial condition and operating results could be adversely affected in the event we (i) do not realize all of the anticipated operating synergies and cost savings from acquisitions, (ii) do not successfully integrate acquisitions or (iii) pay too much for these acquisitions. In the past, we utilized various debt offerings to help us acquire certain brands or businesses. For example, in 2010, we refinanced our long-term debt and significantly improved our liquidity position, debt maturities and covenants, all of which better positioned us to pursue the Blacksmith and *Dramamine* acquisitions and potential future acquisition targets. In 2012, we completed an offering of senior notes, entered into new senior secured term loan and revolving credit facilities and ratably secured our existing senior notes with the new term loan facility. We used the net proceeds from the senior notes offering, together with borrowings under the new senior secured term loan facility, to finance the acquisition of the 17 OTC brands acquired from GSK, to repay our existing senior secured credit facilities, to pay fees and expenses incurred in connection with these transactions and for general corporate purposes. In 2013, we sold one of the acquired GSK Brands, *Phazyme*, and used the proceeds to repay debt.

Market Position

During 2014, approximately 72.5% of our net revenues were from brands with a number one or number two market position, compared with approximately 77.0% and 67.0% during 2013 and 2012, respectively. These brands included *Chloraseptic*, *Clear Eyes*, *Chore Boy, Comet*, *Compound W*, *The Doctor's, Murine, New-Skin, Dramamine, Efferdent, BC/Goody's, Beano, Debrox* and *Gaviscon* for each of the periods.

See "Major Brands" above for information regarding market share and ACV calculations.

Our History and Accomplishments

We were originally formed in 1996 as a joint venture of Medtech Labs and The Shansby Group (a private equity firm), to acquire certain OTC drug brands from American Home Products. Since 2001, our portfolio of brand name products has expanded from OTC brands to include household cleaning products. We have added brands to our portfolio principally by acquiring strong and well-recognized brands from larger consumer products and pharmaceutical companies. In February 2004, GTCR Golder Rauner II, LLC ("GTCR"), a private equity firm, acquired our business from the owners of Medtech Labs and The Shansby Group. In addition, we acquired the *Spic and Span* business in March 2004.

In April 2004, we acquired Bonita Bay Holdings, Inc. ("Bonita Bay"), the parent holding company of Prestige Brands International, Inc., which conducted its business under the "Prestige" name. After we completed the Bonita Bay acquisition, we began to conduct our business under the "Prestige" name as well. The Bonita Bay brand portfolio included *Chloraseptic, Comet, Clear Eyes* and *Murine*.

In October 2004, we acquired the *Little Remedies* brand of pediatric OTC products through our purchase of Vetco, Inc. Products offered under the *Little Remedies* brand included *Little Noses*® nasal products, *Little Tummys*® digestive health products, *Little Colds*® cough/cold remedies, and *Little Remedies* New Parents Survival Kit.

In February 2005, we raised $448.0 million through an initial public offering of 28.0 million shares of common stock. We used the net proceeds of the offering ($416.8 million), plus $3.0 million from our revolving credit facility and $8.8 million of cash on

hand, to (i) repay $100.0 million of our existing senior indebtedness, (ii) redeem $84.0 million in aggregate principal amount of our existing 9.25% senior subordinated notes, (iii) repurchase an aggregate of 4.7 million shares of our common stock held by the investment funds affiliated with GTCR and TCW/Crescent Mezzanine, LLC (“TCW/Crescent”) for $30.2 million, and (iv) redeem all outstanding senior preferred units and class B preferred units of one of our subsidiaries for $199.8 million.

In October 2005, we acquired the *Chore Boy* brand of metal cleaning pads, scrubbing sponges, and non-metal soap pads, which had over 84 years of history in the scouring pad and cleaning accessories categories.

In November 2005, we acquired Dental Concepts LLC (“Dental Concepts”), a marketer of therapeutic oral care products sold under *The Doctor's* brand. The brand is driven primarily by two niche segments, bruxism (nighttime teeth grinding) and interdental cleaning. Products marketed under *The Doctor's* brand include *The Doctor's NightGuard* Dental Protector, the first Food and Drug Administration (“FDA”) cleared OTC treatment for bruxism, and *The Doctor's BrushPicks*, disposable interdental toothpicks.

In September 2006, we acquired Wartner USA B.V. (“Wartner”), the owner of the *Wartner* brand of OTC wart treatment products in the United States and Canada. The *Wartner* brand, which is the number three brand in the U.S. OTC wart treatment category, has enhanced and we expect will continue to enhance our market position in the category, complementing *Compound W*.

On October 28, 2009, we sold our three shampoo brands - *Prell* Shampoo, *Denorex* Dandruff Shampoo and *Zincon* Dandruff Shampoo. The terms of the sale included an upfront receipt of $8.0 million in cash, with a subsequent receipt of $1.0 million in cash on October 28, 2010. We used the proceeds from the sale to reduce outstanding bank indebtedness.

In March 2010, we refinanced our outstanding long-term indebtedness through entry into a $150.0 million senior term loan facility due April 1, 2016 (the “2010 Senior Term Loan”), and the issuance of $150.0 million in senior notes with an 8.25% interest rate due 2018 ("the 2010 Senior Notes"). Proceeds from the new indebtedness were used to retire our senior term loan facility originally due April 1, 2011 and 9.25% senior subordinated notes originally due April 15, 2012. Additionally, our new credit agreement included a $30.0 million revolving credit facility due April 1, 2015. The refinancing and new credit facility improved our liquidity, extended maturities, and improved covenant ratios, all of which better positioned us to pursue strategic acquisitions.

On September 1, 2010, we sold certain assets related to the *Cutex* nail polish remover brand for $4.1 million.

On November 1, 2010, we acquired 100% of the capital stock of Blacksmith for $190.0 million in cash, plus a working capital adjustment of $13.4 million. Additionally, we paid $1.1 million on behalf of Blacksmith for the sellers' transaction costs. As a result of this acquisition, we acquired five OTC brands: *Efferdent*, *Effergrip*, *PediaCare*, *Luden's* and *NasalCrom*. In connection with the acquisition of Blacksmith, in November 2010, we (i) executed an Increase Joinder to our existing credit agreement pursuant to which we entered into an incremental term loan in the amount of $115.0 million and increased our revolving credit facility by $10.0 million to $40.0 million; and (ii) issued an additional $100.0 million aggregate principal amount of 2010 Senior Notes. The purchase price for Blacksmith was funded from the incremental term loan and the issuance of the 2010 Senior Notes and cash on hand.

On January 6, 2011, we completed the acquisition of certain assets comprising the *Dramamine* brand in the United States for $77.1 million in cash, including transaction costs incurred in the acquisition of $1.2 million. The purchase price was funded by cash on hand.

On January 31, 2012, we completed the acquisition of the 15 GSK Brands I, including the related contracts, trademarks and inventory, for $615.0 million in cash, subject to a post-closing inventory and apportionment adjustment. The GSK Brands I include *BC*, *Goody's* and *Ecotrin* brands of pain relievers; *Beano*, *Gaviscon*, *Phazyme*, *Tagamet* and *Fiber Choice* gastrointestinal brands; and the *Sominex* sleep aid brand. On March 30, 2012, we completed the acquisition of *Debrox* and *Gly-Oxide*, the two GSK Brands II, in the United States, including the related contracts, trademarks and inventory, for $45.0 million in cash, subject to a post-closing inventory and apportionment adjustment.

On January 31, 2012, in connection with the acquisition of the GSK Brands I, we (i) issued 8.125% senior notes due in 2020 in an aggregate principal amount of $250.0 million (the “2012 Senior Notes”), and (ii) entered into a new senior secured credit facility, which consists of a $660.0 million term loan facility with a seven-year maturity (the “2012 Term Loan”) and a $50.0 million asset-based revolving credit facility with a five-year maturity (the “2012 ABL Revolver”). In September 2012, we utilized a portion of our accordion feature to increase the amount of our borrowing capacity under the 2012 ABL Revolver by $25.0 million to $75.0 million. Additionally, in connection with the entry into the new senior secured credit facilities, we repaid the outstanding balance of and terminated our 2010 Senior Term Loan.

On October 31, 2012, we divested the *Phazyme* gas treatment brand, which was a non-core OTC brand that we acquired from GSK in January 2012. We received $21.7 million from the divestiture on October 31, 2012 and the remaining $0.6 million on January 4, 2013. The proceeds were used to repay debt. No significant gain or loss was recorded as a result of the sale.

On February 21, 2013, we entered into Amendment No. 1 (the "Amendment") to the 2012 Term Loan. The Amendment provides for the refinancing of all of our existing Term B Loans with new Term B-1 Loans. The interest rate on the Term B-1 Loans is 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, plus a margin. The new Term B-1 Loans will mature on the same date as the Term B Loans original maturity date. In addition, the Amendment provides us 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 the 2012 ABL Revolver.

On July 1, 2013, we completed the acquisition of Care Pharmaceuticals Pty Ltd. (“Care Pharma”), which was funded through a combination of our existing senior secured credit facilities and cash on hand. The Care Pharma brands include the *Fess* line of cold/allergy and saline nasal health products, which is the leading saline spray for both adults and children in Australia. Other key brands include *Painstop* analgesic, *Rectogesic* for rectal discomfort, and the *Fab* line of nutritional supplements. Care Pharma also carries a line of brands for children including *Little Allergies*, *Little Eyes*, and *Little Coughs*. The brands acquired are complementary to our existing OTC Healthcare portfolio.

On December 17, 2013, we issued $400.0 million aggregate principal amount of senior unsecured notes, with an interest rate of 5.375% and a maturity date of December 15, 2021 (the "2013 Senior Notes"). We may redeem some or all of the 2013 Senior Notes at redemption prices set forth in the indenture governing the 2013 Senior Notes. As a result of this issuance, we redeemed $201.7 million of the 2010 Senior Notes in December 2013 and the balance of $48.3 million in January 2014 and repaid approximately $120.0 million toward our 2012 Term Loan.

Products

We conduct our operations through two principal business segments:

- Over-the-Counter Healthcare; and
- Household Cleaning.

Over-the-Counter Healthcare Segment

Our portfolio of OTC Healthcare products includes 14 core brands, including five from the GSK Brands acquisitions. Our core OTC brands are: *Chloraseptic* sore throat remedies, *Clear Eyes* eye drops, *Compound W* wart removers, *Little Remedies* and *PediaCare* pediatric healthcare products, *The Doctor's* brand of oral care products, *Efferdent* and *Effergrip* denture products, *Luden's* drops, *Dramamine* motion sickness products, *BC* and *Goody's* analgesic powders, *Beano* gas prevention, *Gaviscon* antacids, and *Debrox* ear drops. Our other significant brands include *Dermoplast* first-aid products, *Murine* eye and ear care products, *NasalCrom* allergy prevention relief product, *New-Skin* liquid bandage, *Wartner* wart removers, *Fiber Choice* fiber laxative supplements, and *Ecotrin* aspirin. In 2014, the OTC Healthcare segment accounted for 85.4% of our net revenues, compared to 86.1% and 78.2% in 2013 and 2012, respectively.

Chloraseptic

Chloraseptic was originally developed by a dentist in 1957 to relieve sore throats and mouth pain. *Chloraseptic's* 6 oz. cherry liquid sore throat spray is the number one selling product in the sore throat liquids/sprays segment and the number one pharmacist recommended spray. The *Chloraseptic* brand has an ACV of 92.4% and is number one in Sore Throat Liquids/Lozenges with a 43.7% market share.

Clear Eyes

Clear Eyes, with an ACV of 96.8%, has been marketed as an effective eye care product that helps eliminate redness and helps moisturize the eye. *Clear Eyes* is among the leading brands in the OTC personal eye care category. *Clear Eyes* is the number two brand in the Eye Allergy/Redness Relief category with 21.0% market share.

Compound W
Compound W has a long heritage, with its wart removal products having been introduced more than 50 years ago. *Compound W* products are specially designed to provide relief from common and plantar warts and are sold in multiple forms of treatment depending on the consumer's need, including Fast-Acting Liquid, Fast-Acting Gel, One Step Pads for Kids, One Step Pads for Adults and *Freeze Off*®, a cryogenic-based wart removal system. *Compound W* is the number one pharmacist recommended wart remover. Additionally, *Compound W* is the number one wart removal brand in the United States with a 37.2% market share and an ACV of 91.9%.

Dramamine
Dramamine is the number one brand and the number one pharmacist recommended brand in the $76.6 million Motion Sickness category with a 40.5% market share and distribution of over 94.4% ACV. The product line includes the new *Dramamine* for Kids, and a Less Drowsy formula and Chewable form in addition to the top selling *Dramamine* original product.

Efferdent and Effergrip
Efferdent Denture Cleanser holds a 30.7% share and the number two position in the $146.4 million Denture Cleanser Tablets category. The January 2011 introduction of *Efferdent PM* extended the brand into the growing overnight cleanser segment. In 2012, we introduced *Efferdent Power Clean Crystals* denture cleanser. In its introductory year, *Power Clean Crystals* has garnered a 1.9% share of the market and has successfully brought new consumers into the *Efferdent* franchise. In 2014, we extended the Efferdent franchise into the oral appliance cleanser segment with the introduction of Fresh Guard by Efferdent soak and on-the-go wipes. These products are designed specifically for the cleaning of mouth guards, retainers, removable braces and night guard appliances. *Efferdent* enjoys distribution of over 95.2% ACV. *Effergrip* denture adhesive competes in the $300.0 million adhesives category and has a 0.3% share of the market.

Little Remedies
Little Remedies is a full line of pediatric OTC products that contain no alcohol, saccharin, artificial flavors or coloring dyes. The portfolio includes: (i) *Little Noses*, a product line consisting of an assortment of nasal saline products; (ii) *Little Colds*, a product line consisting of a multi-symptom cold relief formula, sore throat relief products, a cough relief formula, a decongestant and a combined decongestant plus cough relief formula; and (iii) *Little Tummys*, a product line consisting of gas relief drops, laxative drops and gripe water, an herbal supplement used to ease discomfort often associated with colic and hiccups. Little Remedies holds a 4.2% market share of the competitive Pediatric Healthcare market, and ACV of 83.9%.

Luden's
Luden's throat drops heritage spans more than 130 years. Among the fastest growing brands in the $522.8 million Cough Drops category, *Luden's* has a 6.5% share of the market and distribution of more than 96.8% ACV. *Luden's* Wild Cherry is the number one selling item in the Cough Drop category, and a Sugar Free line extension was launched in 2011.

PediaCare
PediaCare is a full line of pediatric OTC products that is 100% dedicated to kids multi-symptom cough, cold and allergy products. In 2011, we launched a comprehensive line of pain relievers and fever reducers for both children and infants in addition to a new 24 Hour Allergy Relief offering. In 2013, we launched improved flavor profiles for the *PediaCare* pain reliever and fever reducers for children and infants and *PediaCare* Nighttime Multi-Symptom Cold reliever. All *PediaCare* products combined have distribution of 82.9% ACV.

The Doctor's
The Doctor's is a line of products designed to help consumers maintain good oral hygiene in between dental office visits. The market is driven primarily by two niche segments: bruxism (nighttime teeth grinding) and interdental cleaning. *The Doctor's NightGuard* dental protector was the first FDA cleared OTC treatment for bruxism. The *Doctor's NightGuard* currently holds a 25.9% share of the market and the number two position in the Teeth Grinding market. *The Doctor's NightGuard* also has a distribution of 50.3% ACV.

BC/Goody's
BC and *Goody's* compete in the $3.0 billion Adult Analgesic category (excluding convenience stores). They are the number one OTC pain relievers in a powder form. Developed in the Southeast region over 80 years ago, their unique form delivers fast pain relief. The combined brands have a 2.7% share of the Adult Analgesic category nationally according to IRI, but are the number one adult analgesic in Southeast convenience stores according to IRI. *BC* is available in Original and Arthritis formulas as well as newly introduced *BC* Cherry Powder. *Goody's* includes Extra Strength, Back & Body, PM and Cool Orange. The introduction of *Goody's* Headache Relief Shot in 2014 added $1.3 million in sales to the Goody's line.

Beano
Beano commands a 85.0% share and the number one position in the Gas Prevention segment and the number two overall position in the $212.7 million anti-gas category. The product is formulated with a unique digestive enzyme that works naturally with the body to prevent gas symptoms before they start. In 2010, the brand developed a proprietary delivery system and launched *Beano* Meltaways, a dissolvable tablet that fills the consumer need for a more discreet way to manage the condition. In 2014, the brand developed and launched *Beano Plus Dairy Defense,* a chewable tablet that adds a second digestive enzyme to help break down lactose.

Debrox
Debrox is the number one brand of OTC ear wax removal aids, with a 50.5% share of the Ear Wax Removal segment, and a 90.4% ACV. The product line consists of two items: an ear wax removal kit containing liquid drops and an ear washer bulb, and a second item containing just the liquid drops as a refill. With *Debrox*, consumers have a safe, gentle method for removing ear wax build up while in the privacy of their homes. *Debrox* is the number one trusted brand with doctors and pharmacists according to Encuity Research LLC and Pharmacy Times, and is their number one choice for a recommended treatment to their patients with ear wax build up.

Gaviscon
Gaviscon is currently the number one brand in the $144.6 million Canadian Upset Stomach Remedy category with a 16.4% market share. The brand grew 3.8% in 2014, outperforming the category which grew 1.1%. *Gaviscon*'s success is attributed to a differentiated method of action versus traditional antacid products, as it creates a foam barrier to keep stomach acid from backing up into the esophagus.

Dermoplast
Dermoplast is currently the number four brand and the number one pharmacist recommended brand in the $34.1 million Pain Relief Sprays market. *Dermoplast* is sold to hospitals and institutions in addition to retail stores. The brand holds a 16.4% market share and a distribution of 63.8% ACV.

Murine
Murine is currently the number two brand in the $39.2 million Ear Wax Removal category with a 10.8% market share. The brand has a distribution of 37.1% ACV.

New-Skin
New-Skin holds a 67.3% market share and the number one position in the $19.5 million Liquid Bandages market. *New-Skin* has a distribution of 84.3% ACV.

Wartner
Wartner is currently the number four brand in the Wart Removal market with a 2.2% market share.

Fiber Choice
Fiber Choice currently holds the number four position in the $411.5 million Fiber Laxative Supplements category with a 5.0% market share. The brand has a distribution of 75.3% ACV. In 2013, the brand developed and launched *Fiber Choice Fruity Bites* gummy fiber to compete in the rapidly expanding gummies segment of the category.

Ecotrin
Ecotrin is the number one cardiologist recommended aspirin and currently holds the number two position in the $495.8 million Aspirin category with a 3.4% market share. The brand has a distribution of 78.0% ACV.

Fess
In the Australasia market, *Fess* is currently the number one brand in the Nasal Saline Spray market with a 64.0% market share.

Household Cleaning Segment

Our portfolio of Household Cleaning brands includes the *Chore Boy, Comet* and *Spic and Span* brands. During 2014, the Household Cleaning segment accounted for 14.6% of our revenues, compared with 13.9% and 21.8% in 2013 and 2012, respectively.

Chore Boy
Chore Boy scrubbing pads and sponges were initially launched in the 1920s. Over the years, the line has grown to include metal and non-metal scrubbers that are used for a variety of household cleaning tasks. *Chore Boy* has an 11.9% share of the market and a number two position in the Soap Free Metal Scrubbers market.

Comet

Comet was originally introduced in 1956 and is one of the most widely recognized Household Cleaning brands with an ACV of 93.3%. *Comet* competes in the Abrasive Tub and Tile Cleaner sub-category of the Household Cleaning category that includes abrasive powders, creams, liquids and non-abrasive sprays. *Comet* products include several varieties of cleaning powders, spray and cream, both abrasive and non-abrasive.

Spic and Span

Spic and Span was introduced in 1925 and is marketed as the complete home cleaner, with three product lines consisting of (i) dilutables, (ii) an anti-bacterial hard surface spray for counter tops and (iii) glass cleaners. Each of these products can be used for multi-room and multi-surface cleaning.

For additional information concerning our business segments, please refer to Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 19 to the Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K.

Marketing and Sales

Our marketing strategy is based on the acquisition and the rejuvenation of established consumer brands that possess what we believe to be significant brand value and unrealized potential. Our marketing objective is to increase sales and market share by developing innovative new products and line extensions and executing creative and cost-effective advertising and promotional programs. After we acquire a brand, we implement a brand building strategy that uses the brand's existing consumer awareness to maximize sales of current products and provides a vehicle to drive growth through product innovation. This brand building process involves the evaluation of the existing brand name, the development and introduction of innovative new products, and the execution of support programs. Recognizing that financial resources are limited, we allocate our resources to focus on our core brands with the most impactful, consumer-relevant initiatives, which we believe have the greatest opportunities for growth and financial success. Brand priorities vary from year to year and generally revolve around new product introductions.

Customers

Our senior management team and dedicated sales force strive to maintain long-standing relationships with our top 50 domestic customers. We also contract with third-party sales management enterprises that interface directly with our remaining customers and report directly to members of our sales management team.

We enjoy broad distribution across each of the major retail channels, including mass merchandisers, drug, food, dollar, convenience and club stores. The following table sets forth the percentage of gross sales across our six major distribution channels during each of the past three years ended March 31:

	Percentage of Gross Sales(1)		
Channel of Distribution	**2014**	**2013**	**2012**
Mass	29.6	32.2	33.2
Food	19.6	19.4	21.1
Drug	23.5	22.7	25.8
Dollar	9.0	9.3	9.4
Convenience	7.3	5.9	2.8
Club	3.0	3.1	2.3
Other	8.0	7.4	5.4

(1) Includes estimates for some of our wholesale customers that service more than one distribution channel.

Due to the diversity of our product lines, we believe that each of these channels is important to our business and we continue to seek opportunities for growth in each channel.

Our principal customer relationships include Walmart, Walgreens, CVS, Target, and Dollar Tree. During 2014, 2013, and 2012, Walmart accounted for approximately 19.5%, 15.9%, and 18.9%, respectively, of our gross revenues. We expect that for future

periods, our top five and ten customers, including Walmart, will, in the aggregate, continue to account for a large portion of our sales.

Our strong customer relationships and product recognition allow us to attempt to capitalize on a number of important strategic opportunities, including (i) minimization of slotting fees, (ii) maximization of new product introductions, (iii) maximization of shelf space prominence, and (iv) minimization of cash collection days. We believe that our emphasis on strong customer relationships, speed and flexibility and leading sales technology capabilities, combined with consistent marketing support programs and ongoing product innovation, will continue to maximize our competitiveness in the increasingly complex retail environment.

The following table sets forth a list of our primary distribution channels and our principal customers for each channel:

Distribution Channel	Customers	Distribution Channel	Customers
Mass	Kmart	***Drug***	CVS
	Meijer		Rite Aid
	Target		Walgreens
	Walmart		
Food	Ahold	***Dollar***	Dollar General
	Kroger		Dollar Tree
	Publix		Family Dollar
	Safeway		
	Supervalu		
Convenience	McLane	***Club***	BJ’s Wholesale Club
	HT Hackney		Costco
	Core Mark		Sam’s Club

Outsourcing and Manufacturing

In order to maximize our competitiveness and efficiently allocate our resources, third-party manufacturers fulfill all of our manufacturing needs. We have found that contract manufacturing maximizes our flexibility and responsiveness to industry and consumer trends while minimizing the need for capital expenditures. We select contract manufacturers based on their core competencies and our perception of the best overall value, including factors such as (i) depth of services, (ii) professionalism and integrity of the management team, (iii) manufacturing agility and capacity, (iv) regulatory compliance, and (v) competitive pricing. We also conduct thorough reviews of each potential manufacturer’s facilities, quality standards, capacity and financial stability. We generally purchase only finished products from our manufacturers.

Our primary contract manufacturers provide comprehensive services from product development through the manufacturing of finished goods. They are responsible for such matters as (i) production planning, (ii) product research and development, (iii) procurement, (iv) production, (v) quality testing, and (vi) almost all capital expenditures. In most instances, we provide our contract manufacturers with guidance in the areas of (i) product development, (ii) performance criteria, (iii) regulatory guidance, (iv) sourcing of packaging materials, and (v) monthly master production schedules. This management approach results in minimal capital expenditures and maximizes our cash flow, which allows us to reinvest to support our marketing initiatives, fund brand acquisitions or repay outstanding indebtedness.

At March 31, 2014, we had relationships with 50 third-party manufacturers. Of those, we had long-term contracts with 24 manufacturers that produced items that accounted for approximately 82.4% of our gross sales for 2014, compared to 22 manufacturers with long-term contracts that accounted for approximately 75.3% of our gross sales in 2013. 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, financial condition and results from operations.

At March 31, 2014, suppliers for our key brands included GlaxoSmithKline, Denison Pharmaceuticals, Inc., Aspen Pharmacare, Olds Products Company, Tower Laboratories Ltd., and Contract Pharmaceuticals Corp. We enter into manufacturing agreements for a majority of our products by sales volume, each of which vary based on the capabilities of the third-party manufacturer and

the products being supplied. These agreements explicitly outline the manufacturer's obligations and product specifications with respect to the brand or brands being produced. The purchase price of products under these agreements is subject to change pursuant to the terms of these agreements due to fluctuations in raw material, packaging and labor costs. Other products are manufactured on a purchase order basis, which is generally based on batch sizes and results in no long-term obligations or commitments.

Warehousing and Distribution

We receive orders from retailers and/or brokers primarily by electronic data interchange, which automatically enters each order into our computer systems and then routes the order to our distribution center. The distribution center will, in turn, send a confirmation that the order was received, fill the order and ship the order to the customer, while sending a shipment confirmation to us. Upon receipt of the shipment confirmation, we send an invoice to the customer.

We manage product distribution in the continental United States primarily through one facility located in St. Louis, which is owned and operated by a third-party provider. Our warehouse provider provides warehouse services including storage, handling and shipping, as well as transportation services with respect to our full line of products, including (i) complete management services, (ii) claims administration, (iii) proof of delivery, (iv) procurement, (v) report generation, and (vi) automation and freight payment services.

If our warehouse provider abruptly stopped providing warehousing or transportation services to us, our business operations could suffer a temporary disruption while we engage new service providers. We believe this process could be completed quickly and any resulting temporary disruption would not be likely to have a significant adverse effect on our business, operating results or financial condition. However, a serious disruption, such as a flood or fire, to our distribution center could damage our inventory 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 required to reopen or replace our distribution center. As a result, any such serious or prolonged disruption could have a material adverse effect on our business, financial condition and results from operations.

Competition

The business of selling brand name consumer products in the OTC Healthcare and Household Cleaning categories is highly competitive. These markets include numerous national and global manufacturers, distributors, marketers and retailers that actively compete for consumers' business both in the United States and abroad. In addition, like most companies that market products in these categories, we are experiencing increased competition from "private label" products introduced by major retail chains. While we believe that our branded products provide superior quality and benefits, we are unable to predict the extent to which consumers will purchase "private label" products as an alternative to branded products.

Our principal competitors vary by industry category. Competitors in the OTC Healthcare category include: Johnson & Johnson, maker of Visine®, which competes with our *Clear Eyes* and *Murine* brands; McNeil-PPC (owned by Johnson & Johnson), maker of Children's Tylenol®, and Novartis Consumer Healthcare, maker of Triaminic®, each of which competes with our *PediaCare* and *Little Remedies* brands; The Procter & Gamble Company, maker of Vicks®, Reckitt Benckiser, maker of Cepacol®, and Kraft Foods, maker of Halls®, each of which competes with our *Chloraseptic* and *Luden's* brands; and The Procter & Gamble Company, maker of Fixodent®, and GlaxoSmithKline, maker of Polident®, each of which competes with our *Efferdent* brand. Sunstar America, Inc., maker of the GUM® line of oral care products, as well as DenTek® Oral Care, Inc., which markets a dental protector for nighttime teeth grinding and interdental toothpicks, compete with our *The Doctor's* oral care brand. Top competitors of our acquired GSK Brands categories include: McNeil-PPC (owned by Johnson & Johnson), maker of Tylenol®, Pfizer, maker of Advil®, and Novartis Consumer Healthcare, maker of Excedrin®, each of which competes with our *BC*, *Goody's* and *Ecotrin* brands. The Procter & Gamble Company, maker of Metamucil®, which competes with our *Fiber Choice* brand; Novartis Consumer Healthcare, maker of Gas X®, which competes with our *Beano* brand; and GSK, maker of Tums®, which competes with our *Gaviscon* and *Tagamet* brands.

Competitors in the Household Cleaning category include: Henkel AG & Co., maker of Soft Scrub®, Colgate-Palmolive Company, maker of Ajax® Cleanser, and The Clorox Company, maker of Tilex®, each of which competes with our *Comet* brand. Additionally, Clorox's Pine Sol® and The Procter & Gamble Company's Mr. Clean® compete with our *Spic and Span* brand, while 3M Company, maker of Scotch-Brite®, O-Cel-O® and Dobie® brands, and Clorox's SOS® compete with our *Chore Boy* brand.

We compete on the basis of numerous factors, including brand recognition, product quality, performance, price, and product availability at the retail level. Advertising, promotion, merchandising and packaging, the timing of new product introductions, and line extensions also have a significant impact on customers' buying decisions and, as a result, on our sales. The structure and quality of our sales force, as well as sell-through of our products, affect in-store position, wall display space and inventory levels

in retail outlets. If we are unable to maintain the inventory levels and in-store positioning of our products in retail stores, our sales and operating results would be adversely affected. Our markets are also highly sensitive to the introduction of new products, which may rapidly capture a significant share of the market. An increase in the amount of new product introductions and the levels of advertising spending by our competitors could have a material adverse effect on our business, financial condition and results from operations.

Many of the competitors noted above are larger and have substantially greater research and development and financial resources than we do, and may therefore have the ability to spend more aggressively and consistently on research and development, advertising and marketing, and to respond more effectively to changing business and economic conditions. See "Competitive Strengths" above for additional information regarding our competitive strengths and Part I, Item 1A "Risk Factors" below for additional information regarding competition in our industry.

Regulation

Product Regulation

The formulation, manufacturing, packaging, labeling, distribution, importation, sale and storage of our products are subject to extensive regulation by various federal agencies, including the FDA, the Federal Trade Commission ("FTC"), the Consumer Product Safety Commission ("CPSC"), and the Environmental Protection Agency ("EPA"), and various agencies of the states, localities and foreign countries in which our products are manufactured, distributed and sold. Our Regulatory Team is guided by a senior member of management and staffed by individuals with appropriate legal and regulatory experience. Our Regulatory and Operations teams work closely with our third-party manufacturers on quality-related matters, while we monitor their compliance with FDA regulations and perform periodic audits to ensure compliance. This continual evaluation process is designed to ensure that our manufacturing processes and products are of the highest quality and in compliance with known regulatory requirements. If the FDA chooses to audit a particular manufacturing facility, we require the third-party manufacturer to notify us immediately and update us on the progress of the audit as it proceeds. If we or our manufacturers fail to comply with applicable regulations, we could become subject to significant claims or penalties or be required to discontinue the sale of the non-compliant product, which could have a material adverse effect our business, financial condition and results from operations. In addition, the adoption of new regulations or changes in the interpretations of existing regulations may result in significant additional compliance costs or discontinuation of product sales and may also have a material adverse effect on our business, financial condition and results from operations.

Most of our OTC drug products are regulated pursuant to the FDA's monograph system. The monographs set out the active ingredients and labeling indications that are permitted for certain broad categories of OTC drug products. When the FDA has finalized a particular monograph, it has concluded that a properly labeled product formulation is generally recognized as safe and effective and not misbranded. A tentative final monograph indicates that the FDA has not made a final determination about products in a category to establish safety and efficacy for a product and its uses. However, unless there is a serious safety or efficacy issue, the FDA typically will exercise enforcement discretion and permit companies to sell products conforming to a tentative final monograph until the final monograph is published. Products that comply with either final or tentative final monograph standards do not require pre-market approval from the FDA.

Certain of our OTC drug products are New Drug Applications ("NDA") or Abbreviated New Drug Applications ("ANDA") products and are manufactured and labeled in accordance with an FDA-approved submission. These products are subject to reporting requirements as set forth in FDA regulations.

Certain of our OTC Healthcare products are medical devices regulated by the FDA through a system which usually involves pre-market clearance. During the review process, the FDA makes an affirmative determination as to the sufficiency of the label directions, cautions and warnings for the medical devices in question.

In accordance with the Federal Food, Drug and Cosmetic Act ("FDC Act") and FDA regulations, we and our third-party manufacturers must also comply with the FDA's current Good Manufacturing Practices ("GMPs"). The FDA inspects our facilities and those of our third-party manufacturers periodically to determine that both we and our third-party manufacturers are complying with GMPs.

A number of our products are regulated by the CPSC under the Federal Hazardous Substances Act (the "FHSA"), the Poison Prevention Packaging Act of 1970 (the "PPPA") and the Consumer Products Safety Improvement Act of 2008 (the "CPSIA"). Certain of our household products are considered to be hazardous substances under the FHSA and therefore require specific cautionary warnings to be included in their labeling for such products to be legally marketed. In addition, a small number of our products are subject to regulation under the PPPA and can only be legally marketed if they are dispensed in child-resistant packaging

or labeled for use in households where there are no children. The CPSIA requires us to make available to our customers certificates stating that we are in compliance with any applicable regulation administered by the CPSC.

Certain of our Household Cleaning products are considered pesticides under the Federal Insecticide, Fungicide, and Rodenticide Act ("FIFRA"). Generally speaking, any substance intended for preventing, destroying, repelling, or mitigating any pest is considered to be a pesticide under FIFRA. We market and distribute certain household products under our *Comet* and *Spic and Span* brands that make antibacterial and/or disinfectant claims governed by FIFRA. Due to the antibacterial and/or disinfectant claims on certain of the *Comet* and *Spic and Span* products, such products are considered to be pesticides under FIFRA and are required to be registered with the EPA and contain certain disclosures on the product labels. In addition, the contract manufacturers from which we source these products must be registered with the EPA. Our *Comet* and *Spic and Span* products that make antibacterial and/or disinfectant claims are also subject to state regulations and the rules and regulations of the various jurisdictions where these products are sold.

Our Care Pharma business is also regulated by the Therapeutic Goods Administration in Australia and Medsafe in New Zealand.

Other Regulations

We are also subject to a variety of other regulations in various foreign markets, including regulations pertaining to import/export regulations and antitrust issues. To the extent we decide to commence or expand operations in additional countries, we may be required to obtain an approval, license or certification from the country's ministry of health or comparable agency. We must also comply with product labeling and packaging regulations that may vary from country to country. Government regulations in both our domestic and international markets can delay or prevent the introduction, or require the reformulation or withdrawal, of some of our products. Our failure to comply with these regulations can also result in a product being removed from sale in a particular market, either temporarily or permanently. In addition, we are subject to FTC and state regulations, as well as foreign regulations, relating to our product claims and advertising. If we fail to comply with these regulations, we could be subject to enforcement actions and the imposition of penalties, which could have a material adverse effect on our business, financial condition and results from operations.

Intellectual Property

We own a number of trademark registrations and applications in the United States, Canada and other foreign countries. The following are some of the most important registered trademarks we own in the United States and/or Canada: *Chloraseptic, Chore Boy, Cinch®, Clear Eyes, Comet, Compound W, Dermoplast, Dramamine, Efferdent, Effergrip, Freeze Off, Little Remedies, Longlast®, Luden's, Momentum®, Murine, NasalCrom, New-Skin, PediaCare, Percogesic®, Spic and Span, The Doctor's Brushpicks, The Doctor's NightGuard, Wartner, BC, Goody's, Ecotrin, Beano, Gaviscon, Tagamet, Fiber Choice, Sominex, Debrox* and *Gly-Oxide.*

Our trademarks and trade names are how we convey that the products we sell are "brand name" products. Our ownership of these trademarks and trade names is very important to our business, as it allows us to compete based on the value and goodwill associated with these marks. We may also license others to use these marks. Additionally, we own or license patents on innovative and proprietary technology. The patents evidence the unique nature of our products, provide us with exclusivity, and afford us protection from the encroachment of others. None of the patents that we own or license, however, is material to us on a consolidated basis. Enforcing our rights, or the rights of any of our licensors, represented by these trademarks, trade names and patents is critical to our business but is expensive. If we are not able to effectively enforce our rights, others may be able to dilute our trademarks, trade names and patents and diminish the value associated with our brands and technologies, which could have a material adverse effect on our business, financial condition and results from operations.

We do not own all of the intellectual property rights applicable to our products. In those cases where our third-party manufacturers own patents that protect our products, we are dependent on them as a source of supply for our products. Unless other non-infringing technologies are available, we must continue to purchase patented products from our suppliers who sell patented products to us. In addition, we rely on our suppliers for their enforcement of their intellectual property rights against infringing products.

We have licensed to The Procter & Gamble Company the right to use the *Comet, Spic and Span* and *Chlorinol®* trademarks in the commercial/institutional/industrial segment throughout the world (excluding Russia and specified Eastern European countries) until 2015. We have also licensed to The Procter & Gamble Company the *Comet* and *Chlorinol* brands in Russia and specified Eastern European countries until 2015.

Seasonality
The first quarter of our fiscal year typically has the lowest level of revenue due to the seasonal nature of certain of our brands relative to the summer and winter months. In addition, the first quarter generally is the least profitable quarter due to the increased advertising and promotional spending to support those brands with a summer selling season, such as *Clear Eyes* products, *Compound W*, *Wartner* and *New-Skin*. The level of advertising and promotional campaigns in the third quarter influences sales of our cough/cold products such as *Chloraseptic*, *Little Remedies*, *Luden's* and *PediaCare*, during the fourth quarter cough/cold winter months. Additionally, the fourth quarter typically has the lowest level of advertising and promotional spending as a percent of revenue.

Employees
We employed approximately 155 full time individuals at March 31, 2014. None of our employees is a party to a collective bargaining agreement. Management believes that our relations with our employees are good.

Backlog Orders
We define backlog as orders with requested delivery dates prior to March 31, 2014 that were not shipped as of March 31, 2014. We had no backlog orders at March 31, 2014 or 2013.

Available Information
Our Internet address is www.prestigebrands.com. We make available free of charge on or through our Internet website our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports, as well as the Proxy Statement for our annual stockholders' meetings, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission (the "SEC"). Information on our Internet website does not constitute a part of this Annual Report on Form 10-K and is not incorporated herein by reference, including any general statement incorporating by reference this Annual Report on Form 10-K into any filing under the Securities Act of 1933, as amended (the "Securities Act"), or under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

You may read and copy any materials that we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet site (http://www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

We have adopted a Code of Conduct Policy, Code of Ethics for Senior Financial Employees, Policy and Procedures for Complaints Regarding Accounting, Internal Controls and Auditing Matters, Corporate Governance Guidelines, Audit Committee Pre-Approval Policy, and Charters for our Audit, Compensation and Nominating and Corporate Governance Committees, as well as a Related Persons Transaction Policy and Stock Ownership Guidelines. We will provide to any person without charge, upon request, a copy of the foregoing materials. Any requests for the foregoing documents from us should be made in writing to:

Prestige Brands Holdings, Inc.
660 White Plains Road
Tarrytown, New York 10591
Attention: Secretary

We intend to disclose future amendments to the provisions of the foregoing documents, policies and guidelines and waivers therefrom, if any, on our Internet website and/or through the filing of a Current Report on Form 8-K with the SEC, to the extent required under the Exchange Act.

ITEM 1A. RISK FACTORS

The high level of competition in our industry, much of which comes from competitors with greater resources, could adversely affect our business, financial condition and results from operations.

The business of selling brand name consumer products in the OTC Healthcare and Household Cleaning categories is highly competitive. These markets include numerous manufacturers, distributors, marketers and retailers that actively compete for consumers' business both in the United States and abroad. Many of these competitors are larger and have substantially greater resources than we do, and may therefore have the ability to spend more aggressively on research and development, advertising and marketing, and to respond more effectively to changing business and economic conditions. Or failure to compete effectively could have a material adverse effect on our financial condition and results from operations.

Certain of our product lines that account for a large percentage of our sales have a smaller market share relative to our competitors. For example, while *Clear Eyes* has a number two market share position of 21.0% within the Allergy/Redness Relief segment, its top competitor, Visine®, has a market share of 24.5% in the same segment. In contrast, certain of our brands with number one market positions have a similar market share relative to our competitors. For example, *Compound W* has a number one market position of 37.2% of the Wart Removal segment and its top competitor, Dr. Scholl's®, has a market position of 35.4% in the same category. See "Part I, Item 1. Business - Major Brands" of this Annual Report on Form 10-K for information regarding market share calculations.

We compete for customers' attention based on a number of factors, including brand recognition, product quality, performance, price and product availability at the retail level. Advertising, promotion, merchandising and packaging also have a significant impact on consumer buying decisions and, as a result, on our sales. Our sales also are sensitive to the introduction of new products and line extensions. New product innovations by our competitors or the failure to develop new products or the failure of a new product launch by the Company could have a material adverse effect on our business, financial condition and results from operations. In addition, the introduction or expansion of store brand products that compete with our products has impacted and could in the future impact our sales and results from operations. Additionally, the return to the market of previously recalled competitive products could impact our sales. The structure and quality of our sales force, as well as sell-through of our products affect the continued offering of our products, in-store position, wall display space and inventory levels in retail stores. If we are unable to maintain our current distribution network, product offerings in retail stores, inventory levels and in-store positioning of our products, our sales and operating results will be adversely affected.

In addition, competitors may attempt to gain market share by offering products at prices at or below those typically offered by us. Competitive pricing may require us to reduce prices, which may result in lost sales or a reduction of our profit margins. Future price adjustments, product changes or new product introductions by our competitors or our inability to react with price adjustments, product changes or new product introductions of our own could result in a loss of market share, which could have a material adverse effect on our business, financial condition and results from operations.

We depend on a limited number of customers with whom we have no long-term agreements for a large portion of our gross sales, and the loss of one or more of these customers could reduce our gross sales and have a material adverse effect on our financial condition and results of operations.

For the three and twelve months ended March 31, 2014, Walmart, which accounted for approximately 18.8% and 19.5%, respectively, of our gross sales, was our only customer that accounted for 10% or more of our gross sales. We expect that for future periods, our top five and top ten customers, including Walmart, will, in the aggregate, continue to account for a large portion of our sales. The loss of one or more of our top customers, any significant decrease in sales to these customers based on inventory management or otherwise or a significant decrease in our retail display space in any of these customers' stores, could reduce our sales and have a material adverse effect on our financial condition and results from operations.

In addition, our business is based primarily upon individual sales orders. We typically do not enter into long-term contracts with our customers. Accordingly, our customers could cease buying products or reduce the number of items they buy from us at any time and for any reason. The fact that we do not have long-term contracts with our customers means that we have no recourse in the event a customer no longer wants to purchase products from us or reduces the number of items purchased. If a significant number of our smaller customers, or any of our significant customers, elect not to purchase products from us, our financial condition and results from operations could be adversely affected.

We depend on third-party manufacturers to produce the products we sell. If we are unable to maintain these manufacturing relationships or fail to enter into additional relationships, as necessary, we may be unable to meet customer demand and our sales and profitability could suffer as a result.

All of our products are produced by third-party manufacturers. Our ability to retain our current manufacturing relationships and engage in and successfully transition to new relationships is critical to our ability to deliver quality products to our customers in a timely manner. Without adequate supplies of quality merchandise, sales would decrease materially and our business would suffer. In the event that our primary third-party manufacturers are unable or unwilling to ship products to us in a timely manner, we would have to rely on secondary manufacturing relationships or identify and qualify new manufacturing relationships. We might not be able to identify or qualify such manufacturers for existing or new products in a timely manner, and such manufacturers may not allocate sufficient capacity to allow us to meet our commitments to customers. In addition, identifying alternative manufacturers without adequate lead times may involve additional manufacturing expense, delay in production or product disadvantage in the marketplace. In general, the consequences of not securing adequate, high quality and timely supplies of merchandise would negatively impact inventory levels, and sales, and could have a material adverse effect on our business, financial condition and results from operations.

The manufacturers we use may also increase the cost of the products we purchase which could adversely affect our margins in the event we are unable to pass along these increased costs to our customers. Increased costs could also have a material adverse effect on our financial condition and results from operations.

At March 31, 2014, we had relationships with 50 third-party manufacturers pertaining to our domestic operations. Of those, we had long-term contracts with 24 manufacturers that produced items that accounted for approximately 82.4% of our gross sales for 2014, compared to 22 manufacturers with long-term contracts that produced approximately 75.3% of gross sales in 2013. The fact that we do not have long-term contracts with certain manufacturers means that they could cease manufacturing these products at any time and for any reason or initiate arbitrary and costly price increases, either of which could have a material adverse effect on our business, financial condition and results from operations.

Price increases for raw materials, labor, energy and transportation costs could have an adverse impact on our margins.

The costs to manufacture and distribute our products are subject to fluctuation based on a variety of factors. Increases in commodity raw material (including resins), packaging component prices and labor, energy and fuel costs could have a significant impact on our financial condition and results from operations. If we are unable to increase the price for our products or continue to achieve cost savings in a rising cost environment, such cost increases would reduce our gross margins and could have a material adverse effect on our financial condition and results from operations. If we increase the price for our products in order to maintain our current gross margins for our products, such increase may adversely affect demand for, and sales of, our products, which could have a material adverse effect on our business, financial condition and results of operations.

Disruption in our St. Louis distribution center may prevent us from meeting customer demand, and our sales and profitability may suffer as a result.

We manage our product distribution in the continental United States through one primary distribution center in St. Louis, Missouri. A serious disruption, such as a flood or fire, to our primary distribution center could damage our inventory 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 during the time required to reopen or replace our primary distribution center. As a result, any serious disruption could have a material adverse effect on our business, financial condition and results from operations.

Achievement of our strategic objectives requires the acquisition, or potentially the disposition, of certain brands or product lines, and these acquisitions and dispositions may not be successful.

The majority of our growth has been driven by acquiring other brands and companies. At any given time, we may be engaged in discussions with respect to possible acquisitions that are intended to enhance our product portfolio, enable us to realize cost savings and further diversify our category, customer and channel focus. Our ability to successfully grow through acquisitions depends on our ability to identify, negotiate, complete and integrate suitable acquisition candidates and to obtain any necessary financing. These efforts could divert the attention of our management and key personnel from our business operations. If we complete acquisitions, we may also experience:

- Difficulties achieving our expected returns;

- Difficulties in integrating any acquired companies, suppliers, personnel and products into our existing business;
- Difficulties in realizing the benefits of the acquired company or products;
- Higher costs of integration than we anticipated;
- Exposure to unexpected liabilities of the acquired business;
- Difficulties in retaining key employees of the acquired business who are necessary to operate the business;
- Difficulties in maintaining uniform standards, controls, procedures and policies throughout our acquired companies; or
- Adverse customer or stockholder reaction to the acquisition.

As a result, any acquisitions we pursue or complete could adversely impact our financial condition and results from operations.
In addition, any acquisition could adversely affect our operating results as a result of higher interest costs from any acquisition-related debt and higher amortization expenses related to the acquired intangible assets.

In the event that we decide to divest of a brand or product line, we may encounter difficulty finding, or be unable to find, a buyer on acceptable terms in a timely manner. The pursuit of divestitures could also divert management's attention from our business operations and result in a delay in our efforts to achieve our strategic objectives.

Our risks associated with doing business internationally increase as we expand our international footprint.

During 2014, 2013, and 2012, approximately 5.4%, 2.7% and 3.5%, respectively, of our total revenues were attributable to our international business. As of July 1, 2013, we acquired Care Pharmaceuticals, which markets and sells healthcare products in Australia. In addition, on April 30, 2014, we acquired the Hydralyte brand in Australia and New Zealand. Other than in Australia, we generally rely on brokers and distributors for the sale of our products in the foreign countries. Risks of doing business internationally include:

- Political instability or declining economic conditions in the countries or regions where we operate that adversely affect sales of our products;
- Changes in the legislative or regulatory requirements of the countries or regions where we do business;
- Currency controls that restrict or prohibit the payment of funds or the repatriation of earnings to the United States;
- Fluctuating foreign exchange rates that result in unfavorable increases in the price of our products or cause increases in the cost of certain products purchased from our foreign third-party manufacturers;
- Trade restrictions and exchange controls;
- Inability to protect our intellectual property rights in these markets; and
- Increased costs of compliance with general business and tax regulations in these countries or regions.

Regulatory matters governing our industry could have a significant negative effect on our sales and operating costs.

In both the United States and in our foreign markets, our operations are affected by extensive laws, governmental regulations, administrative determinations, court decisions and similar constraints. Such laws, regulations and other constraints exist at the federal, state and local levels in the United States and at analogous levels of government in foreign jurisdictions.

The formulation, manufacturing, packaging, labeling, distribution, importation, marketing, sale and storage of our products are subject to extensive regulation by various federal agencies, including the FDA, the FTC, the CPSC, the EPA, and by various agencies of the states, localities and foreign countries in which our products are manufactured, distributed, stored and sold. The FDC Act and FDA regulations require that the manufacturing processes of our third-party manufacturers must also comply with the FDA's GMPs. The FDA inspects our facilities and those of our third-party manufacturers periodically to determine if we and our third-party manufacturers are complying with GMPs. A history of general compliance in the past is not a guarantee that future GMPs will not mandate other compliance steps and associated expense.

If we or our third-party manufacturers or distributors fail to comply with applicable regulations, we could become subject to enforcement actions, significant penalties or claims, which could materially adversely affect our business, financial condition and results from operations. In addition, we could be required to:

- Suspend manufacturing operations;
- Modify product formulations or processes;
- Suspend the sale of products with non-complying specifications; or
- Change product labeling, packaging, marketing, or advertising or take other corrective action.

The adoption of new regulations or changes in the interpretations of existing regulations may result in significant compliance costs or the cessation of product sales and may adversely affect the marketing of our products, of revenues which could have a material adverse effect on our business, financial condition and results from operations.

In addition, we could be required for a variety of reasons to initiate product recalls, which we have recently done on several occasions. Any product recalls could have a material adverse effect on our business, financial condition and results from operations.

In addition, our failure to comply with FTC or any other federal and state regulations, or with similar regulations in foreign markets, that cover our product claims and advertising, including direct claims and advertising by us, may result in enforcement actions and imposition of penalties, litigation by private parties, or otherwise materially adversely affect the distribution and sale of our products, which could have a material adverse effect on our business, financial condition and results from operations.

Product liability claims and product recalls and related negative publicity could adversely affect our sales and operating results.

From time to time we are subjected to various product liability claims. Claims could be based on allegations that, among other things, our products contain contaminants, include inadequate instructions or warnings regarding their use or include inadequate warnings concerning side effects and interactions with other substances. Any product liability claims may result in negative publicity that may adversely affect our business, sales and operating results. Additionally, we may be required to pay for losses or injuries purportedly caused by our products. Also, if one of our products is found to be defective, we may be required to recall it, which we have done on several recent occasions. Recalls may result in substantial costs and negative publicity, as well as negatively impact inventory levels, which may adversely affect our business, sales and operating results.

We are dependent on consumers' perception of the safety and quality of our products. Negative consumer perception may arise from product liability claims and product recalls, regardless of whether such claims or recalls involve us or our products. The mere publication of information asserting concerns about the safety of our products or the ingredients used in our products could have a material adverse effect on our business and results from operations. For example, several of our products contain the active ingredient acetaminophen, which is a pain reliever and fever reducer. Products containing acetaminophen have been the subject of recent negative publicity. We believe our products are safe and effective when used in accordance with label directions. However, adverse publicity about acetaminophen or other ingredients used in our products may discourage consumers from buying our products containing those ingredients, which would have an adverse impact on our sales.

In addition, although we maintain, and require our suppliers and third-party manufacturers to maintain, product liability insurance coverage, potential product liability claims may exceed the amount of insurance coverage or may be excluded under the terms of the policy, which could have a material adverse effect on our financial condition and results from operations. In addition, in the future we may not be able to obtain adequate insurance coverage or we may be required to pay higher premiums and accept higher deductibles in order to secure adequate insurance coverage.

If we are unable to protect our intellectual property rights, our ability to compete effectively in the market for our products could be negatively impacted.

The market for our products depends to a significant extent upon the goodwill associated with our trademarks, trade names and patents. Our trademarks and trade names convey that the products we sell are "brand name" products. We believe consumers ascribe value to our brands, some of which are over 100 years old. We own or license the material trademarks, trade names and patents used in connection with the packaging, marketing and sale of our products. These rights prevent our competitors or new entrants to the market from using our valuable brand names and technologies. Therefore, trademark, trade name and patent protection is critical to our business. Although most of our material intellectual property is registered in the United States and in

applicable foreign countries, we may not be successful in asserting protection. If we were to lose the exclusive right to use one or more of our intellectual property rights, the loss of such exclusive right could have a material adverse effect on our business, financial condition and results from operations.

In addition, other parties may infringe on our intellectual property rights and may thereby dilute the value of our brands in the marketplace. Brand dilution could cause confusion in the marketplace and adversely affect the value that consumers associate with our brands, which could negatively impact our sales. In addition, third parties may assert claims against our intellectual property rights, and we may not be able to successfully resolve those claims, which would cause us to lose the right to use the intellectual property subject to those claims. Such loss could have a material adverse effect on our financial condition and results from operations. Furthermore, from time to time, we may be involved in litigation in which we are enforcing or defending our intellectual property rights, which could require us to incur substantial fees and expenses and have a material adverse effect on our financial condition and results from operations.

We license certain of our trademarks to third party licensees, who are bound by their respective license agreements to protect our trademarks from infringement and adhere to defined quality requirements. If a licensee of our trademarks fails to adhere to the contractually defined quality requirements, our business and financial results could be negatively impacted if one of our brands suffers a substantial impairment to its reputation due to real or perceived quality issues. Further, if a licensee fails to protect one of our licensed trademarks from infringement, we might be required to take action, which could require us to incur substantial fees and expenses.

Virtually all of our assets consist of goodwill and intangibles and are subject to impairment risk.

As our financial statements indicate, virtually all of our assets consist of goodwill and intangibles, principally the trademarks, trade names and patents that we have acquired. We recorded charges in 2010 and 2009 for impairment of certain assets and in the event that the value of those assets become further impaired or our financial condition is materially adversely affected in any way, we would not have tangible assets that could be sold to repay our liabilities. As a result, our creditors and investors may not be able to recoup the amount of the indebtedness that they have extended to us or the amount they have invested in us.

We depend on third parties for intellectual property relating to some of the products we sell, and our inability to maintain or enter into future license agreements may result in our failure to meet customer demand, which would adversely affect our operating results.

We have licenses or manufacturing agreements with third parties that own intellectual property (e.g., formulae, copyrights, trademarks, trade dress, patents and other technology) used in the manufacture and sale of certain of our products. In the event that any such license or manufacturing agreement expires or is otherwise terminated, we will lose the right to use the intellectual property covered by such license or agreement and will have to develop or obtain rights to use other intellectual property. Similarly, our rights could be reduced if the applicable licensor or third-party manufacturer fails to maintain or protect the licensed intellectual property because, in such event, our competitors could obtain the right to use the intellectual property without restriction. If this were to occur, we might not be able to develop or obtain replacement intellectual property in a timely or cost effective manner. Additionally, any modified products may not be well-received by customers. The consequences of losing the right to use or having reduced rights to such intellectual property could negatively impact our sales due to our failure to meet consumer demand for the affected products or require us to incur costs for development of new or different intellectual property, either of which could have a material adverse effect on our business, financial condition and results from operations. In addition, development of replacement products may be time-consuming and ultimately may not be feasible.

We depend on our key personnel, and the loss of the services provided by any of our executive officers or other key employees could harm our business and results of operations.

Our success depends to a significant degree upon the continued contributions of our senior management, many of whom would be difficult to replace. These employees may voluntarily terminate their employment with us at any time. We may not be able to successfully retain existing personnel or identify, hire and integrate new personnel. While we believe we have developed depth and experience among our key personnel, our business may be adversely affected if one or more of these key individuals were to leave. We do not maintain any key-man or similar insurance policies covering any of our senior management or key personnel.

Our indebtedness could adversely affect our financial condition, and the significant amount of cash we need to service our debt will not be available to reinvest in our business.

At March 31, 2014, our total indebtedness, including current maturities, is approximately $937.5 million.

Our indebtedness could:

- Increase our vulnerability to general adverse economic and industry conditions;
- Limit our ability to engage in strategic acquisitions;
- Require us to dedicate a substantial portion of our cash flow from operations toward repayment of our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, acquisitions and investments and other general corporate purposes;
- Limit our flexibility in planning for, or reacting to, changes in our business and the markets in which we operate;
- Place us at a competitive disadvantage compared to our competitors that have less debt; and
- Limit, among other things, our ability to borrow additional funds on favorable terms or at all.

The terms of the indentures governing the 2012 Senior Notes and the 2013 Senior Notes, and the credit agreement governing the 2012 Term Loan and 2012 ABL Revolver, allow us to issue and incur additional debt only upon satisfaction of the conditions set forth in those respective agreements. If new debt is added to current debt levels, the related risks described above could increase.

At March 31, 2014, we had $95.0 million of borrowing capacity available under the 2012 ABL Revolver to support our operating activities.

Our operating flexibility is limited in significant respects by the restrictive covenants in our senior credit facility and the indentures governing our senior notes.

Our senior credit facility and the indentures governing our senior notes impose restrictions that could impede our ability to enter into certain corporate transactions, as well as increase our vulnerability to adverse economic and industry conditions, by limiting our flexibility in planning for, and reacting to, changes in our business and industry. These restrictions limit our ability to, among other things:

- Borrow money or issue guarantees;
- Pay dividends, repurchase stock from, or make other restricted payments to, stockholders;
- Make investments or acquisitions;
- Use assets as security in other transactions;
- Sell assets or merge with or into other companies;
- Enter into transactions with affiliates;
- Sell stock in our subsidiaries; and
- Direct our subsidiaries to pay dividends or make other payments to us.

Our ability to engage in these types of transactions is generally limited by the terms of the senior credit facility and the indentures governing the senior notes, even if we believe that a specific transaction would positively contribute to our future growth, operating results or profitability.

In addition, our senior credit facility requires us to maintain certain leverage, interest coverage and fixed charge ratios. Although we believe we can continue to meet and/or maintain the financial covenants contained in our credit agreement, our ability to do so may be affected by events outside our control. Covenants in our senior credit facility also require us to use 100% of the proceeds

we receive from debt issuances to repay outstanding borrowings under our senior credit facility. Any failure by us to comply with the terms and conditions of the credit agreement and the indentures governing the senior notes could result in an event of default, which may allow our creditors to accelerate our debt and therefore have a material adverse effect on our financial condition.

The senior credit facility and the indentures governing the senior notes contain cross-default provisions that could result in the acceleration of all of our indebtedness.

The senior credit facility and the indentures governing the senior notes contain provisions that allow the respective creditors to declare all outstanding borrowings under one agreement to be immediately due and payable as a result of a default under another agreement. Consequently, under the senior credit facility, failure to make a payment required by the indentures governing the senior notes, among other things, may lead to an event of default under the senior credit facility. Similarly, an event of default or failure to make a required payment at maturity under the senior credit facility, among other things, may lead to an event of default under the indentures governing the senior notes. If the debt under the senior credit facility and indentures governing the senior notes were to both be accelerated, the aggregate amount immediately due and payable as of March 31, 2014 would have been approximately $937.5 million. We presently do not have sufficient liquidity to repay these borrowings in the event they were to be accelerated, and we may not have sufficient liquidity in the future to do so. Additionally, we may not be able to borrow money from other lenders to enable us to refinance our indebtedness. At March 31, 2014, the book value of our current assets was $177.2 million. Although the book value of our total assets was $1,795.7 million, approximately $1,585.7 million was in the form of intangible assets, including goodwill of $190.9 million, a significant portion of which may not be available to satisfy our creditors in the event our debt is accelerated.

Any failure to comply with the restrictions of the senior credit facility, the indentures governing the senior notes or any other subsequent financing agreements may result in an event of default. Such default may allow the creditors to accelerate the related debt, as well as any other debt to which the cross-acceleration or cross-default provisions apply. In addition, the lenders may be able to terminate any commitments they had made to supply us with additional funding. As a result, any default by us under our credit agreement, indentures governing the senior notes or any other financing agreement could have a material adverse effect on our financial condition.

Litigation may adversely affect our business, financial condition and results of operations.

Our business is subject to the risk of, and from time to time in the ordinary course of business we are involved in, litigation by employees, customers, consumers, suppliers, stockholders or others through private actions, class actions, administrative proceedings, regulatory actions or other litigation. The outcome of litigation, particularly class action lawsuits and regulatory actions, is difficult to assess or quantify. Plaintiffs in these types of lawsuits may seek recovery of very large or indeterminate amounts, and the magnitude of the potential loss relating to such lawsuits may remain unknown for substantial periods of time. The cost to defend current and future litigation may be significant. There may also be adverse publicity associated with litigation that could decrease customer acceptance of our products, regardless of whether the allegations are valid or whether we are ultimately found liable. Conversely, we may be required to initiate litigation against others to protect the value of our intellectual property and the related goodwill or enforce an agreement or contract that has been breached. These matters are extremely time consuming and expensive, but may be necessary to protect our assets and realize the benefits of the agreements and contracts that we have negotiated. As a result, litigation may adversely affect our business, financial condition and results of operations.

The trading price of our common stock may be volatile.

The trading price of our common stock could be subject to significant fluctuations in response to several factors, some of which are beyond our control, including (i) general stock market volatility, (ii) variations in our quarterly operating results, (iii) our leveraged financial position, (iv) potential sales of additional shares of our common stock, (v) perceptions associated with the identification of material weaknesses in internal control over financial reporting, (vi) general trends in the consumer products industry, (vii) changes by securities analysts in their estimates or investment ratings, (viii) the relative illiquidity of our common stock, (ix) voluntary withdrawal or recall of products, (x) news regarding litigation in which we are or become involved, and (xi) general marketplace conditions brought on by economic recession.

We have no current intention of paying dividends to holders of our common stock.

We presently intend to retain our earnings, if any, for use in our operations, to facilitate strategic acquisitions, or to repay our outstanding indebtedness and have no current intention of paying dividends to holders of our common stock. In addition, our debt instruments limit our ability to declare and pay cash dividends on our common stock. As a result, your only opportunity to achieve a return on your investment in our common stock will be if the market price of our common stock appreciates and you sell your shares at a profit.

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:

- Increases and decreases in quarterly revenues and profitability;
- The timing of acquisitions or the introduction of new products;
- The timing of the introduction or return to the market of competitive products and the introduction of store brand products;
- 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;
- Changes in advertising and promotional activities and expansion to new markets;
- Negative publicity relating to us and the products we sell;
- Litigation matters;
- 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.

We can be adversely affected by the implementation of new, or changes in the interpretation of existing, accounting principles generally accepted in the United States of America ("GAAP").

Our financial reporting complies with GAAP, which is subject to change over time. If new rules or interpretations of existing rules require us to change our financial reporting, our financial condition and results from operations could be adversely affected.

Identification of a material weakness in internal controls over financial reporting may adversely affect our financial results.

We are subject to the ongoing internal control provisions of Section 404 of the Sarbanes-Oxley Act of 2002 and the regulations promulgated thereunder. Those provisions provide for the identification and reporting of material weaknesses in our system of internal controls over financial reporting. If such a material weakness is identified, it could indicate a lack of controls adequate to generate accurate financial statements. We routinely assess our internal controls over financial reporting, but we cannot assure you that we will be able to timely remediate any material weaknesses that may be identified in future periods, or maintain all of the controls necessary for continued compliance. Likewise, we cannot assure you that we will be able to retain sufficient skilled finance and accounting personnel, especially in light of the increased demand for such personnel among publicly-traded companies.

Provisions in our amended and restated certificate of incorporation and Delaware law may discourage potential acquirers of our company, which could adversely affect the value of our securities.

Our amended and restated certificate of incorporation provides that our Board of Directors is authorized to issue from time to time, without further stockholder approval, up to five million shares of preferred stock in one or more series of preferred stock issuances. Our Board of Directors may establish the number of shares to be included in each series of preferred stock and determine, as applicable, the voting and other powers, designations, preferences, rights, qualifications, limitations and restrictions for such series of preferred stock. The shares of preferred stock could have preferences over our common stock with respect to dividends and liquidation rights. We may issue additional preferred stock in ways which may delay, defer or prevent a change in control of the Company without further action by our stockholders. The shares of preferred stock may be issued with voting rights that may adversely affect the voting power of the holders of our common stock by increasing the number of outstanding shares having voting rights, and by the creation of class or series voting rights.

Our amended and restated certificate of incorporation, as amended, contains additional provisions that may have the effect of making it more difficult for a third party to acquire or attempt to acquire control of our company. In addition, we are subject to certain provisions of Delaware law that limit, in some cases, our ability to engage in certain business combinations with significant stockholders.

These provisions, either alone, or in combination with each other, give our current directors and executive officers the ability to significantly influence the outcome of a proposed acquisition of the Company. These provisions would apply even if an acquisition or other significant corporate transaction was considered beneficial by some of our stockholders. If a change in control or change in management is delayed or prevented by these provisions, the market price of our outstanding securities could be adversely impacted.

Interruptions and breaches of computer and communications systems, including computer viruses, "hacking" and "cyber-attacks," could impair our ability to conduct business.

Increased IT security threats and more sophisticated computer crime, including advanced persistent threats, pose a potential risk to the security of our IT systems, networks, and services, as well as the confidentiality, availability, and integrity of our data. If the IT systems, networks, or service providers we rely upon fail to function properly, or if we suffer a loss or disclosure of business or stakeholder information, due to any number of causes, ranging from catastrophic events to power outages to security breaches, and our business continuity plans do not effectively address these failures on a timely basis, we may suffer interruptions in our ability to manage operations and reputational, competitive and/or business harm, which may adversely impact our results of operations and/or financial condition.

Our information technology systems may be susceptible to disruptions.

We utilize information technology systems to improve the effectiveness of our operations and support our business including systems to support financial reporting and an enterprise resource planning system. During post-production and future enterprise resource planning phases, we could be subject to transaction errors, processing inefficiencies and other business disruptions that could lead to the loss of revenue or inaccuracies in our financial information. The occurrence of these or other challenges could disrupt our information technology systems and adversely affect our operations.

Changes in our provision for income taxes or adverse outcomes resulting from examination of our income tax returns could adversely affect our results.

Our provision for income taxes is subject to volatility and could be adversely affected by several factors, some of which are outside of our control, including:

- changes in the income allocation methods for state taxes, and the determination of which states or countries have jurisdiction to tax our Company;
- an increase in non-deductible expenses for tax purposes, including certain stock-based compensation, executive compensation and impairment of goodwill;
- transfer pricing adjustments;

- tax assessments resulting from income tax audits or any related tax interest or penalties that could significantly affect our income tax provision for the period in which the settlement takes place;

- a change in our decision to indefinitely reinvest foreign earnings;

- changes in accounting principles; and

- changes in tax laws or related interpretations, accounting standards, regulations, and interpretations in multiple tax jurisdictions in which we operate.

Significant judgment is required to determine the recognition and measurement attribute prescribed in FASB ASC 740. As a multinational corporation, we conduct our business in many countries and are subject to taxation in many jurisdictions. The taxation of our business is subject to the application of multiple and sometimes conflicting tax laws and regulations as well as multinational tax conventions. Our effective tax rate is dependent upon the availability of tax credits and carryforwards. The application of tax laws and regulations is subject to legal and factual interpretation, judgment and uncertainty. Tax laws themselves are subject to change as a result of changes in fiscal policy, changes in legislation, and the evolution of regulations and court rulings. Consequently, taxing authorities may impose tax assessments or judgments against us that could materially impact our tax liability and/or our effective income tax rate.

In addition, we may be subject to examination of our income tax returns by the Internal Revenue Service and other tax authorities. If tax authorities challenge the relative mix of our U.S. and international income, or successfully assert the jurisdiction to tax our earnings, our future effective income tax rates could be adversely affected.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our corporate headquarters is located in Tarrytown, New York, a suburb of New York City. Primary functions performed at the Tarrytown facility include senior management, marketing, sales, operations, quality control and regulatory affairs, finance and legal. We believe our Tarrytown facility is adequate for these functions, and the lease expires on March 31, 2018. We also have an administrative center in Jackson, Wyoming, which we also believe is adequate for our needs there. Primary functions performed at the Jackson facility include back office functions, such as invoicing, credit and collection, general ledger and customer service. The lease on the Jackson facility expires on December 31, 2014; however, we have the option to renew the lease on an annual basis. All of our facilities serve the OTC Healthcare and Household Cleaning segments.

ITEM 3. LEGAL PROCEEDINGS

We are involved from time to time in routine legal matters and other claims incidental to our business. We review outstanding claims and proceedings internally and with external counsel as necessary to assess probability and amount of 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 matters and other incidental claims, taking our reserves into account, will not have a material adverse effect on our business, financial condition or results from operations.

ITEM 4. MINE SAFETY DISCLOSURES

None.

Part II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common stock is listed on The New York Stock Exchange ("NYSE") under the symbol "PBH." The high and low sales prices of our common stock as reported by the NYSE for the two most recently completed fiscal years on a quarterly basis and the current year through April 30, 2014 are as follows:

	High	Low
Year Ending March 31, 2015		
April 1, 2014 - April 30, 2014	$ 33.53	$ 25.94
Year Ended March 31, 2014		
Quarter Ended:		
June 30, 2013	$ 35.21	$ 25.51
September 30, 2013	35.98	29.02
December 31, 2013	36.69	29.34
March 31, 2014	36.02	24.94
Year Ended March 31, 2013		
Quarter Ended:		
June 30, 2012	$ 17.84	$ 12.50
September 30, 2012	17.16	15.05
December 31, 2012	21.92	16.30
March 31, 2013	26.35	19.48

Unregistered Sales of Equity Securities and Use of Proceeds

There were no equity securities sold by us during the years ended March 31, 2014, 2013, or 2012 that were not registered under the Securities Act.

There were no purchases of shares of our common stock made during the quarter ended March 31, 2014, by or on behalf of us or any "affiliated purchaser," as defined by Rule 10b-18(a)(3) of the Exchange Act.

Holders

As of April 30, 2014, there were 29 holders of record of our common stock. The number of record holders does not include beneficial owners whose shares are held in the names of banks, brokers, nominees or other fiduciaries.

Dividend Policy

Common Stock

We have not in the past paid, and do not expect for the foreseeable future to pay, cash dividends on our common stock. Instead, we anticipate that all of our earnings in the foreseeable future will be used in our operations, to facilitate strategic acquisitions, or to pay down our outstanding indebtedness. Any future determination to pay dividends will be at the discretion of our Board of Directors and will depend on, among other factors, our results from operations, financial condition, capital requirements and contractual restrictions limiting our ability to declare and pay cash dividends, including restrictions under our 2012 Term Loan and the indentures governing our senior notes, and any other considerations our Board of Directors deems relevant.

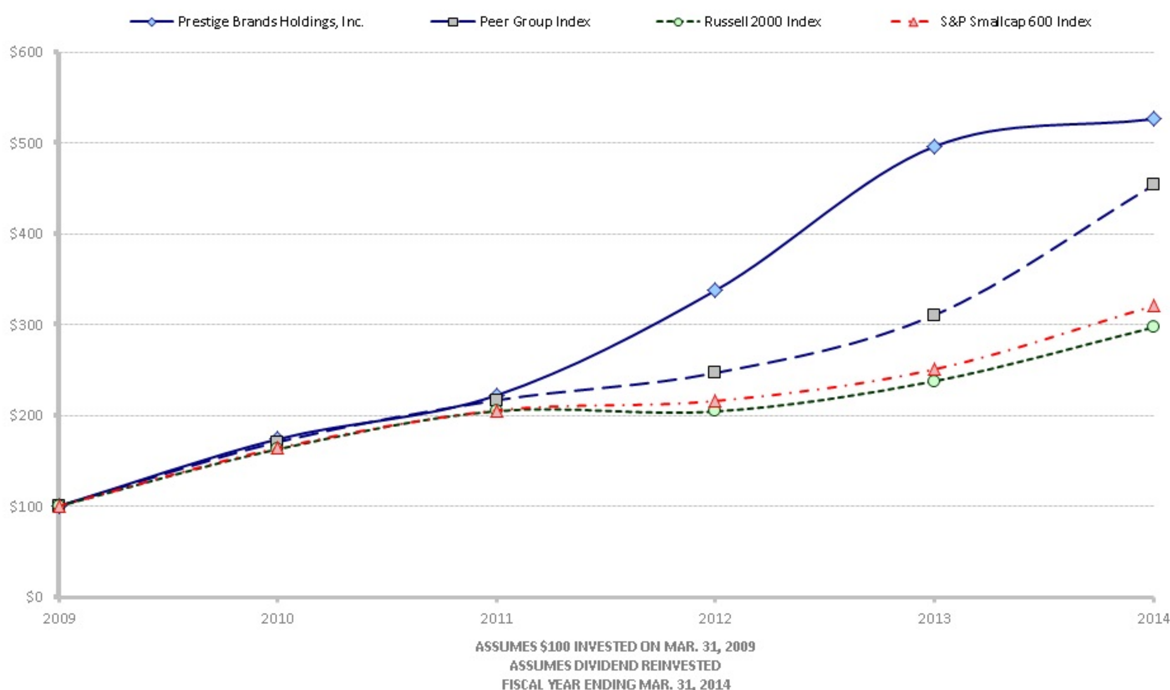
Adjustments to Executive Compensation

In May 2014, the Compensation Committee (the "Compensation Committee") of the Board of Directors of the Company approved the following extraordinary equity grants under the Company's 2005 Long-Term Equity Incentive Plan for outstanding performance: (i) Mr. Parkinson, 10,000 restricted stock units, (ii) Mr. Lombardi, 5,000 restricted stock units, and (iii) Mr. Cowley, 3,000 restricted stock units, all of which will vest in three approximately equal annual installments beginning on the first anniversary of the date of the grant.

Part III, Item 12 of this Annual Report on Form 10-K is incorporated herein by reference.

PERFORMANCE GRAPH

The following graph ("Performance Graph") compares our cumulative total stockholder return since March 31, 2009, with the cumulative total stockholder return for the Standard & Poor's SmallCap 600 Index, the Russell 2000 Index and our peer group index. The Company is included in each of the Standard & Poor's SmallCap 600 Index and the Russell 2000 Index. The Performance Graph assumes that the value of the investment in the Company's common stock and each index was $100.00 on March 31, 2009. The Performance Graph was also prepared based on the assumption that all dividends paid, if any, were reinvested. The peer group index was established in 2013 by the Company in connection with research regarding improvements to our executive compensation program in light of the significant recent growth of the Company. Based on the Company's use of the peer group for executive compensation benchmarking purposes, we believe the peer group should be included in the Performance Graph.



	March 31,					
Company/Market/Peer Group	2009	2010	2011	2012	2013	2014
Prestige Brands Holdings, Inc.	$ 100.00	$ 173.75	$ 222.01	$ 337.45	$ 495.95	$ 526.06
Russell 2000 Index	100.00	162.64	204.59	204.21	237.58	296.73
S&P SmallCap 600 Index	100.00	164.00	205.43	215.76	250.59	320.28
Peer Group Index (1)	100.00	170.53	216.59	246.65	310.31	453.19

(1) The Peer Group Index is a self-constructed peer group consisting of companies in the consumer products industry with comparable revenues and market capitalization, from which the Company has been excluded. The peer group index was constructed in 2013 in connection with the Company's analysis of its executive compensation program in light of the Company's significant recent growth. The peer group index is comprised of: (i) B&G Food Holdings Corp., (ii) Hain Celestial Group, Inc., (iii) Hi Tech Pharmacal Co. Inc., (iv) Helen of Troy, Ltd., (v) Inter Parfums, Inc., (vi) Lifetime Brands, Inc., (vii) Maidenform Brands, Inc., (viii) Blyth Inc., (ix) Elizabeth Arden Inc., (x) WD-40 Company, and (xi) Zep, Inc., (xii) Libbey Inc., (xiii) Seneca Foods Corp., (xiv) Par Pharmaceutical Companies Inc., (xv) Snyders-Lance Inc., (xvi) Lancaster Colony Corp.

The Performance Graph shall not be deemed incorporated by reference by any general statement incorporating by reference this Annual Report on Form 10-K into any filing under the Securities Act or the Exchange Act, except to the extent that we specifically incorporate this information by reference, and shall not otherwise be deemed filed under such Acts.

ITEM 6. SELECTED FINANCIAL DATA

Prestige Brands Holdings, Inc.

(In thousands, except per share data)	Year Ended March 31,				
	2014	2013	2012	2011	2010
Income Statement Data					
Total revenues	$ 601,881	$ 623,597	$ 441,085	$ 336,510	$ 292,602
Cost of sales (1)	261,830	276,381	213,701	165,632	139,158
Gross profit	340,051	347,216	227,384	170,878	153,444
Advertising and promotion	89,468	90,630	57,127	42,897	30,923
General and administrative (2)	48,481	51,467	56,700	41,960	34,195
Depreciation and amortization	13,486	13,235	10,734	9,876	10,001
Interest expense, net	68,582	84,407	41,320	27,317	22,935
Gain on settlement	—	—	(5,063)	—	—
Loss on extinguishment of debt	18,286	1,443	5,409	300	2,656
Income from continuing operations before income taxes	101,748	106,034	61,157	48,528	52,734
Provision for income taxes	29,133	40,529	23,945	19,349	20,664
Income from continuing operations	72,615	65,505	37,212	29,179	32,070
Discontinued Operations					
Income (loss) from discontinued operations, net of income tax	—	—	—	591	(112)
(Loss) gain on sale of discontinued operations, net of income tax	—	—	—	(550)	157
Net income available to common stockholders	$ 72,615	$ 65,505	$ 37,212	$ 29,220	$ 32,115
Basic earnings per share:					
Income from continuing operations	$ 1.41	$ 1.29	$ 0.74	$ 0.58	$ 0.64
Income (loss) from discontinued operations and gain (loss) from sale of discontinued operations	—	—	—	—	—
Net income	$ 1.41	$ 1.29	$ 0.74	$ 0.58	$ 0.64
Diluted earnings per share:					
Income from continuing operations	$ 1.39	$ 1.27	$ 0.73	$ 0.58	$ 0.64
Income (loss) from discontinued operations and gain (loss) from sale of discontinued operations	—	—	—	—	—
Net income	$ 1.39	$ 1.27	$ 0.73	$ 0.58	$ 0.64
Weighted average shares outstanding:					
Basic	51,641	50,633	50,270	50,081	50,013
Diluted	52,349	51,440	50,748	50,338	50,085
Other comprehensive income (loss)	843	(91)	(13)	—	1,334
Comprehensive income	$ 73,458	$ 65,414	$ 37,199	$ 29,220	$ 33,449

	Year Ended March 31,				
Other Financial Data	**2014**	**2013**	**2012**	**2011**	**2010**
Capital expenditures	$ 2,764	$ 10,268	$ 606	$ 655	$ 673
Cash provided by (used in):					
Operating activities	111,582	137,605	67,452	86,670	59,427
Investing activities	(57,976)	11,221	(662,206)	(275,680)	7,320
Financing activities	(41,153)	(152,117)	600,434	161,247	(60,831)

	March 31,				
Balance Sheet Data	**2014**	**2013**	**2012**	**2011**	**2010**
Cash and cash equivalents	$ 28,331	$ 15,670	$ 19,015	$ 13,334	$ 41,097
Total assets	1,795,663	1,739,799	1,758,276	1,056,918	791,412
Total long-term debt, including current maturities	937,500	978,000	1,135,000	492,000	328,087
Stockholders' equity	563,360	477,943	402,728	361,832	329,059

(1) For 2014, 2012 and 2011, cost of sales included $0.6 million, $1.8 million and $7.3 million, respectively, of charges related to the step-up of inventory associated with acquisitions. 2013 included $6.1 million of transaction costs associated with acquisitions.

(2) General and administrative expense included $1.1 million of costs related to acquisitions for 2014, $13.8 million of costs related to the GSK Brands acquisition and $1.7 million of unsolicited offer defense costs in 2012, and $7.7 million of costs related to the acquisitions of Blacksmith and *Dramamine* in 2011.

ITEM 7. 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 "Selected Financial Data" and the Consolidated Financial Statements and related notes included elsewhere in this Annual Report on Form 10-K. This discussion and analysis may contain forward-looking statements that involve certain risks, assumptions and uncertainties that could cause actual results to differ materially from those implied or described by the forward-looking statements. 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 this Annual Report on Form 10-K, as well as those described in future reports filed with the SEC.

General

We are engaged in the marketing, sales and distribution of brand name OTC healthcare and household cleaning products to mass merchandisers, drug stores, supermarkets and dollar and club stores primarily in the United States and Canada. We use the strength of our brands, our established retail distribution network, a low-cost operating model, and our experienced management team as a competitive advantage to grow our presence in these categories and, as a result, grow our sales and profits.

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 and pharmaceutical 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 significant 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.

<u>Acquisitions</u>

Acquisition of Care Pharmaceuticals Pty Ltd.

On July 1, 2013, we completed the acquisition of Care Pharmaceuticals Pty Ltd. ("Care Pharma"), which was funded through a combination of our existing senior secured credit facility and cash on hand.

The Care Pharma brands include the *Fess* line of cold/allergy and saline nasal health products, which is the leading saline spray for both adults and children in Australia. Other key brands include *Painstop* analgesic, *Rectogesic* for rectal discomfort, and the *Fab* line of nutritional supplements. Care Pharma also carries a line of brands for children including *Little Allergies*, *Little Eyes*, and *Little Coughs*. The brands acquired are complementary to our existing OTC Healthcare portfolio.

This 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 preliminary allocation of the assets acquired and liabilities assumed as of the July 1, 2013 acquisition date.

(In thousands)		**July 1, 2013**
Cash acquired	$	1,546
Accounts receivable		1,658
Inventories		2,465
Deferred income tax assets		283
Prepaids and other current assets		647
Property, plant and equipment		163
Goodwill		23,122
Intangible assets		31,502
Total assets acquired		61,386
Accounts payable		1,537
Accrued expenses		2,788
Other long term liabilities		300
Total liabilities assumed		4,625
Net assets acquired	$	56,761

Based on this analysis, we allocated $29.8 million to non-amortizable intangible assets and $1.7 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 15.1 years. The weighted average remaining life for amortizable intangible assets at March 31, 2014 was 14.5 years.

We also recorded goodwill of $23.1 million based on the amount by which the purchase price exceeded the preliminary fair value of the net assets acquired. The full amount of goodwill is deductible for income tax purposes.

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

Acquisition of GlaxoSmithKline OTC Brands

On December 20, 2011, we entered into two separate agreements with GSK to acquire a total of 17 North American OTC Healthcare brands for $660.0 million in cash (the "GSK Agreement").

On January 31, 2012, we completed, subject to a post-closing inventory and apportionment adjustment, as defined in the GSK Agreement, the acquisition of the GSK Brands I, including the related contracts, trademarks, and inventory for $615.0 million in cash. The GSK Brands I include, among other brands, *BC*, *Goody's* and *Ecotrin* brands of pain relievers; *Beano*, *Gaviscon*, *Phazyme*, *Tagamet* and *Fiber Choice* gastrointestinal brands; and the *Sominex* sleep aid brand.

On March 30, 2012, we completed, subject to a post-closing inventory and apportionment adjustment, as defined in the GSK Agreement, the acquisition of the *Debrox* and *Gly-Oxide* brands in the United States, including the related contracts, trademarks and inventory, for $45.0 million in cash.

Both the GSK Brands I and GSK Brands II are complementary to our existing OTC healthcare portfolio.

These acquisitions were also accounted for in accordance with the Business Combinations topic of the FASB ASC 805.

The purchase price of the GSK Brands I and GSK Brands II was funded by cash provided by the issuance of long-term debt and additional bank borrowings, which are discussed further in Note 10 to the Consolidated Financial Statements in this Annual Report on Form 10-K. In April 2012, we received the post-closing inventory and apportionment adjustments, attributable to both GSK Brands I and GSK Brands II, which required us to pay an additional $2.8 million to GSK, and in May 2012 we received a revised post-closing inventory and apportionment adjustment, attributable to GSK Brands II, which required us to pay an additional $0.2 million, for a total of $3.0 million, to GSK.

Concurrent with the closing of the GSK Brands I transaction, we entered into a Transitional Services Agreement with GSK (the "TSA"), whereby GSK provided us with various services including marketing, operations, finance and other services from the GSK Brands I acquisition date through June 30, 2012, with additional finance support through August 31, 2012. As part of the TSA, GSK, among other things, shipped products, invoiced customers, collected from customers and paid certain vendors on our behalf. Our initial costs under the TSA were approximately $2.5 million per month for the length of the agreement and were reduced during the service period as we removed certain services and transitioned those processes to us. We incurred $6.9 million in TSA costs for the year ended March 31, 2013. Pursuant to the TSA, we received on a monthly basis the amount owed to us for revenues and expenses, net of GSK's TSA fees and inventory that GSK purchased on our behalf.

The allocation of the purchase price to assets acquired is based on a valuation we performed to determine the fair value of such assets as of the acquisition date. The following table summarizes our allocation of the $663.0 million purchase price to the assets we acquired at the GSK Brands I and GSK Brands II acquisition dates:

(In thousands)	**GSK Brands I (January 31, 2012)**	**GSK Brands II (March 30, 2012)**	**Total**
Inventory	$ 14,820	$ 250	$ 15,070
Prepaid expenses	3,575	—	3,575
Trade names	542,892	81,257	624,149
Goodwill	17,401	2,831	20,232
Total purchase price	$ 578,688	$ 84,338	$ 663,026

Transaction and other costs of $13.8 million associated with the GSK Brands acquisition are included in general and administrative expenses in our Consolidated Statements of Income and Comprehensive Income for 2012.

We recorded goodwill based on the amount by which the purchase price exceeded the fair value of assets acquired. The amount of goodwill deductible for tax purposes is $20.2 million.

The fair value of the trade names is comprised of $556.9 million of non-amortizable intangible assets and $67.2 million of amortizable intangible assets. We are amortizing the purchased amortizable intangible assets on a straight-line basis over an estimated weighted average useful life of 19.3 years. The weighted average remaining life for amortizable intangible assets at March 31, 2014 was 17.0 years.

The operating results of the GSK Brands I have been included in our Consolidated Financial Statements from February 1, 2012, while the operating results of the GSK Brands II are included in our Consolidated Financial Statements beginning April 1, 2012.

Sale of the Phazyme Brand

On October 31, 2012, we divested the *Phazyme* gas treatment brand, which was a non-core OTC brand that we acquired from GSK in January 2012. We received $21.7 million from the divestiture on October 31, 2012 and the remaining $0.6 million on January 4, 2013. The proceeds were used to repay debt. No significant gain or loss was recorded as a result of the sale.

Concurrent with the completion of the sale of the *Phazyme* brand, we entered into a Transitional Services Agreement with the buyer (the "Phazyme TSA"), whereby we agreed to provide the buyer with various services including marketing, operations, finance and other services from the date of the acquisition primarily through January 31, 2013, with an option for additional support for the Canadian portion of that business through October 31, 2013, at the buyer's discretion. All Phazyme United States TSA services ended, as agreed, on January 31, 2013. The buyer elected to extend the Canadian portion of the TSA services on a month to month basis and terminated the support on October 31, 2013.

The following table presents the assets sold at October 31, 2012 related to the Phazyme brand:

(In thousands)	October 31, 2012	
Components of assets sold:		
Inventory	$	220
Prepaid expenses		100
Trade names		15,604
Goodwill		6,382

Critical Accounting Policies and Estimates

Our significant accounting policies are described in the notes to the Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K. 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 from 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. The 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 2014, 2013, and 2012 was $33.4 million, $35.6 million, and $32.2 million, respectively. In 2014, 2013, and 2012 we participated in over 10,000, 9,000, and 7,000 promotional campaigns, respectively. Of those campaigns, approximately 1,700, 1,400, and 1,000 payments were in excess of $5,000 in 2014, 2013, and 2012, respectively. For all three years, the average cost per campaign was less than $5,000. 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 each of 2014, 2013, and 2012, our operating income would have been reduced by approximately $3.3 million, $3.6 million, and $3.2 million, respectively. Net income would have been adversely affected by approximately $2.1 million, $2.2 million, and $1.9 million, respectively.

We also periodically run coupon programs in Sunday newspaper inserts, on our product website, 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. During 2014, we had 225 coupon events. The amount recorded against revenues and accrued for these events during the year was $5.6 million. Cash settlement of coupon redemptions during the year was $3.8 million.

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 the recording of 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 six 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, 2014, 2013 and 2012, returns represented 2.2%, 2.9% and 2.9%, respectively, of gross sales. At March 31, 2014 and 2013, the allowance for sales returns was $7.0 million and $6.4 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 2.9% of gross sales. A hypothetical increase of 0.1% in our estimated return rate as a percentage of gross sales would have decreased our reported sales and operating income for 2014 by approximately $0.7 million. Net income would have been reduced by approximately $0.4 million.

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 for 2014, 2013, and 2012 were $2.5 million, $3.2 million and $3.3 million, respectively, or 0.1%, 0.5% and 0.8%, respectively, of net sales.

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 which 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 1.6% and 1.0% of accounts receivable at March 31, 2014 and 2013, respectively. Bad debt expense in each of the years 2014, 2013, and 2012 was $0.1 million, $0.3 million, $0.2 million, respectively, representing less than 0.1% of net sales for each of 2014, 2013, and 2012.

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 financial results. A hypothetical increase of 0.1% in our bad debt expense as a percentage of net sales in 2014 would have resulted in a decrease of less than $0.1 million in reported operating income and reported net income.

Valuation of Intangible Assets and Goodwill
Goodwill and intangible assets amounted to $1,585.7 million and $1,540.8 million at March 31, 2014 and 2013, respectively. At March 31, 2014 and 2013, goodwill and intangible assets were apportioned among similar product groups within our two operating segments as follows:

(*In thousands*)	March 31, 2014			March 31, 2013		
	Over-the-Counter Healthcare	Household Cleaning	Consolidated	Over-the-Counter Healthcare	Household Cleaning	Consolidated
Goodwill	$ 183,522	$ 7,389	$ 190,911	$ 160,157	$ 7,389	$ 167,546
Intangible assets, net						
Indefinite-lived:						
Analgesics	343,620	—	343,620	341,123	—	341,123
Cough & Cold	208,673	—	208,673	185,453	—	185,453
Gastrointestinal	216,044	—	216,044	213,639	—	213,639
Eye & Ear Care	172,318	—	172,318	172,318	—	172,318
Dermatologicals	149,927	—	149,927	149,927	—	149,927
Oral Care	61,438	—	61,438	61,438	—	61,438
Other OTC	2,038	—	2,038	—	—	—
Household Cleaning	—	119,820	119,820	—	119,820	119,820
Total indefinite-lived intangible assets, net	1,154,058	119,820	1,273,878	1,123,898	119,820	1,243,718
Finite-lived:						
Analgesics	4,111	—	4,111	4,341	—	4,341
Cough & Cold	21,463	—	21,463	22,527	—	22,527
Gastrointestinal	12,411	—	12,411	12,805	—	12,805
Eye & Ear Care	8,038	—	8,038	8,573	—	8,573
Dermatologicals	5,479	—	5,479	6,321	—	6,321
Oral Care	17,198	—	17,198	18,551	—	18,551
Other OTC	26,072	—	26,072	28,493	—	28,493
Household Cleaning	—	26,167	26,167	—	27,911	27,911
Total finite-lived intangible assets, net	94,772	26,167	120,939	101,611	27,911	129,522
Total intangible assets, net	1,248,830	145,987	1,394,817	1,225,509	147,731	1,373,240
Total goodwill and intangible assets, net	$ 1,432,352	$ 153,376	$ 1,585,728	$ 1,385,666	$ 155,120	$ 1,540,786

The increase in goodwill of $23.4 million for 2014 was primarily due to the acquisition of Care Pharma, which increased goodwill $23.1 million and the effects of foreign currency of $0.3 million. The increase in the indefinite-lived intangible assets of $30.2 million for 2014 was due to the acquisition of Care Pharma, which increased indefinite-lived intangible assets by $29.8 million, and and the effects of foreign currency of $0.3 million. The decrease in the finite-lived intangible assets of $8.6 million for 2014 was primarily due to amortization of $10.3 million, partially offset by the additions related to Care Pharma of $1.7 million.

Our *Chloraseptic, Clear Eyes, Compound W, Dramamine, Efferdent, Luden's, PediaCare, BC, Goody's, Ecotrin, Beano, Gaviscon, Tagamet, Fiber Choice, Dermoplast, New-Skin, Sominex,* and *Debrox* brands comprise the majority of the value of the intangible assets within the OTC Healthcare segment. The *Chore Boy, Comet* 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 purchase 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, required to reinvigorate a brand that has fallen from favor.

- ***History of and Potential for Product Extensions***
  Consideration also 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 two operating segments: OTC Healthcare and Household Cleaning. We identify our reporting units in accordance with the FASB ASC Subtopic 280-10, which is at the brand level, and one level below the operating segment level. The carrying value and fair value for intangible assets and goodwill for a reporting unit are calculated based on 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. The Company has experienced revenue declines in regard to certain brands in its Household Cleaning segment during 2013 and 2012. Adverse changes in the expected operating results and/or unfavorable changes in other economic factors used to estimate fair values of these specific brands could result in a non-cash impairment charge in the future.

Goodwill
As of March 31, 2014, we had 20 reporting units with goodwill, including six reporting units resulting from the acquisition of the GSK Brands, and five reporting units resulting from the acquisition of the Care Pharma brands. As part of our annual test for impairment of goodwill, management estimates the discounted cash flows of each reporting unit, which is at the brand level, and one level below the operating segment level, to estimate their respective fair values. In performing this analysis, management considers the same types of information as listed below in regard to finite-lived intangible assets. 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 carrying amount 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.

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 performing this analysis, management considers the same types of information as listed below in regard to finite-lived intangible assets. 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.

Finite-Lived Intangible Assets
As mentioned above, when events or changes in circumstances indicate the carrying value of the assets may not be recoverable, management performs a review to ascertain the impact of events and circumstances on the estimated useful lives and carrying values of our trademarks and trade names. 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.

If analysis of any of the aforementioned factors 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.

Impairment Analysis
We utilize the discounted cash flow method to estimate the fair value of our indefinite-lived intangible assets and goodwill and the undiscounted cash flow method to estimate the fair value of our finite-lived intangible assets. This methodology is a widely-accepted valuation technique to estimate fair value utilized by market participants in the transaction evaluation process and has been applied consistently. In addition, we considered our market capitalization at March 31, 2014, 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. As a result of our analysis, we did not record an impairment charge in 2014.

Based on our analysis, the aggregate fair value exceeded the carrying value by 53.1%. One individual reporting unit's fair value exceeded its carrying value by less than 10.0%. The reporting unit's associated carrying value of goodwill and intangible assets amounted to $0.8 million at March 31, 2014. Additionally, certain brands, including certain of our household brands, have

experienced recent revenue declines. While the fair value of these reporting units exceeds the carrying value by more than 10.0%, should such revenue declines continue, the fair value of the corresponding reporting units may no longer exceed their carrying value and we would be required to record an impairment charge.

The discount rate utilized in the analyses, as well as future cash flows, may be influenced by such factors 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 requires us to measure the cost of services to be rendered based on the grant-date fair value of the 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 vs. an option, warrant 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 net non-cash compensation expense of $5.1 million, $3.8 million and $3.1 million during 2014, 2013, and 2012, respectively. Assuming no changes in assumptions and no new awards authorized by the Compensation Committee of the Board of Directors, we expect to record non-cash compensation expense of approximately $2.6 million during 2015.

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.

Recent Accounting Pronouncements

In April 2014, the FASB issued Accounting Standards Update ("ASU") 2014-08, Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity. Under the new guidance, only disposals representing a strategic shift in operations should be presented as discontinued operations. Those strategic shifts should have a major effect on the organization's operations and financial results. Examples include a disposal of a major geographic area, a major line of business, or a major equity method investment. In addition, the new guidance requires expanded disclosures about discontinued operations that will provide financial statement users with more information about the assets, liabilities, income, and expenses of discontinued operations. Early adoption is permitted, but only for disposals (or classifications as held for sale) that have not been reported in financial statements previously issued or available for issuance. The amendments in this update must be applied prospectively to all disposals (or classifications as held for sale) of components of an entity that occur within annual periods beginning on or after December 15, 2014, and interim periods within those years. The adoption of ASU 2014-08 is not expected to have a material impact on our Consolidated Financial Statements.

In July 2013, the FASB issued ASU 2013-11, *Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists*, which requires that an unrecognized tax benefit, or portion of an unrecognized tax benefit, be presented as a reduction of a deferred tax asset for a net operating loss carryforward, a similar tax loss or a tax credit carryforward. If an applicable deferred tax asset is not available to use or the tax law of the applicable jurisdiction does not require the entity to use and the company does not intend to use the applicable deferred tax asset, the

unrecognized tax benefit should be presented as a liability in the financial statements and should not be combined with an unrelated deferred tax asset. ASU 2013-11 is effective for annual reporting periods, and interim periods within those years, beginning after December 15, 2013. The amendments must be applied prospectively to all unrecognized tax benefits that exist at the effective date; however, retrospective application is permitted. The adoption of ASU 2013-11 is not expected to have a material impact on our Consolidated Financial Statements.

In March 2013, the FASB issued ASU 2013-05, *Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity,* relating to the release of cumulative translation adjustments into net income when a parent either sells a part or all of its investment in a foreign entity or no longer holds a controlling financial interest in a subsidiary or group of assets. The guidance is effective prospectively for annual reporting periods beginning after December 15, 2013, and interim periods within those annual periods. Early adoption is permitted. The adoption of ASU 2013-05 is not expected to have a material impact on our Consolidated Financial Statements.

In February 2013, the FASB issued ASU 2013-02, *Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income*. ASU 2013-02 requires that for those items that are reclassified out of accumulated other comprehensive income and into net income in their entirety, the effect of the reclassification on each affected net income line item be disclosed. For accumulated other comprehensive income reclassification items that are not reclassified in their entirety into net income, a cross reference must be made to other required disclosures. The guidance is effective prospectively for annual reporting periods beginning after December 15, 2012, and interim periods within those annual periods. ASU 2013-02 did not have a material impact on our Consolidated Financial Statements. See Note 15, Accumulated Other Comprehensive Income (Loss), to our Consolidated Financial Statements for required disclosure.

In December 2011, the FASB issued ASU 2011-11, *Disclosures about Offsetting Assets and Liabilities*, regarding disclosures about offsetting assets and liabilities. The new disclosure requirements mandate that entities disclose both gross and net information about instruments and transactions eligible for offset in the statement of financial position, as well as instruments and transactions subject to an agreement similar to a master netting arrangement. In addition, the standard requires disclosure of collateral received and posted in connection with master netting agreements or similar arrangements. An entity will be required to disclose the following information for assets and liabilities within the scope of the new standard: (i) the gross amounts of those recognized assets and those recognized liabilities; (ii) the amounts offset to determine the net amounts presented in the statement of financial position; (iii) the net amounts presented in the statement of financial position; (iv) the amounts subject to an enforceable master netting arrangement or similar agreement not otherwise included in (ii); and (v) the net amount after deducting the amounts in (iv) from the amounts in (iii). The standard affects all entities with balances presented on a net basis in the financial statements, derivative assets and derivative liabilities, repurchase agreements, and financial assets and financial liabilities executed under a master netting or similar arrangement. This guidance is effective for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods. This new guidance did not have a material impact on our Consolidated Financial Statements.

Management has reviewed and continues to monitor the actions of the various financial and regulatory reporting agencies and is currently not aware of any other pronouncement that could have a material impact on our consolidated financial position, results of operations or cash flows.

Results of Operations

2014 compared to 2013

Revenues		2014	%		2013	%		Increase (Decrease)	%
Analgesics	$	110,604	18.4	$	108,144	17.3	$	2,460	2.3
Cough & Cold		115,241	19.1		126,974	20.3		(11,733)	(9.2)
Gastrointestinal		83,971	14.0		97,940	15.7		(13,969)	(14.3)
Eye & Ear Care		86,390	14.4		86,380	13.9		10	—
Dermatologicals		52,363	8.7		52,401	8.4		(38)	(0.1)
Oral Care		48,774	8.1		49,617	8.0		(843)	(1.7)
Other OTC		16,504	2.7		15,475	2.4		1,029	6.6
Total OTC Healthcare Revenues		513,847	85.4		536,931	86.1		(23,084)	(4.3)
Household Cleaning		88,034	14.6		86,666	13.9		1,368	1.6
Consolidated Revenues	$	601,881	100.0	$	623,597	100.0	$	(21,716)	(3.5)

Revenues for 2014 were $601.9 million, a decrease of $21.7 million, or 3.5%, versus 2013. The decrease in revenue reflects the effects of increased competition from the introduction of new brands or brands that had previously been recalled, a weak cough and cold season, and the impact of the divestiture of *Phazyme*, which was offset partly by the acquisition of the Care Pharma products and the launch of new analgesics products. Revenues for the Household Cleaning segment increased 1.6% during 2014 versus 2013. Revenues from customers outside of North America, which represented 5.4% of total revenues in 2014, increased by $15.8 million, or 93.2%, during 2014 versus 2013.

OTC Healthcare Segment

Revenues for the OTC Healthcare segment decreased $23.1 million, or 4.3%, during 2014 versus 2013. This decrease was primarily caused by declines in the gastrointestinal and cough and cold groups, offset partly by increased revenues in the analgesic and other OTC groups. Revenues for the gastrointestinal group declined primarily due to decreased revenues for both the *Beano* and *Gaviscon* brands as well as the effects of the divestiture of *Phazyme*. *Beano* revenues declined due to consumer shifts to probiotics and the expansion of private label products in the mass channel. *Gaviscon* was impacted by supply chain issues incurred during 2014 which caused a shift in the timing of sales due to limited supply availability. The decrease in the cough and cold product group was due primarily to the decrease in revenues for the *PediaCare, Little Remedies,* and *Chloraseptic* brands, resulting from increased competition from products that had previously been recalled and a weak cough and cold season. These decreases were offset partly by the inclusion of the *Fess* line of cold/allergy and saline nasal health products. The increased revenue in the analgesic product group reflected new product launches for the *BC* and *Goody's* brands and the inclusion of the *Painstop* brand, one of the acquired Care Pharma products. These increases were partially offset by a decline in the *Ecotrin* brand, resulting from increased competition. The increased revenues in the other OTC group was the result of the inclusion of other acquired Care Pharma brands.

Household Cleaning Segment

Revenues for the Household Cleaning segment increased $1.4 million, or 1.6%, during 2014 versus 2013 primarily due to increases in the *Comet* brand attributable to increased sales volumes.

Cost of Sales		2014	%		2013	%		Increase (Decrease)	%
OTC Healthcare	$	197,442	38.4	$	211,654	39.4	$	(14,212)	(6.7)
Household Cleaning		64,388	73.1		64,727	74.7		(339)	(0.5)
	$	261,830	43.5	$	276,381	44.3	$	(14,551)	(5.3)

Cost of sales decreased $14.6 million, or 5.3%, during 2014 versus 2013. As a percent of total revenue, cost of sales decreased from 44.3% in 2013 to 43.5% in 2014. The decrease in cost of sales as a percent of revenues was primarily due to reductions in product costs, attributed to sourcing activities and a favorable product mix relative to the acquired Care Pharma brands, offset by the one-time adjustment for acquisition costs for the Care Pharma inventory.

OTC Healthcare Segment
Cost of sales for the OTC Healthcare segment decreased $14.2 million, or 6.7%, during 2014 versus 2013. As a percentage of OTC Healthcare revenues, cost of sales in the OTC Healthcare segment decreased from 39.4% during 2013 to 38.4% during 2014. The decrease in cost of sales as a percent of revenues was primarily due to reductions in product costs, attributed to sourcing activities and a favorable product mix relative to the acquired Care Pharma brands, offset by the one-time adjustment for acquisition costs for the Care Pharma inventory.

Household Cleaning Segment
Cost of sales for the Household Cleaning segment decreased $0.3 million, or 0.5%, during 2014 versus 2013. As a percentage of Household Cleaning revenues, cost of sales decreased from 74.7% during 2013 to 73.1% during 2014. The decrease in the cost of sales percentage was the result of lower promotional spending which resulted in a greater net revenue relative to product cost.

Gross Profit		**2014**	**%**		**2013**	**%**		**Increase (Decrease)**	**%**
OTC Healthcare	$	316,405	61.6	$	325,277	60.6	$	(8,872)	(2.7)
Household Cleaning		23,646	26.9		21,939	25.3		1,707	7.8
	$	340,051	56.5	$	347,216	55.7	$	(7,165)	(2.1)

Gross profit during 2014 decreased $7.2 million, or 2.1%, versus 2013. As a percentage of total revenues, gross profit increased from 55.7% in 2013 to 56.5% in 2014. Gross profit as a percentage of revenue increased due to lower promotional spending, resulting in a higher net revenue relative to product cost. The increase was also attributable to reductions in product costs due to sourcing activities and a favorable product mix relative to the acquired Care Pharma brands, offset by the one-time adjustment for acquisition costs for the Care Pharma inventory.

OTC Healthcare Segment
Gross profit for the OTC Healthcare segment decreased $8.9 million, or 2.7%, during 2014 versus 2013. As a percentage of revenues, gross profit in the OTC Healthcare segment increased from 60.6% during 2013 to 61.6% during 2014. The increase in gross profit percentage reflects the lower product costs and mix impact for Care Pharma detailed in the cost of sales discussion above.

Household Cleaning Segment
Gross profit for the Household Cleaning segment increased $1.7 million, or 7.8%, during 2014 versus 2013. As a percentage of Household Cleaning revenues, gross profit increased from 25.3% during 2013 to 26.9% during 2014. The increase in gross profit percentage was the result of lower promotional spending, which resulted in higher net revenue relative to product cost.

Contribution Margin		**2014**	**%**		**2013**	**%**		**Increase (Decrease)**	**%**
OTC Healthcare	$	229,827	44.7	$	240,740	44.8	$	(10,913)	(4.5)
Household Cleaning		20,756	23.6		15,846	18.3		4,910	31.0
	$	250,583	41.6	$	256,586	41.1	$	(6,003)	(2.3)

Contribution margin, a non-GAAP financial measure, is defined as gross profit less advertising and promotional expenses, and is discussed further in Note 19 to the Consolidated Financial Statements in this Annual Report on Form 10-K. Contribution margin for 2014 decreased $6.0 million, or 2.3%, versus 2013. The contribution margin decrease was primarily the result of lower sales volumes, partially offset by lower advertising and promotional spending and the lower costs of sales discussed above.

OTC Healthcare Segment
Contribution margin for the OTC Healthcare segment decreased $10.9 million, or 4.5%, during 2014 versus 2013. The contribution margin decrease was the result of lower sales volumes, the divestiture of *Phazyme*, higher advertising and promotional spending, partially offset by the lower cost of sales discussed above. Advertising and promotional spending for the OTC Healthcare segment increased by $2.0 million, or 2.4% due primarily to the Care Pharma acquisition and *Goody's* and *Fiber Choice* new product launches, partially offset by reductions in cough and cold and oral care brands.

Household Cleaning Segment
Contribution margin for the Household Cleaning segment increased $4.9 million, or 31.0%, during 2014 versus 2013. The contribution margin increase was the result of the increased gross profit as a percentage of revenues and lower advertising and promotional spending.

General and Administrative
General and administrative expenses were $48.5 million for 2014 versus $51.5 million for 2013. The decrease in general and administrative expenses was due primarily to TSA fees of $4.1 million associated with the GSK Brands acquisition, warehouse relocation fees of $0.7 million, and lease termination costs of $1.1 million incurred in 2013. These costs were offset by increased ERP implementation costs of $1.0 million, acquisition-related costs of $1.0 million incurred in 2014 for Care Pharma, and increased share-based compensation costs of $1.4 million for 2014.

Depreciation and Amortization
Depreciation and amortization expense was $13.5 million for 2014 versus $13.2 million for 2013. The increase in depreciation and amortization expense was due to the implementation of the new ERP system.

Impairment of Intangible Assets and Goodwill
During the fourth quarter of 2014 and 2013, we performed our annual impairment analysis of intangible assets and goodwill. No impairment charges were recorded in 2014 or 2013. However, one unit whose fair value exceeded their carrying value by 10.0% or less included goodwill and intangible assets amounting to $0.8 million.

Interest Expense
Net interest expense was $68.6 million during 2014 versus $84.4 million during 2013. The decrease in interest expense was primarily the result of a lower level of indebtedness attributed to payments made to the 2012 Term Loan and a lower amount of borrowings against the 2012 ABL Revolver in 2014, as well as the acceleration of the amortization of the debt in 2013 associated with our 2012 Term Loan due to significant payments made during that fiscal year. The average interest rate decreased to 7.0% for 2014 versus 7.9% for 2013. This decrease is attributed to the issuance of the 2013 Senior Notes and the redemption of the 2010 Senior Notes in 2014, as the interest rate for the 2013 Senior Notes is 5.375% versus the interest rate of 8.25% attributed to the 2010 Senior Notes, as well as the accelerated portion of the deferred financing costs and debt discount incurred in 2013. The average indebtedness outstanding decreased to $976.7 million during 2014 from $1,065.0 million during 2013. The decrease in the average indebtedness outstanding is due to payments made to the 2012 Term Loan, lower borrowings against the 2012 ABL Revolver, as well as the redemption of the 2010 Senior Notes in December 2013, which was offset by entering into the 2013 Senior Notes.

Loss on Extinguishment of Debt
On December 17, 2013, we offered to redeem the 2010 Senior Notes at a premium of 6.33%, of which $201.7 million were redeemed on such date. The remaining $48.3 million were redeemed on January 16, 2014. As a result, during the quarter ended December 31, 2013, we recorded a $15.0 million loss on the early extinguishment of debt relating to the $201.7 million 2010 Senior Notes redeemed and recorded an additional loss of $3.3 million on the remaining $48.3 million tendered on January 16, 2014. The $18.3 million loss consists of premium payments of $15.5 million, write-off of deferred financing costs of $2.2 million, and write-off of debt discount of $0.6 million.

Income Taxes
The provision for income taxes during 2014 was $29.1 million versus $40.5 million in 2013. The effective tax rate on income before income taxes was 28.6% during 2014 versus 38.2% during 2013. The 2014 tax rate reflects the impact of non-deductible compensation of $1.0 million and a non-cash benefit of $8.9 million to adjust our current and deferred tax balances for lower state income taxes. This benefit was primarily related to a recent change in state law where we have our major distribution center that taxes earnings attributed to in-state revenues only. The 2013 tax rate reflects the impact of non-deductible compensation of $1.7 million and a non-cash benefit of $1.7 million for expected lower future state taxes.

2013 compared to 2012

Revenues	2013	%	2012	%	Increase (Decrease)	%
Analgesics	$ 108,144	17.3	$ 18,930	4.3	$ 89,214	471.3
Cough & Cold	126,974	20.3	116,669	26.4	10,305	8.8
Gastrointestinal	97,940	15.7	29,489	6.7	68,451	232.1
Eye & Ear Care	86,380	13.9	74,363	16.9	12,017	16.2
Dermatologicals	52,401	8.4	52,592	11.9	(191)	(0.4)
Oral Care	49,617	8.0	46,551	10.6	3,066	6.6
Other OTC	15,475	2.5	6,407	1.4	9,068	141.5
Total OTC Healthcare Revenues	536,931	86.1	345,001	78.2	191,930	55.6
Household Cleaning	86,666	13.9	96,084	21.8	(9,418)	(9.8)
Consolidated Revenues	$ 623,597	100.0	$ 441,085	100.0	$ 182,512	41.4

Revenues for 2013 were $623.6 million, an increase of $182.5 million, or 41.4%, versus 2012. Revenues for 2013 increased versus the prior year primarily due to the impact of the acquisition of the 17 GSK Brands in the fourth quarter of 2012, which increased 2013 revenues by $180.8 million by adding $211.2 million in 2013 to our OTC Healthcare segment revenues versus $30.4 million in 2012. Revenues for the Household Cleaning segment declined 9.8% during 2013 versus 2012. Revenues from customers outside of North America, which represented 2.7% of total revenues in 2013, increased by $1.6 million, or 10.6%, during 2013 versus 2012.

OTC Healthcare Segment

Revenues for the OTC Healthcare segment increased $191.9 million, or 55.6%, during 2013 versus 2012. The GSK Brands added $180.8 million over 2012, while our legacy OTC Healthcare brands contributed to the remainder of the net revenue increase. Revenue increases for *Chloraseptic*, *Little Remedies*, *PediaCare*, *Dramamine*, and *Efferdent* products were partially offset by revenue decreases in our other OTC Healthcare brands. We believe our core OTC Healthcare brands have continued to benefit from increased advertising and promotional investment, which has translated into organic sales growth.

Household Cleaning Segment

Revenues for the Household Cleaning segment decreased $9.4 million, or 9.8%, during 2013 versus 2012. *Comet* revenues decreased primarily due to lower demand for non-abrasive products. *Spic and Span* revenues decreased as a result of lower demand for dilutables.

Cost of Sales	2013	%	2012	%	Increase (Decrease)	%
OTC Healthcare	$ 211,654	39.4	$ 143,151	41.5	$ 68,503	47.9
Household Cleaning	64,727	74.7	70,550	73.4	(5,823)	(8.3)
	$ 276,381	44.3	$ 213,701	48.4	$ 62,680	29.3

Cost of sales increased $62.7 million, or 29.3%, during 2013 versus 2012. As a percentage of total revenue, cost of sales decreased from 48.4% in 2012 to 44.3% in 2013. The decrease in cost of sales as a percent of revenues was primarily due to the lower cost of sales associated with the GSK Brands and the change in product mix associated with the acquired GSK Brands. This decrease was partially offset by the higher cost of sales percentage for the Household Cleaning products.

OTC Healthcare Segment

Cost of sales for the OTC Healthcare segment increased $68.5 million, or 47.9%, during 2013 versus 2012. As a percentage of OTC Healthcare revenues, cost of sales in the OTC Healthcare segment decreased from 41.5% during 2012 to 39.4% during 2013. The reduction in cost of sales as a percentage of OTC Healthcare revenues is primarily attributable to the acquired GSK Brands, which have lower cost of sales.

Household Cleaning Segment

Cost of sales for the Household Cleaning segment decreased $5.8 million, or 8.3%, during 2013 versus 2012. As a percentage of Household Cleaning revenues, cost of sales increased from 73.4% during 2012 to 74.7% during 2013. The increase in the cost of

sales percentage was the result of lower revenues and higher product costs associated with promotional products and other discounting.

Gross Profit		2013	%		2012	%		Increase (Decrease)	%
OTC Healthcare	$	325,277	60.6	$	201,850	58.5	$	123,427	61.1
Household Cleaning		21,939	25.3		25,534	26.6		(3,595)	(14.1)
	$	347,216	55.7	$	227,384	51.6	$	119,832	52.7

Gross profit during 2013 increased $119.8 million, or 52.7%, versus 2012. As a percentage of total revenues, gross profit increased from 51.6% in 2012 to 55.7% in 2013. The higher gross profit was primarily the result of the acquired GSK Brands, which increased gross profit by $113.9 million over 2012, partially offset by decreases in gross profit from our Household Cleaning segment, primarily *Comet*. The increase in gross profit as a percentage of revenues was primarily due to the higher gross profit recognized as a result of the larger percentage of overall sales of OTC Healthcare products, which provide a higher gross profit margin than the Household Cleaning products.

OTC Healthcare Segment

Gross profit for the OTC Healthcare segment increased $123.4 million, or 61.1%, during 2013 versus 2012. As a percentage of revenues, gross profit in the OTC Healthcare segment increased from 58.5% during 2012 to 60.6% during 2013. The increase in gross profit percentage was primarily the result of higher margins on the GSK Brands we acquired. The full year impact of the acquired GSK Brands contributed $113.9 million to gross profit in 2013 over 2012.

Household Cleaning Segment

Gross profit for the Household Cleaning segment decreased $3.6 million, or 14.1%, during 2013 versus 2012. As a percentage of Household Cleaning revenues, gross profit decreased from 26.6% during 2012 to 25.3% during 2013. The decrease in gross profit percentage was the result of the lower revenues, attributable to the *Comet* and *Spic and Span* brands, and higher product costs associated with promotional products and other discounting in the *Comet* brand.

Contribution Margin		2013	%		2012	%		Increase (Decrease)	%
OTC Healthcare	$	240,740	44.8	$	149,955	43.5	$	90,785	60.5
Household Cleaning		15,846	18.3		20,302	21.1		(4,456)	(21.9)
	$	256,586	41.1	$	170,257	38.6	$	86,329	50.7

Contribution margin, a non-GAAP financial measure, is defined as gross profit less advertising and promotional expenses, and is discussed further in Note 19 to the Consolidated Financial Statements in this Annual Report on Form 10-K. Contribution margin for 2013 increased $86.3 million, or 50.7%, versus 2012. The contribution margin increase was primarily the result of the higher gross profit previously discussed, partially, offset by higher advertising and promotional spending in the OTC Healthcare segment. The acquired GSK Brands added $88.4 million to total contribution margin over 2012.

OTC Healthcare Segment

Contribution margin for the OTC Healthcare segment increased $90.8 million, or 60.5%, during 2013 versus 2012. The contribution margin increase was the result of the increase in gross profit of the OTC Healthcare segment as previously discussed, partially offset by a $32.6 million, or 62.9%, increase in advertising and promotional spending, of which $25.5 million related to the GSK Brands. The GSK Brands added $88.4 million over 2012 to the contribution margin of the OTC Healthcare segment.

Household Cleaning Segment

Contribution margin for the Household Cleaning segment decreased $4.5 million, or 21.9%, during 2013 versus 2012. The contribution margin decrease was the result of the decrease in gross profit of the Household Cleaning segment as previously discussed, and an increase in advertising and promotional spending for the *Comet* brand.

General and Administrative

General and administrative expenses were $51.5 million for 2013 versus $56.7 million for 2012. The decrease in general and administrative expenses was due primarily to higher acquisition costs in 2012 related to the acquisition of the GSK Brands of

$13.8 million and higher professional fees incurred in 2012 of $1.2 million incurred. These costs were partially offset by $5.2 million of higher compensation costs associated with increased personnel, a lease termination charge of $1.0 million associated with our office relocation, $0.8 million of excess TSA costs associated with the GSK Brands acquisition, higher product regulatory and insurance charges of $0.7 million, warehouse relocation costs of $0.7 million and higher business development and consulting costs of $0.5 million incurred in 2013.

Depreciation and Amortization
Depreciation and amortization expense was $13.2 million for 2013 versus $10.7 million for 2012. The increase in expense was primarily attributable to the amortization of the trademarks acquired related to the GSK Brands and to the new assets placed into service associated with our new office facility in New York.

Impairment of Intangible Assets and Goodwill
During the fourth quarters of 2013 and 2012, we performed our annual impairment analysis of intangible assets and goodwill. No impairment charges were recorded in 2013 or 2012. However, reporting units whose fair value exceeded their carrying value by 5.4% or less included goodwill and intangible assets amounting to $66.4 million.

Interest Expense
Net interest expense was $84.4 million during 2013 versus $41.3 million during 2012. The increase in interest expense was primarily the result of a higher level of indebtedness incurred as a result of the acquisition of the GSK Brands and the acceleration of a portion of our deferred financing costs and debt discount on our 2012 Term Loan. During the year ended March 31, 2013, we made significant payments toward our outstanding indebtedness under our 2012 Term Loan. As such, we accelerated the amortization of a portion of the deferred financing costs and the debt discount related to the 2012 Term Loan in the amount of $5.1 million and $2.6 million, respectively. The average costs of funds increased to 7.9% for 2013 versus 6.7% for 2012. This increase was attributed to the accelerated portion of the deferred financing costs and debt discount. The average indebtedness outstanding increased from $621.1 million during 2012 to $1,065.0 million during 2013. The increase in the average indebtedness outstanding was the result of additional borrowings related to the acquisition of the GSK Brands in January 2012.

Loss on Extinguishment of Debt
In February 2013, we refinanced our 2012 Term Loan as a result of the entry into a new amendment as described in Note 10 to our Consolidated Financial Statements included in this Annual Report on Form 10-K. In connection with the refinancing, we recognized a $1.4 million loss on the extinguishment of debt for 2013.

Income Taxes
The provision for income taxes during 2013 was $40.5 million versus $23.9 million in 2012. The effective tax rate on pretax income was 38.2% during 2013 versus 39.2% during 2012. The 2013 tax rate reflects the impact of non-deductible compensation of $1.7 million and a non-cash benefit of $1.7 million for expected lower future state taxes. The 2012 tax rate reflects the impact of non-deductible compensation of $1.3 million and a non-cash benefit of $1.2 million for expected lower future state taxes.

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 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.

We entered into a 5.5 year lease for a new office facility in New York, which began on October 15, 2012. The New York office lease provides for a six month rent deferral with monthly rent payments that began in May 2013 of approximately $78,000 and escalate to approximately $87,000 in the last two years of the lease.

On March 24, 2010, we issued $150.0 million of 2010 Senior Notes. In November 2010, we issued an additional $100.0 million of 2010 Senior Notes and borrowed an additional $115.0 million term loan under our then existing credit facility ("the 2010 Credit Facility").

On January 31, 2012, we issued $250.0 million of 2012 Senior Notes and also entered into a senior secured credit facility, which consists of (i) the 2012 Term Loan with a seven-year maturity and (ii) 2012 ABL Revolver. In September 2012, we utilized a portion of the accordion feature to increase the amount of our borrowing capacity under the 2012 ABL Revolver by $25.0 million to $75.0 million, and in June 2013, we further increased the amount of our borrowing capacity under the 2012 ABL Revolver by $20.0 million to $95.0 million and reduced our borrowing rate by 0.25%. We used the net proceeds from the 2012 Senior Notes

offering, together with the borrowings under the 2012 Term Loan, to finance the acquisition of the GSK Brands, to repay amounts borrowed under the 2010 Credit Facility, to pay fees and expenses incurred in connection with these transactions and for general corporate purposes.

On February 21, 2013, we entered into the Amendment to the 2012 Term Loan. The Amendment provides for the refinancing of all of our existing Term B Loans with new Term B-1 Loans. The interest rate on the Term B-1 Loans is 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 plus a margin. The new Term B-1 Loans will mature on the same date as the Term B Loans' original maturity date. In addition, the Amendment provides us 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 the Amendment, during the fourth quarter ended March 31, 2013, we recognized a $1.4 million loss on the extinguishment of debt.

On December 17, 2013, we issued $400.0 million of 2013 Senior Notes. We 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. 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 Prestige Brands, Inc. or Prestige Brands Holdings, Inc. As a result of this issuance, we redeemed $201.7 million of the 2010 Senior Notes in December 2013 and the balance of $48.3 million in January 2014 and repaid approximately $120.0 million toward our 2012 Term Loan.

	Year Ended March 31,		
(In thousands)	**2014**	**2013**	**2012**
Net cash provided by (used in):			
Operating activities	$ 111,582	$ 137,605	$ 67,452
Investing activities	(57,976)	11,221	(662,206)
Financing activities	(41,153)	(152,117)	600,434

2014 compared to 2013
Operating Activities
Net cash provided by operating activities was $111.6 million for 2014 compared to $137.6 million for 2013. The $26.0 million decrease in net cash provided by operating activities was primarily due to a decrease in working capital of $24.5 million and a decrease in non-cash charges of $8.6 million, offset partly by an increase in net income of $7.1 million.

Working capital is defined as current assets (excluding cash and cash equivalents) minus current liabilities. Working capital decreased in 2014 compared to 2013 is due to decreases in accrued liabilities of $19.1 million. The decrease in accrued liabilities is primarily due to a decrease in accrued interest attributed to the redemption of the 2010 Senior Notes and the issuance of the 2013 Senior Notes, as discussed in Note 10 of the Consolidated Financial Statements. Additionally, the decrease in working capital was due to a decrease in accounts payable of $29.3 million and decreases to prepaid expenses of $5.2 million, partially offset by increases in accounts receivable of $22.6 million and inventories of $6.5 million in 2014.

Non-cash charges decreased $8.6 million primarily due to a premium payment on the 2010 Senior Notes tendered in 2014 of $15.5 million, a decrease in deferred income tax charges of $6.5 million, and decreases in amortization of deferred financing charges and debt discount of $4.0 million in 2014. The decrease in non-cash charges were partially offset by a $18.3 million loss on extinguishment of debt incurred in 2014 versus the $1.4 million incurred in the prior year.

Investing Activities
Net cash used in investing activities was $58.0 million for 2014 compared to net cash provided by investing activities of $11.2 million for 2013. The increase in net cash used in investing activities for the year ended March 31, 2014 was due primarily to the acquisition of Care Pharma in 2014 for $55.2 million, and $21.7 million of cash received from the divestiture of the *Phazyme* brand in 2013.

Financing Activities
Net cash used in financing activities was $41.2 million for 2014 compared to $152.1 million for 2013. During the year ended March 31, 2014, we repaid $157.5 million of our outstanding long term debt. This decreased our outstanding indebtedness to

$937.5 million at March 31, 2014 from $978.0 million at March 31, 2013. During 2014, we issued $400.0 million of 2013 Senior Notes, and redeemed the 2010 Senior Notes for $250.0 million.

2013 compared to 2012
Operating Activities
Net cash provided by operating activities was $137.6 million for 2013 compared to $67.5 million for 2012. The $70.2 million increase in net cash provided by operating activities was primarily due to the higher profitability of the Company, which was largely attributed to the acquired GSK Brands, and decreased working capital of $15.6 million. The working capital decrease was mainly the result of increased accounts payable related to the procurement of inventory for the GSK Brands and higher accrued liabilities, which were mostly related to higher marketing accruals associated with the GSK Brands, and higher accrued compensation costs. These working capital decreases were partially offset by decreased inventories associated with the GSK Brands.

Consistent with 2012, our cash flow from operations in 2013 exceeded net income due to the substantial non-cash charges primarily related to depreciation and amortization, increases in deferred income tax liabilities resulting from differences in the amortization of intangible assets and goodwill for income tax and financial reporting purposes, the amortization of certain deferred financing costs and debt discount, a recognized loss on the early extinguishment of debt, and stock-based compensation costs.

Investing Activities
Net cash used in investing activities was $11.2 million for 2013 compared to net cash used in investing activities of $662.2 million for 2012. The decrease in net cash used in investing activities for the year ended March 31, 2013 was due primarily to the acquisition of the GSK Brands acquired in the prior year and cash received from the divestiture of the *Phazyme* brand in 2013, partially offset by higher capital expenditures for leasehold improvements associated with the new corporate office lease and higher equipment purchases primarily resulting from the increased personnel and systems requirements.

Financing Activities
Net cash used in financing activities was $152.1 million for 2013 compared to net cash provided by financing activities of $600.4 million for 2012. During the year ended March 31, 2013, we repaid $190.0 million of our outstanding 2012 Term Loan debt from the cash generated from operating activities, and borrowed $33.0 million, net of repayments on our 2012 ABL Revolver. This decreased our outstanding indebtedness to $978.0 million at March 31, 2013 from $1,135.0 million at March 31, 2012. During 2012, we issued $250.0 million of the 2012 Senior Notes and borrowed $660.0 million under our 2012 Term Loan. These borrowings were offset by voluntary principal payments against outstanding indebtedness of $58.0 million in excess of required payments under the 2010 Credit Facility and $25.0 million against the 2012 Term Loan, payment of $184.0 million to fully repay the 2010 Senior Term Loan, and payment of $33.3 million for deferred financing costs.

Capital Resources

The 2010 Senior Notes were issued at an aggregate face value of $150.0 million with a discount to noteholders of $2.2 million and net proceeds to us of $147.8 million. The discount was offered to improve the yield to maturity to lenders reflective of market conditions at the time of the offering. In addition to the discount, we incurred $7.3 million of costs primarily related to fees of bank arrangers and legal advisors, of which $6.6 million was capitalized as deferred financing costs and $0.7 million was expensed as incurred. On December 17, 2013, we offered to redeem the 2010 Senior Notes at a premium of 6.33%, of which $201.7 million were redeemed on that date. The remaining $48.3 million were redeemed on January 16, 2014. As a result, we recorded a $15.0 million loss on the early extinguishment of the $201.7 million 2010 Senior Notes redeemed on December 17, 2013 and recorded an additional loss of approximately $3.3 million on the remaining $48.3 million tendered on January 16, 2014.

On January 31, 2012, in connection with the acquisition of the GSK Brands, we (i) issued the 2012 Senior Notes in an aggregate principal amount of $250.0 million, (ii) entered into the 2012 Term Loan with a seven-year maturity and the 2012 ABL Revolver with a five-year maturity, and (iii) repaid in full and canceled the outstanding 2010 Credit Facility. The 2012 Term Loan was issued with an original issue discount of 1.5% of the principal amount thereof, resulting in net proceeds to us of $650.1 million. In addition to the discount, we incurred $33.3 million in issuance costs, which were capitalized as deferred financing costs and are being amortized over the terms of the related loans and notes.

On February 21, 2013, we entered into the Amendment to the 2012 Term Loan. The Amendment provides for the refinancing of all of our existing Term B Loans with new Term B-1 Loans. The interest rate on the Term B-1 Loans is 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 plus a margin. The new Term B-1 Loans will mature on the same date as the Term B Loans' original maturity date. In addition, the Amendment provides us 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 the refinancing, during the fourth quarter ended March 31, 2013, we recognized a $1.4 million loss on the extinguishment of debt.

On December 17, 2013, we 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"). We 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. 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 Prestige Brands, Inc. or Prestige Brands Holdings, Inc. As a result of this issuance, we redeemed $201.7 million of the 2010 Senior Notes in December 2013 and the balance of $48.3 million in January 2014 and repaid approximately $120.0 million toward our 2012 Term Loan.

As of March 31, 2014, we had an aggregate of $937.5 million of outstanding indebtedness, which consisted of the following:

- $250.0 million of 8.125% 2012 Senior Notes due 2020;
- $400.0 million of 5.375% 2013 Senior Notes due 2021; and
- $287.5 million of borrowings under the 2012 Term Loan.

As of March 31, 2014, we had $95.0 million of borrowing capacity under the 2012 ABL Revolver.

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 2.00% 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, with a LIBOR floor of 1.00%. For the twelve months ended March 31, 2014, the average interest rate on the 2012 Term Loan was 3.9%.

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., (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 initial applicable margin for borrowings under the 2012 ABL Revolver is 1.75% with respect to LIBOR borrowings and 0.75% with respect to base-rate borrowings. 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 the percentage of total commitments set forth in the credit agreement covering the 2012 ABL Revolver. For the twelve months ended March 31, 2014, the average interest rate on the amounts borrowed under the 2012 ABL Revolver was 2.0%.

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 derivative financial instruments outstanding at either March 31, 2014 or March 31, 2013 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 2012 and 2013 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 transaction with affiliates. Specifically, we must:

- Have a leverage ratio of less than 6.5 to 1.0 for the quarter ending March 31, 2014 (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 3.50 to 1.0 for the quarter ending June 30, 2016, and remains level thereafter;

- Have an interest coverage ratio of greater than 1.70 to 1.0 for the quarter ending March 31, 2014 (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 2.50 to 1.0 for the quarter ending June 30, 2016, and remains level thereafter; and

- Have a fixed charge ratio of greater than 1.0 to 1.0 for the quarter ending March 31, 2014 (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.

At March 31, 2014, 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 2012 Senior Notes and the 2013 Senior Notes. Additionally, management anticipates that in the normal course of operations, we will be in compliance with the financial and restrictive covenants during 2015. During the year ended March 31, 2014, we made voluntary principal payments against outstanding indebtedness of $157.5 million under the 2012 Term Loan. Therefore, we are not required to make quarterly principal payments until the maturity date of January 31, 2019.

Commitments

As of March 31, 2014, we had ongoing commitments under various contractual and commercial obligations as follows:

	Payments Due by Period				
(In millions) **Contractual Obligations**	**Total**	**Less than 1 Year**	**1 to 3 Years**	**4 to 5 Years**	**After 5 Years**
Long-term debt	$ 937.5	$ —	$ —	$ 287.5	$ 650.0
Interest on long-term debt(1)	482.9	68.6	177.5	118.4	118.4
Purchase obligations:					
Inventory costs(2)	58.3	53.6	3.1	1.6	—
Other costs(3)	13.9	13.9	—	—	—
Operating leases	4.6	1.4	3.2	—	—
Total contractual cash obligations (4)	$ 1,497.2	$ 137.5	$ 183.8	$ 407.5	$ 768.4

(1) Represents the estimated interest obligations on the outstanding balances of the 2012 Term Loan, 2012 ABL Revolver, 2013 Senior Notes, and 2012 Senior Notes, assuming scheduled principal payments (based on the terms of the loan agreements) are made and assuming a weighted average interest rate of 7.03%. Estimated interest obligations would be different under different assumptions regarding interest rates or timing of principal payments.

(2) Purchase obligations for inventory costs are legally binding commitments for projected inventory requirements to be utilized during the normal course of our operations.

(3) Purchase obligations for other costs are legally binding commitments for marketing, advertising and capital expenditures. Activity costs for molds and equipment to be paid, based solely on a per unit basis without any deadlines for final payment, have been excluded from the table because we are unable to determine the time period over which such activity costs will be paid.

(4) We have excluded obligations related to uncertain tax positions because we cannot reasonably estimate when they will occur.

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 most recent fiscal years, a high rate of inflation in the future could have a material adverse effect on our financial condition or results from operations. The recent volatility in crude oil prices has had 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 may continue to have an adverse effect on our operating results.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET 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 March 31, 2014, we had variable rate debt of approximately $287.5 million under our 2012 Term Loan.

Holding other variables constant, including levels of indebtedness, a one percentage point increase in interest rates on our variable rate debt would have an adverse impact on pre-tax earnings and cash flows for the year ended March 31, 2014 of approximately $9.5 million.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The supplementary data required by this Item are described in Part IV, Item 15 of this Annual Report on Form 10-K and are presented beginning on page 104.

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Prestige Brands Holdings, Inc.

Audited Financial Statements

March 31, 2014

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Management's Report on Internal Control over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act). Internal control over financial reporting is a process designed by, or under the supervision of the Chief Executive Officer and Chief Financial Officer and effected by the Board of Directors, management and other personnel, 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.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable, not absolute, assurance that the control objectives will be met. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate over time.

Management, with the participation of the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's internal control over financial reporting as of March 31, 2014. In making its evaluation, management has used the criteria established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control - Integrated Framework* (1992 Framework).

Based on management's assessment utilizing the COSO Criteria, management concluded that the Company's internal control over financial reporting was effective as of March 31, 2014.

PricewaterhouseCoopers LLP, an independent registered public accounting firm, has issued a report on the effectiveness of our internal control over financial reporting as of March 31, 2014, which appears below.

Prestige Brands Holdings, Inc.
May 19, 2014

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders
Prestige Brands Holdings, Inc.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income and comprehensive income, of stockholders' equity and comprehensive income and of cash flows present fairly, in all material respects, the financial position of Prestige Brands Holdings, Inc. and its subsidiaries at March 31, 2014 and 2013, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 2014 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed under Item 15(a)(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2014, based on criteria established in *Internal Control - Integrated Framework* (1992 Framework), issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

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

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

/s/ PricewaterhouseCoopers LLP

Denver, Colorado
May 19, 2014

Prestige Brands Holdings, Inc.
Consolidated Statements of Income and Comprehensive Income

(In thousands, except per share data)	Year Ended March 31, 2014	2013	2012
Revenues			
Net sales	$ 596,954	$ 620,394	$ 437,838
Other revenues	4,927	3,203	3,247
Total revenues	601,881	623,597	441,085
Cost of Sales			
Cost of sales (exclusive of depreciation shown below)	261,830	276,381	213,701
Gross profit	340,051	347,216	227,384
Operating Expenses			
Advertising and promotion	89,468	90,630	57,127
General and administrative	48,481	51,467	56,700
Depreciation and amortization	13,486	13,235	10,734
Total operating expenses	151,435	155,332	124,561
Operating income	188,616	191,884	102,823
Other (income) expense			
Interest income	(60)	(13)	(18)
Interest expense	68,642	84,420	41,338
Gain on settlement	—	—	(5,063)
Loss on extinguishment of debt	18,286	1,443	5,409
Total other expense	86,868	85,850	41,666
Income before income taxes	101,748	106,034	61,157
Provision for income taxes	29,133	40,529	23,945
Net income	72,615	65,505	37,212
Earnings per share:			
Basic	$ 1.41	$ 1.29	$ 0.74
Diluted	$ 1.39	$ 1.27	$ 0.73
Weighted average shares outstanding:			
Basic	51,641	50,633	50,270
Diluted	52,349	51,440	50,748
Comprehensive income, net of tax:			
Currency translation adjustments	843	(91)	(13)
Total other comprehensive income (loss)	843	(91)	(13)
Comprehensive income	$ 73,458	$ 65,414	$ 37,199

See accompanying notes.

Prestige Brands Holdings, Inc.
Consolidated Balance Sheets

(In thousands)	March 31,	
Assets	**2014**	**2013**
Current assets		
Cash and cash equivalents	$ 28,331	$ 15,670
Accounts receivable, net	65,050	73,053
Inventories	65,586	60,201
Deferred income tax assets	6,544	6,349
Prepaid expenses and other current assets	11,674	8,900
Total current assets	177,185	164,173
Property and equipment, net	9,597	9,896
Goodwill	190,911	167,546
Intangible assets, net	1,394,817	1,373,240
Other long-term assets	23,153	24,944
Total Assets	$ 1,795,663	$ 1,739,799
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	$ 48,286	$ 51,376
Accrued interest payable	9,626	13,894
Other accrued liabilities	26,446	31,398
Total current liabilities	84,358	96,668
Long-term debt		
Principal amount	937,500	978,000
Less unamortized discount	(3,086)	(7,100)
Long-term debt, net of unamortized discount	934,414	970,900
Deferred income tax liabilities	213,204	194,288
Other long-term liabilities	327	—
Total Liabilities	1,232,303	1,261,856
Commitments and Contingencies – Note 17		
Stockholders' Equity		
Preferred stock – $0.01 par value		
Authorized – 5,000 shares		
Issued and outstanding – None	—	—
Preferred share rights	—	283
Common stock – $0.01 par value		
Authorized – 250,000 shares		
Issued – 52,021 shares and 51,311 shares at March 31, 2014 and 2013, respectively	520	513
Additional paid-in capital	414,387	401,691
Treasury stock, at cost – 206 shares at March 31, 2014 and 181 shares at March 31, 2013	(1,431)	(687)
Accumulated other comprehensive income (loss), net of tax	739	(104)
Retained earnings	149,145	76,247
Total Stockholders' Equity	563,360	477,943
Total Liabilities and Stockholders' Equity	$ 1,795,663	$ 1,739,799

See accompanying notes.

Prestige Brands Holdings, Inc.
Consolidated Statements of Changes in Stockholders' Equity and Comprehensive Income

(In thousands)	Common Stock Shares	Common Stock Par Value	Additional Paid-in Capital	Treasury Stock Shares	Treasury Stock Amount	Accumulated Other Comprehensive Loss	Preferred Share Rights	Retained Earnings (Accumulated Deficit)	Totals
Balances at March 31, 2011	50,276	$ 503	$ 387,932	160	$ (416)	$ —	$ —	$ (26,187)	$ 361,832
Stock-based compensation	—	—	3,078	—	—	—	—	—	3,078
Exercise of stock options	87	1	888	—	—	—	—	—	889
Preferred share rights	—	—	—	—	—	—	283	(283)	—
Issuance of shares related to restricted stock	103	1	—	—	—	—	—	—	1
Shares surrendered as payment of tax withholding	—	—	—	21	(271)	—	—	—	(271)
Components of comprehensive income:									—
Net income	—	—	—	—	—	—	—	37,212	37,212
Translation adjustments	—	—	—	—	—	(13)	—	—	(13)
Total comprehensive income	—	—	—	—	—	—	—	—	37,199
Balances at March 31, 2012	50,466	$ 505	$ 391,898	181	$ (687)	$ (13)	$ 283	$ 10,742	$ 402,728
Stock-based compensation	—	—	3,772	—	—	—	—	—	3,772
Exercise of stock options	786	7	6,022	—	—	—	—	—	6,029
Issuance of shares related to restricted stock	59	1	(1)	—	—	—	—	—	—
									—
Components of comprehensive income:									—
Net income	—	—	—	—	—	—	—	65,505	65,505
Translation adjustments	—	—	—	—	—	(91)	—	—	(91)
Total comprehensive income	—	—	—	—	—	—	—	—	65,414
Balances at March 31, 2013	51,311	$ 513	$ 401,691	181	$ (687)	$ (104)	$ 283	$ 76,247	$ 477,943

See accompanying notes.

Prestige Brands Holdings, Inc.
Consolidated Statements of Changes in Stockholders' Equity and Comprehensive Income

	Common Stock		Additional Paid-in Capital	Treasury Stock		Accumulated Other Comprehensive (Loss) Income	Preferred Share Rights	Retained Earnings	Totals
	Shares	Par Value		Shares	Amount				
Balances at March 31, 2013	51,311	$ 513	$ 401,691	181	$ (687)	$ (104)	$ 283	$ 76,247	$ 477,943
Stock-based compensation	—	—	5,146	—	—	—	—	—	5,146
Exercise of stock options	605	6	5,901	—	—	—	—	—	5,907
Preferred share rights	—	—	—	—	—	—	(283)	283	—
Issuance of shares related to restricted stock	105	1	(1)	—	—	—	—	—	—
Treasury share repurchases	—	—	—	25	(744)	—	—	—	(744)
Excess tax benefits from share-based awards	—	—	1,650	—	—	—	—	—	1,650
Components of comprehensive income:									—
Net income	—	—	—	—	—	—	—	72,615	72,615
Translation adjustments	—	—	—	—	—	843	—	—	843
Total comprehensive income	—	—	—	—	—	—	—	—	73,458
Balances at March 31, 2014	52,021	$ 520	$ 414,387	206	$ (1,431)	$ 739	$ —	$ 149,145	$ 563,360

See accompanying notes.

Prestige Brands Holdings, Inc.
Consolidated Statements of Cash Flows

(In thousands)	Year Ended March 31, 2014	2013	2012
Operating Activities			
Net income	$ 72,615	$ 65,505	$ 37,212
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	13,486	13,235	10,734
Deferred income taxes	19,012	25,505	13,793
Amortization of deferred financing costs	7,102	9,832	1,630
Stock-based compensation costs	5,146	3,772	3,078
Loss on extinguishment of debt	18,286	1,443	5,409
Premium payment on 2010 Senior Notes	(15,527)	—	—
Amortization of debt discount	3,410	4,632	1,030
Lease termination costs	—	975	—
(Gain) loss on sale or disposal of property and equipment	(3)	103	—
Changes in operating assets and liabilities, net of effects from acquisitions			
Accounts receivable	9,735	(12,882)	(15,854)
Inventories	(2,850)	(9,342)	3,710
Prepaid expenses and other current assets	(2,130)	3,096	(3,009)
Accounts payable	(4,641)	24,677	5,127
Accrued liabilities	(12,059)	7,054	4,592
Net cash provided by operating activities	111,582	137,605	67,452
Investing Activities			
Purchases of property and equipment	(2,764)	(10,268)	(606)
Proceeds from sale of property and equipment	3	15	—
Proceeds from escrow of Blacksmith acquisition	—	—	1,200
Proceeds from the sale of Phazyme brand	—	21,700	—
Acquisition of brands from GSK	—	—	(662,800)
Acquisition of brands from GSK purchase price adjustments	—	(226)	—
Acquisition of Care Pharmaceuticals, less cash acquired	(55,215)	—	—
Net cash (used in) provided by investing activities	(57,976)	11,221	(662,206)
Financing Activities			
Proceeds from issuance of Senior Notes	400,000	—	250,000
Proceeds from issuance of 2012 Term Loan	—	—	650,100
Repayment of 2010 Senior Notes	(250,000)	—	—
Repayment of 2010 Term Loan	—	—	(242,000)
Repayment of 2012 Term Loan	(157,500)	(190,000)	(25,000)
Payment of deferred financing costs	(7,466)	(1,146)	(33,284)
Repayments under revolving credit agreement	(83,000)	(15,000)	—
Borrowings under revolving credit agreement	50,000	48,000	—
Proceeds from exercise of stock options	5,907	6,029	889
Excess tax benefits from share-based awards	1,650	—	—
Fair value of shares surrendered as payment of tax withholding	(744)	—	(271)
Net cash (used in) provided by financing activities	(41,153)	(152,117)	600,434
Effects of exchange rate changes on cash and cash equivalents	208	(54)	1
Increase (decrease) in cash and cash equivalents	12,661	(3,345)	5,681
Cash and cash equivalents - beginning of year	15,670	19,015	13,334
Cash and cash equivalents - end of year	$ 28,331	$ 15,670	$ 19,015
Interest paid	$ 62,357	$ 69,641	$ 34,977
Income taxes paid	$ 11,020	$ 10,624	$ 12,865

See accompanying notes.

Prestige Brands Holdings, Inc.
Notes to Consolidated Financial Statements

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 brands to mass merchandisers, drug stores, supermarkets, club and dollar stores in the United States, Canada 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
Our Consolidated Financial Statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). All significant intercompany transactions and balances have been eliminated in consolidation. Our fiscal year ends on March 31st of each year. References in these Consolidated Financial Statements or notes to a year (e.g., “2014”) mean our fiscal year ended on March 31st of that year.

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, sales returns and allowances, trade promotional allowances and inventory obsolescence.

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 March 31, 2014 are uninsured.

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, where cost is determined by using the first-in, first-out method. We reduce 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.

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 lease term 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 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 purchase 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. Goodwill is tested for impairment at the reporting unit "brand" 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 ranging from 3 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 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.

Deferred Financing Costs
We have incurred debt origination costs in connection with the issuance of long-term debt. These costs are capitalized as deferred financing costs and amortized over the term of the related debt using the effective interest method. For a further discussion regarding accelerated amortization, refer to Note 10 of these Consolidated Financial Statements.

Revenue Recognition
We recognize revenue 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 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, 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. Shipping, warehousing and handling costs were $32.0 million for 2014, $30.6 million for 2013 and $27.8 million for 2012.

Advertising and Promotion Costs
Advertising and promotion costs are expensed as incurred. Allowances for new 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 to be recognized over the period an employee 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") 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. As a result, we have applied a more-likely-than-not recognition threshold for all tax uncertainties. 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.

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 stock options, stock appreciation rights and unvested restricted shares, are included in the earnings per share calculation to the extent that they are dilutive.

Recently Issued Accounting Standards
In April 2014, the FASB issued Accounting Standards Update ("ASU") 2014-08, Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity. Under the new guidance, only disposals representing a strategic shift in operations should be presented as discontinued operations. Those strategic shifts should have a major effect on the organization's operations and financial results. Examples include a disposal of a major geographic area, a major line of business, or a major equity method investment. In addition, the new guidance requires expanded disclosures about discontinued operations that will provide financial statement users with more information about the assets, liabilities, income, and expenses of discontinued operations. Early adoption is permitted, but only for disposals (or classifications as held for sale) that have not been reported in financial statements previously issued or available for issuance. The amendments in this update must be applied prospectively to all disposals (or classifications as held for sale) of components of an entity that occur within annual periods beginning on or after December 15, 2014, and interim periods within those years. The adoption of ASU 2014-08 is not expected to have a material impact on our Consolidated Financial Statements.

In July 2013, the FASB issued ASU 2013-11, *Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists*, which requires that an unrecognized tax benefit, or portion of an unrecognized tax benefit, be presented as a reduction of a deferred tax asset for a net operating loss carryforward, a similar tax loss or a tax credit carryforward. If an applicable deferred tax asset is not available to use or the tax law of the applicable jurisdiction does not require the entity to use and the company does not intend to use the applicable deferred tax asset, the

unrecognized tax benefit should be presented as a liability in the financial statements and should not be combined with an unrelated deferred tax asset. ASU 2013-11 is effective for annual reporting periods, and interim periods within those years, beginning after December 15, 2013. The amendments must be applied prospectively to all unrecognized tax benefits that exist at the effective date; however retrospective application is permitted. ASU 2013-11 is not expected to have a material impact on our Consolidated Financial Statements.

In March 2013, the FASB issued ASU 2013-05, *Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity,* relating to the release of cumulative translation adjustments into net income when a parent either sells a part or all of its investment in a foreign entity or no longer holds a controlling financial interest in a subsidiary or group of assets. The guidance is effective prospectively for annual reporting periods beginning after December 15, 2013, and interim periods within those annual periods. Early adoption is permitted. The adoption of ASU 2013-05 is not expected to have a material impact on our Consolidated Financial Statements.

In February 2013, the FASB issued ASU 2013-02, *Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income*. ASU 2013-02 requires that for those items that are reclassified out of accumulated other comprehensive income and into net income in their entirety, the effect of the reclassification on each affected net income line item be disclosed. For accumulated other comprehensive income reclassification items that are not reclassified in their entirety into net income, a cross reference must be made to other required disclosures. The guidance is effective prospectively for annual reporting periods beginning after December 15, 2012, and interim periods within those annual periods. ASU 2013-02 did not have a material impact on our Consolidated Financial Statements. See Note 15, Accumulated Other Comprehensive Income (Loss) for required disclosure.

In December 2011, the FASB issued ASU 2011-11, *Disclosures about Offsetting Assets and Liabilities*, regarding disclosures about offsetting assets and liabilities. The new disclosure requirements mandate that entities disclose both gross and net information about instruments and transactions eligible for offset in the statement of financial position, as well as instruments and transactions subject to an agreement similar to a master netting arrangement. In addition, the standard requires disclosure of collateral received and posted in connection with master netting agreements or similar arrangements. An entity will be required to disclose the following information for assets and liabilities within the scope of the new standard: (i) the gross amounts of those recognized assets and those recognized liabilities; (ii) the amounts offset to determine the net amounts presented in the statement of financial position; (iii) the net amounts presented in the statement of financial position; (iv) the amounts subject to an enforceable master netting arrangement or similar agreement not otherwise included in (ii); and (v) the net amount after deducting the amounts in (iv) from the amounts in (iii). The standard affects all entities with balances presented on a net basis in the financial statements, derivative assets and derivative liabilities, repurchase agreements, and financial assets and financial liabilities executed under a master netting or similar arrangement. This guidance is effective for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods. This new guidance did not have a material impact on our Consolidated Financial Statements.

Management has reviewed and continues to monitor the actions of the various financial and regulatory reporting agencies and is currently not aware of any other pronouncement that could have a material impact on our consolidated financial position, results of operations or cash flows.

2. Acquisitions

Acquisition of Care Pharmaceuticals Pty Ltd.

On July 1, 2013, we completed the acquisition of Care Pharmaceuticals Pty Ltd. ("Care Pharma"), which was funded through a combination of our existing senior secured credit facility and cash on hand.

The Care Pharma brands include the *Fess* line of cold/allergy and saline nasal health products, which is the leading saline spray for both adults and children in Australia. Other key brands include *Painstop* analgesic, *Rectogesic* for rectal discomfort, and the *Fab* line of nutritional supplements. Care Pharma also carries a line of brands for children including *Little Allergies*, *Little Eyes*, and *Little Coughs*. The brands acquired are complementary to our existing OTC Healthcare portfolio.

This 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 a preliminary analysis of the fair values of the assets acquired and liabilities assumed as of the date of acquisition. The following table summarizes our preliminary allocation of the assets acquired and liabilities assumed as of the July 1, 2013 acquisition date.

(In thousands)		**July 1, 2013**
Cash acquired	$	1,546
Accounts receivable		1,658
Inventories		2,465
Deferred income tax assets		283
Prepaids and other current assets		647
Property, plant and equipment		163
Goodwill		23,122
Intangible assets		31,502
Total assets acquired		61,386
Accounts payable		1,537
Accrued expenses		2,788
Other long term liabilities		300
Total liabilities assumed		4,625
Net assets acquired	$	56,761

Based on this analysis, we allocated $29.8 million to non-amortizable intangible assets and $1.7 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 15.1 years. The weighted average remaining life for amortizable intangible assets at March 31, 2014 was 14.5 years.

We also recorded goodwill of $23.1 million based on the amount by which the purchase price exceeded the preliminary fair value of the net assets acquired. The full amount of goodwill is deductible for income tax purposes.

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

Acquisition of GlaxoSmithKline OTC Brands
On December 20, 2011, we entered into two separate agreements with GlaxoSmithKline plc ("GSK") to acquire a total of 17 North American OTC healthcare brands (the "GSK Brands") for $660.0 million in cash (the "GSK Agreement").

On January 31, 2012, we completed, subject to a post-closing inventory and apportionment adjustment, as defined in the GSK Agreement, the acquisition of the first 15 North American GSK Brands (the "GSK Brands I"), including the related contracts, trademarks and inventory for $615.0 million in cash. The GSK Brands I include, among other brands, *BC*, *Goody's* and *Ecotrin* brands of pain relievers; *Beano*, *Gaviscon*, *Phazyme*, *Tagamet* and *Fiber Choice* gastrointestinal brands; and the *Sominex* sleep aid brand.

On March 30, 2012, we completed, subject to a post-closing inventory and apportionment adjustment, as defined in the GSK Agreement, the acquisition of the *Debrox* and *Gly-Oxide* brands (the "GSK Brands II") in the United States, including the related contracts, trademarks, and inventory for $45.0 million in cash.

Both the GSK Brands I and GSK Brands II are complementary to our existing OTC healthcare portfolio.

These acquisitions were accounted for in accordance with the Business Combinations topic of the ASC.

The purchase price of the GSK Brands I and GSK Brands II was funded by cash provided by the issuance of long-term debt and additional bank borrowings, which are discussed further in Note 11. In April 2012, we received the post-closing inventory and apportionment adjustments, attributable to both the GSK Brands I and GSK Brands II, which required us to pay an additional $2.8 million to GSK, and in May 2012 we received a revised post-closing inventory and apportionment adjustment, attributable to the GSK Brands II, which required us to pay an additional $0.2 million, for a total of $3.0 million, to GSK.

Concurrent with the closing of the GSK Brands I transaction, we entered into a Transitional Services Agreement with GSK (the "TSA"), whereby GSK provided us with various services including: marketing, operations, finance and other services, from the

GSK Brands I acquisition date primarily through June 30, 2012, with additional finance support through August 31, 2012. As part of the TSA, GSK, among other things, shipped products, invoiced customers, collected from customers and paid certain vendors on our behalf. Our initial costs under the TSA were approximately $2.5 million per month for the length of the agreement and were reduced during the service period as we removed certain services and transitioned those processes to us. We incurred $6.9 million in TSA costs for the year ended March 31, 2013. Pursuant to the TSA, we received on a monthly basis the amount owed to us for revenues and expenses, net of GSK's TSA fees and inventory that GSK purchased on our behalf.

The allocation of the purchase price to assets acquired is based on a valuation we performed to determine the fair value of such assets as of the acquisition date. The following table summarizes our allocation of the $663.0 million purchase price to the assets we acquired on the GSK Brands acquisition dates:

(In thousands)	GSK Brands I (January 31, 2012)	GSK Brands II (March 30, 2012)	Total
Inventory	$ 14,820	$ 250	$ 15,070
Prepaid expenses	3,575	—	3,575
Trade names	542,892	81,257	624,149
Goodwill	17,401	2,831	20,232
Total purchase price	$ 578,688	$ 84,338	$ 663,026

We recorded goodwill based on the amount by which the purchase price exceeded the fair value of assets acquired. The amount of goodwill deductible for tax purposes is $20.2 million.

The fair value of the trade names is comprised of $556.9 million of non-amortizable intangible assets and $67.2 million of amortizable intangible assets. We are amortizing the purchased amortizable intangible assets on a straight-line basis over an estimated weighted average useful life of 19.3 years. The weighted average remaining life for amortizable intangible assets at March 31, 2014 was 17.0 years.

The operating results of the GSK Brands I have been included in our Consolidated Financial Statements beginning February 1, 2012, while the operating results of the GSK Brands II have been included in our Consolidated Financial Statements beginning April 1, 2012. Revenues of the GSK Brands for the year ended March 31, 2013 were $211.2 million and net income was $27.4 million.

The following table provides our combined unaudited pro forma revenues, income from continuing operations and income from continuing operations per basic and diluted common share as if the acquisition of the GSK Brands occurred on April 1, 2011. The pro forma results were prepared from financial information obtained from the sellers of the businesses, as well as information obtained during the due diligence processes associated with the acquisitions. The unaudited pro forma results reflect certain adjustments related to the acquisitions, such as increased depreciation and amortization expense resulting from the stepped-up basis to fair value of the assets acquired and adjustments to reflect the Company's borrowing and tax rates. This pro forma information is not necessarily indicative of either the combined results of operations that actually would have been realized by us had the acquisition of the GSK Brands been consummated at the beginning of the period for which the pro forma information is presented, or of future results.

(In thousands, except per share data)	Year Ended March 31, 2012
	(Unaudited)
Revenues	$ 616,849
Income from continuing operations	69,989
Basic earnings per share:	
Income from continuing operations	$ 1.39
Diluted earnings per share:	
Income from continuing operations	$ 1.38

3. Divestitures

Sale of the Phazyme Brand

On October 31, 2012, we divested the *Phazyme* gas treatment brand, which was a non-core OTC brand that we acquired from GSK in January 2012. We received $21.7 million from the divestiture on October 31, 2012 and the remaining $0.6 million on January 4, 2013. The proceeds were used to repay debt. No significant gain or loss was recorded as a result of the sale.

Concurrent with the completion of the sale of the *Phazyme* brand, we entered into a Transitional Services Agreement with the buyer (the "Phazyme TSA"), whereby we agreed to provide the buyer with various services, including marketing, operations, finance and other services from the date of the acquisition primarily through January 31, 2013, with an option for additional support for the Canadian portion of that business through October 31, 2013, at the buyer's discretion. All Phazyme United States TSA services ended, as agreed, on January 31, 2013. The buyer elected to extend the Canadian portion of the TSA services on a month to month basis and terminated the support on October 31, 2013.

The following table presents the assets sold at October 31, 2012 related to the *Phazyme* brand:

(In thousands)		October 31, 2012
Components of assets sold:		
Inventory	$	220
Prepaid expenses		100
Trade names		15,604
Goodwill		6,382

4. Accounts Receivable

Accounts receivable consist of the following:

(In thousands)	March 31,			
		2014		2013
Components of Accounts Receivable				
Trade accounts receivable	$	73,632	$	79,746
Other receivables		1,360		615
		74,992		80,361
Less allowances for discounts, returns and uncollectible accounts		(9,942)		(7,308)
Accounts receivable, net	$	65,050	$	73,053

5. Inventories

Inventories consist of the following:

(In thousands)	March 31,			
		2014		2013
Components of Inventories				
Packaging and raw materials	$	3,099	$	1,875
Finished goods		62,487		58,326
Inventories	$	65,586	$	60,201

Inventories are carried and depicted above at the lower of cost or market, which includes a reduction in inventory values of $1.1 million and $1.3 million at March 31, 2014 and 2013, respectively, related to obsolete and slow-moving inventory.

6. Property and Equipment

Property and equipment consist of the following:

(In thousands)	March 31,	
	2014	2013
Components of Property and Equipment		
Machinery	$ 1,927	$ 1,580
Computer equipment	8,923	6,559
Furniture and fixtures	1,858	1,510
Leasehold improvements	4,734	4,713
	17,442	14,362
Accumulated depreciation	(7,845)	(4,466)
Property and equipment, net	$ 9,597	$ 9,896

We recorded depreciation expense of $3.2 million, $1.6 million, and $0.7 million for 2014, 2013, and 2012, respectively. Additionally, during the year ended March 31, 2013, we wrote off leasehold improvements with a remaining net book value of less than $0.1 million due to the relocation of our corporate offices.

7. Goodwill

The following table summarizes the changes in the carrying value of goodwill by operating segment for each of 2012, 2013, and 2014:

(In thousands)	OTC Healthcare	Household Cleaning	Consolidated
Balance – March 31, 2011			
Goodwill	$ 277,677	$72,549	$350,226
Accumulated impairment losses	(130,170)	(65,160)	(195,330)
Balance – March 31, 2011	147,507	7,389	154,896
2012 additions	20,006	—	20,006
Balance – March 31, 2012			
Goodwill	296,483	72,549	369,032
Accumulated impairment losses	(130,170)	(65,160)	(195,330)
Balance – March 31, 2012	166,313	7,389	173,702
2013 additions	226	—	226
2013 reductions	(6,382)	—	(6,382)
Balance – March 31, 2013			
Goodwill	290,327	72,549	362,876
Accumulated impairment losses	(130,170)	(65,160)	(195,330)
	160,157	7,389	167,546
2014 additions	23,122	—	23,122
Effects of foreign currency exchange rates	243	—	243
Balance – March 31, 2014			
Goodwill	313,692	72,549	386,241
Accumulated impairment losses	(130,170)	(65,160)	(195,330)
	$ 183,522	$ 7,389	$ 190,911

As discussed in Note 2, on January 31, 2012, we completed the acquisition of the GSK Brands I for $615.0 million in cash, and on March 30, 2012, we completed the acquisition of the GSK Brands II for $45.0 million in cash, in each case subject to certain post-closing adjustments. We recorded a post-closing adjustment of $2.8 million as of March 31, 2012, to reflect adjustments to certain inventory items and other current assets acquired. In connection with these acquisitions, we recorded goodwill of $20.0 million based on the amount by which the purchase price exceeded the fair value of assets acquired.

During the three months ended June 30, 2012, we received a revised post-closing inventory and apportionment adjustment from GSK for an additional amount of $0.2 million, which resulted in an increase to our recorded goodwill balance.

As more fully disclosed in Note 3, on October 31, 2012, we sold the *Phazyme* brand for $22.3 million. As a result of the divestiture of *Phazyme*, we reduced goodwill by $6.4 million.

As discussed in Note 2, on July 1, 2013, we completed the acquisition of Care Pharma. In connection with this acquisition, we recorded goodwill of $23.1 million based on the amount by which the purchase price exceeded the preliminary fair value of the net assets acquired.

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. At March 31, 2014 and 2013, in conjunction with the annual test for goodwill impairment, there were no indicators of impairment under the analysis. Accordingly, no impairment charge was recorded in 2014 or 2013.

The discounted cash flow methodology is a widely-accepted valuation technique utilized by market participants in the transaction evaluation process and has been applied consistently. We also considered our market capitalization at March 31, 2014, 2013 and 2012, 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. Although the impairment charges in the prior years were a result of utilizing management’s best estimate of fair value, the estimates and assumptions made in assessing the fair value of the 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 additional impairments in the future. The Company has experienced revenue declines in regard to certain brands in its Household Cleaning segment during 2013 and 2012. Adverse changes in the expected operating results and/or unfavorable changes in other economic factors used to estimate fair values of these specific brands could result in a non-cash impairment charge in the future.

The aggregate fair value of our goodwill and indefinite-lived intangible assets exceeded the carrying value by 53.1%. Only one individual reporting unit's fair value exceeded its carrying values by less than 10.0%. The reporting unit's associated carrying value of goodwill and intangible assets amounted to $0.8 million at March 31, 2014. Additionally, certain brands, including certain of our household brands, have experienced recent revenue declines. While the fair value of these reporting units exceeds the carrying value by more than 10.0%, should such revenue declines continue, the fair value of the corresponding reporting units may no longer exceed their carrying value and we would be required to record an impairment charge.

8. Intangible Assets

A reconciliation of the activity affecting intangible assets for each of 2012, 2013, and 2014 is as follows:

(In thousands)	Year Ended March 31, 2012			
	Indefinite Lived Trademarks	**Finite Lived Trademarks**	**Non Compete Agreement**	**Totals**
Gross Amount				
Balance – March 31, 2011 (including discontinued operations)	$ 688,484	$ 150,293	$ 158	$ 838,935
Additions	556,930	67,219	—	624,149
Disposals	—	—	—	—
Balance – March 31, 2012	$ 1,245,414	$ 217,512	$ 158	$ 1,463,084
Accumulated Amortization				
Balance – March 31, 2011	$ —	$ 52,416	$ 158	$ 52,574
Additions	—	9,988	—	9,988
Disposals	—	—	—	—
Balance – March 31, 2012	$ —	$ 62,404	$ 158	$ 62,562
Intangibles, net – March 31, 2012	$ 1,245,414	$ 155,108	$ —	$ 1,400,522

(In thousands)	Year Ended March 31, 2013			
	Indefinite Lived Trademarks	**Finite Lived Trademarks**	**Non Compete Agreement**	**Totals**
Gross Amount				
Balance – March 31, 2012	$ 1,245,414	$ 217,512	$ 158	$ 1,463,084
Reclassifications	(1,696)	1,696	—	—
Reductions	—	(16,142)	—	(16,142)
Balance – March 31, 2013	$ 1,243,718	$ 203,066	$ 158	$ 1,446,942
Accumulated Amortization				
Balance – March 31, 2012	$ —	$ 62,404	$ 158	$ 62,562
Additions	—	11,678	—	11,678
Reductions	—	(538)	—	(538)
Balance – March 31, 2013	$ —	$ 73,544	$ 158	$ 73,702
Intangibles, net – March 31, 2013	$ 1,243,718	$ 129,522	$ —	$ 1,373,240

(In thousands)	Year Ended March 31, 2014			
	Indefinite Lived Trademarks	Finite Lived Trademarks	Non Compete Agreement	Totals
Gross Amount				
Balance – March 31, 2013	$ 1,243,718	$ 203,066	$ 158	$ 1,446,942
Additions	29,845	1,657	—	$ 31,502
Reductions	—	—	(158)	(158)
Effects of foreign currency exchange rates	315	17	—	332
Balance – March 31, 2014	$ 1,273,878	$ 204,740	$ —	$ 1,478,618
Accumulated Amortization				
Balance – March 31, 2013	$ —	$ 73,544	$ 158	$ 73,702
Additions	—	10,256	—	10,256
Reductions	—	—	(158)	(158)
Effects of foreign currency exchange rates	—	1	—	1
Balance – March 31, 2014	$ —	$ 83,801	$ —	$ 83,801
Intangibles, net – March 31, 2014	$ 1,273,878	$ 120,939	—	$ 1,394,817

As discussed in Note 2, on January 31, 2012, we completed the acquisition of the GSK Brands I for $615.0 million in cash. On March 30, 2012, we completed the acquisition of the GSK Brands II for $45.0 million in cash. In connection with these acquisitions, we allocated $624.1 million of the purchase price to intangible assets.

As discussed in Note 3, on October 31, 2012, we sold the *Phazyme* brand for $22.3 million. As a result of this divestiture, we reduced the net book value of our intangible assets by $15.6 million.

During the year ended March 31, 2013, we reclassified a portion of trademarks related to the acquired GSK Brands from indefinite-lived to finite-lived intangible assets in the amount of $1.7 million.

As discussed in Note 2, on July 1, 2013, we completed the acquisition of Care Pharma. In connection with this acquisition, we allocated $31.5 million to intangible assets based on our analysis.

We completed our test for impairment of intangible assets during the fourth quarter of 2014, 2013 and 2012. For 2014, 2013 and 2012, we did not record any impairment charge, as facts and circumstances indicated that the fair values of the intangible assets for such segments exceeded their carrying values. The Company has experienced revenue declines in regard to certain brands in its Household Cleaning segment during 2013 and 2012. Adverse changes in the expected operating results and/or unfavorable changes in other economic factors used to estimate fair values of these specific brands could result in a non-cash impairment charge in the future.

The weighted average remaining life for finite-lived intangible assets at March 31, 2014 was approximately 13.5 years and the amortization expense for the year ended March 31, 2014 was $10.3 million. At March 31, 2014, finite-lived intangible assets are expected to be amortized over their estimated useful life, which ranges from a period of 3 to 30 years, and the estimated amortization expense for each of the five succeeding years and periods thereafter is as follows (in thousands):

Year Ending March 31,	
2015	$ 8,950
2016	8,950
2017	8,950
2018	8,950
2019	8,950
Thereafter	76,189
	$ 120,939

9. Other Accrued Liabilities

Other accrued liabilities consist of the following:

(In thousands)	March 31,	
	2014	2013
Accrued marketing costs	$ 11,812	$ 17,187
Accrued compensation costs	6,232	8,847
Accrued broker commissions	1,019	1,028
Income taxes payable	1,854	493
Accrued professional fees	2,002	1,846
Deferred rent	1,258	1,268
Accrued production costs	1,506	—
Accrued lease termination costs	—	729
Other accrued liabilities	763	—
	$ 26,446	$ 31,398

10. Long-Term Debt

2010 Senior Notes:
On March 24, 2010, Prestige Brands, Inc. (the "Borrower") issued $150.0 million aggregate principal amount of senior unsecured notes, with an interest rate of 8.25% and a maturity date of April 1, 2018 (the "2010 Senior Notes"). On November 1, 2010, the Borrower issued an additional $100.0 million of the 2010 Senior Notes. The Borrower had the right to earlier redeem some or all of the 2010 Senior Notes at redemption prices set forth in the indenture governing the 2010 Senior Notes. The 2010 Senior Notes issued in March and November 2010 were issued at an aggregate face value of $150.0 million and $100.0 million, respectively, with a discount to the initial purchasers of $2.2 million and a premium of $0.3 million, respectively, and net proceeds to the Company of $147.8 million and $100.3 million, respectively, yielding an 8.5% effective interest rate for the 2010 Senior Notes on a combined basis. The 2010 Senior Notes were unconditionally guaranteed by Prestige Brands Holdings, Inc. and its domestic 100% owned subsidiaries, other than the Borrower. Each of these guarantees was joint and several. There were 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 December 17, 2013, we offered to redeem the 2010 Senior Notes at a premium of 6.33%, of which $201.7 million were redeemed on that date. The remaining $48.3 million were redeemed on January 16, 2014. As a result, during the quarter ended December 31, 2013, we recorded a $15.0 million loss on the early extinguishment of debt relating to the $201.7 million 2010 Senior Notes redeemed and recorded an additional loss of $3.3 million on the remaining $48.3 million tendered on January 16, 2014. The $18.3 million loss consists of premium payments of $15.5 million, write-off of deferred financing costs of $2.2 million, and write-off of debt discount of $0.6 million.

2012 Senior Notes:
On January 31, 2012, the Borrower issued $250.0 million aggregate principal amount of senior unsecured notes at par value, with an interest rate of 8.125% and a maturity date of February 1, 2020 (the "2012 Senior Notes"). The Borrower may earlier redeem some or all of the 2012 Senior Notes at redemption prices set forth in the indenture governing the 2012 Senior Notes. The 2012 Senior Notes are guaranteed by Prestige Brands Holdings, Inc. and certain of its domestic 100% owned subsidiaries. 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 2012 Senior Notes offering, we incurred $12.6 million of costs, which were capitalized as deferred financing costs and are being amortized over the term of the 2012 Senior Notes.

2012 Term Loan and 2012 ABL Revolver:
On January 31, 2012, the Borrower also 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 seven-year maturity and (ii) a $50.0 million asset-based revolving credit facility (the "2012 ABL Revolver") with a five-year maturity. In September 2012, we utilized a portion of our accordion feature to increase the amount of our borrowing capacity under the 2012 ABL Revolver by $25.0 million to $75.0 million, and in June 2013, we further increased the amount of our borrowing capacity under the 2012 ABL Revolver by $20.0 million to $95.0 million and also reduced our borrowing rate on the 2012 ABL Revolver by 0.25%. 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 Company 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. 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, the Borrower entered into Amendment No. 1 (the "Amendment") to the 2012 Term Loan. The Amendment provides for the refinancing of all of the Borrower's existing Term B Loans with new Term B-1 Loans. The interest rate on the Term B-1 Loans is 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 plus a margin. The new Term B-1 Loans will mature on the same date as the Term B Loans' original maturity date. In addition, the Amendment provides 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 the Amendment, during the fourth quarter ended March 31, 2013, we recognized a $1.4 million loss on the extinguishment of debt.

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 2.00% 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, with a LIBOR floor of 1.00%. For the twelve months ended March 31, 2014, the average interest rate on the 2012 Term Loan was 3.9%.

Under the 2012 Term Loan, we were originally required to make quarterly payments each equal to 0.25% of the original principal amount of the 2012 Term Loan, with the balance expected to be due on the seventh anniversary of the closing date. However, since we have previously made significant optional payments that exceeded all of our required quarterly payments, we will not be required to make a payment until the maturity date of January 31, 2019.

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., (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 initial applicable margin for borrowings under the 2012 ABL Revolver is 1.75% with respect to LIBOR borrowings and 0.75% with respect to base-rate borrowings. 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 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. For the twelve months ended March 31, 2014, the average interest rate on the amounts borrowed under the 2012 ABL Revolver was 2.0%.

We used the net proceeds from the 2012 Senior Notes offering, together with borrowings under the 2012 Term Loan, to finance the acquisition of the GSK Brands, to repay the balance of our then-outstanding credit facility, to pay fees and expenses incurred in connection with these transactions and for general corporate purposes.

2013 Senior Notes:
On December 17, 2013, the Borrower issued $400.0 million aggregate principal amount 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. 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.

Redemptions and Restrictions:
At any time prior to February 1, 2016, we may redeem the 2012 Senior Notes in whole or in part at a redemption price equal to 100% of the principal amount of the notes redeemed, plus a "make-whole premium" calculated as set forth in the indenture governing the 2012 Senior Notes, together with accrued and unpaid interest, if any, to the date of redemption. On or after February 1, 2016, we may redeem the 2012 Senior Notes in whole or in part at redemption prices set forth in the indenture governing the 2012 Senior Notes. In addition, at any time prior to February 1, 2015, we may redeem up to 35% of the aggregate principal amount of the 2012 Senior Notes at a redemption price equal to 108.125% of the principal amount, plus accrued and unpaid interest, if any, to the redemption date, with the net cash proceeds of certain equity offerings, provided that certain conditions are met. Subject to certain limitations, in the event of a change of control, as defined in the indenture governing the 2012 Senior Notes, the Borrower will be required to make an offer to purchase the 2012 Senior Notes at a price equal to 101% of the aggregate principal amount of the 2012 Senior Notes repurchased, plus accrued and unpaid interest, if any, to the date of repurchase.

At any time prior to December 15, 2016, we may redeem the 2013 Senior Notes in whole or in part at a redemption price equal to 100% of the principal amount of the notes redeemed plus accrued and unpaid interest, if any, to the redemption date on the 2013 Senior Notes plus an applicable "make-whole premium". On or after December 15, 2016, we may 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 may 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 are met.

The indentures governing the 2012 Senior Notes and the 2013 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 2012 Senior Notes and the 2013 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 and the indentures governing the 2012 Senior Notes and the 2013 Senior Notes. At March 31, 2014, we were in compliance with the covenants under our long-term indebtedness.

At March 31, 2014, we had an aggregate of $23.2 million of unamortized debt issuance costs and $3.1 million of unamortized debt discount, the total of which is comprised of $10.1 million related to the 2012 Senior Notes, $7.0 million related to the 2013 Senior Notes, $7.9 million related to the 2012 Term Loan, and $1.3 million related to the 2012 ABL Revolver.

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

(In thousands, except percentages)	March 31,	
	2014	2013
2013 Senior Notes bearing interest at 5.375%, with interest payable on June 15 and December 15 of each year, commencing June 15, 2014. The 2013 Senior Notes mature on December 15, 2021.	$ 400,000	$ —
2012 Senior Notes bearing interest at 8.125%, with interest only payable on February 1st and August 1st of each year. The 2012 Senior Notes mature on February 1, 2020.	250,000	250,000
2012 Term Loan bearing interest at the Company's option at either a base rate plus applicable margin with a floor of 2.00% or LIBOR with a floor of 1.00%, due on January 31, 2019.	287,500	445,000
2012 ABL Revolver bearing interest at the Company's option at either a base rate plus applicable margin or LIBOR plus applicable margin. Any unpaid balance is due on January 31, 2017.	—	33,000
2010 Senior Notes bearing interest at 8.25%, with interest only payable on April 1st and October 1st of each year. The 2010 Senior Notes would have matured on April 1, 2018.	—	250,000
	937,500	978,000
Current portion of long-term debt	—	—
	937,500	978,000
Less: unamortized discount	(3,086)	(7,100)
Long-term debt, net of unamortized discount	$ 934,414	$ 970,900

As of March 31, 2014, aggregate future principal payments required in accordance with the terms of the 2012 Term Loan and the indentures governing the 2013 Senior Notes and the 2012 Senior Notes are as follows:

Year Ending March 31,	Amount
2015	$ —
2016	—
2017	—
2018	—
2019	287,500
Thereafter	650,000
	$ 937,500

11. Fair Value Measurements

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 March 31, 2014, 2013 or 2012. We have not entered into derivative financial instruments for trading purposes; all of our derivatives were over-the-counter instruments with liquid markets.

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 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 2012 Term Loan, the 2013 and the 2012 Senior Notes, and the 2012 ABL Revolver are measured in Level 2 of the above hierarchy. At March 31, 2013, the 2010 Senior Notes were measured at Level 2 of the above hierarchy. At March 31, 2014 and 2013, we did not have any assets or liabilities measured in Level 1 or 3. During 2014, 2013 and 2012, there were no transfers of assets or liabilities between Levels 1, 2 and 3.

At March 31, 2014, the carrying value and market value of our 2013 Senior Notes was $400.0 million and $408.5 million, respectively.

At March 31, 2014 and 2013, the carrying value of our 2012 Senior Notes was $250.0 million. The market value of our 2012 Senior Notes was $280.6 million and $281.9 million at March 31, 2014 and 2013, respectively.

At March 31, 2014 and 2013, the carrying value of the 2012 Term Loan was $287.5 million and $445.0 million, respectively. The market value of the 2012 Term Loan was $288.9 million and $451.1 million at March 31, 2014 and 2013, respectively.

During the year ended March 31, 2014, we repaid the 2010 Senior Notes in full. At March 31, 2013, the carrying value and market value of our 2010 Senior Notes was $250.0 million and $271.9 million, respectively.

During the year ended March 31, 2014 we repaid the existing balance of the 2012 ABL Revolver in full. At March 31, 2013, the carrying value of the 2012 ABL Revolver of $33.0 million, approximated its market value.

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 stock outstanding having priority rights as to dividends. No dividends have been declared or paid on the Company's common stock through March 31, 2014.

Pursuant to the provisions of various employee restricted stock awards, we repurchased 25,464 shares of restricted common stock from our employees during the year ended March 31, 2014. During the year ended March 31, 2013, we did not repurchase any shares of restricted common stock from our employees pursuant to the provisions of the various employee restricted stock awards. The repurchases during the year ended March 31, 2014 were at an average price of $29.23. All of the repurchased shares have been recorded as treasury stock.

13. 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, restricted stock awards, and restricted stock units. The following table sets forth the computation of basic and diluted earnings per share:

(In thousands, except per share data)	**Year Ended March 31,**		
	2014	**2013**	**2012**
Numerator			
Net income	$ 72,615	$ 65,505	$ 37,212
Denominator			
Denominator for basic earnings per share- weighted average shares outstanding	51,641	50,633	50,270
Dilutive effect of unvested restricted common stock (including restricted stock units) and options issued to employees and directors	708	807	478
Denominator for diluted earnings per share	52,349	51,440	50,748
Earnings per Common Share:			
Basic net earnings per share	$ 1.41	$ 1.29	$ 0.74
Diluted net earnings per share	$ 1.39	$ 1.27	$ 0.73

Additionally, for 2014, 2013, and 2012 there were 0.2 million, zero, and 0.4 million shares 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.

14. 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 the grant, up to a maximum of 5.0 million shares of restricted stock, stock options, restricted stock units and other equity-based awards. 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 2014, pre-tax share-based compensation costs charged against income and the related income tax benefit recognized were $5.1 million and $1.5 million, respectively.

During 2013, pre-tax share-based compensation costs charged against income and the related income tax benefit recognized were $3.8 million and $1.2 million, respectively.

During 2012, pre-tax share-based compensation costs charged against income and the related income tax benefit recognized were $3.1 million and $1.2 million, respectively. During 2012 management determined that performance goals associated with the grants of stock to management and employees in May 2008 were met, and accordingly recorded stock compensation costs and issued shares in accordance with the Plan in May 2011. No prior compensation costs were required to be reversed.

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 share 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. Termination of employment prior to vesting will result in forfeiture of the restricted stock units. The restricted stock units granted to directors will vest in their entirety one year after the date of grant so long as the membership on the Board of Directors continues through the vesting date, with the settlement in

common stock to occur on the earliest of the director's death, disability or six-month anniversary of the date on which the director's Board membership ceases for reasons other than death or disability. Upon vesting, the units will be settled in shares of our common stock.

On January 25, 2012, the Compensation Committee of our Board of Directors granted 95,000 restricted stock units to certain members of executive management. The restricted stock units will vest in equal annual installments over a three-year period on the anniversary date of the grants. The grant-date fair value of restricted shares is determined using the closing price of our common stock on the day of grant. On May 9, 2012, the Compensation Committee of our Board of Directors granted 111,152 restricted stock units to certain executive officers and employees under the Plan, which will vest 33.3% per year over three years. On June 29, 2012, the Compensation Committee of our Board of Directors granted 12,652 restricted stock units to the independent members of the Board of Directors under the Plan. On August 6, 2012, the Compensation Committee of the Board of Directors granted 5,109 restricted stock units to Matthew M. Mannelly, our President and CEO, under the Plan. On May 14, 2013, the Compensation Committee of our Board of Directors granted 113,637 restricted stock units to certain executive officers and employees under the Plan. Of those grants, 55,637 restricted stock units vest in their entirety on the three-year anniversary of the date of grant, and 58,000 restricted stock units vest 33.3% per year over three years. On July 29, 2013, the Compensation Committee of the Board of Directors granted 7,004 restricted stock units to the independent members of the Board of Directors under the Plan. On November 5, 2013, the Compensation Committee of our Board of Directors granted 6,000 restricted stock units to certain employees under the Plan, which will vest 33.3% per year over three years.

The weighted-average grant-date fair value during 2014, 2013, and 2012 was $30.19, $13.59, and $11.81, respectively.

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

Restricted Shares	**Shares (in thousands)**	**Weighted-Average Grant-Date Fair Value**
Vested and Nonvested at March 31, 2011	275.4	$ 8.46
Granted	217.5	11.81
Vested and issued	(103.4)	9.93
Forfeited	(26.1)	10.17
Vested and nonvested at March 31, 2012	363.4	9.92
Vested at March 31, 2012	54.0	7.40
Granted	128.9	13.59
Vested and issued	(58.7)	9.99
Forfeited	(12.3)	10.69
Vested and nonvested at March 31, 2013	421.3	11.01
Vested at March 31, 2013	70.4	8.52
Granted	126.6	30.19
Vested and issued	(104.8)	9.98
Forfeited	(5.6)	15.11
Vested and nonvested at March 31, 2014	437.5	16.76
Vested at March 31, 2014	69.6	9.34

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, subject to the terms of 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 option.

On May 9, 2012, the Compensation Committee of our Board of Directors granted stock options to acquire 422,962 shares of our common stock to certain executive officers and employees under the Plan. These stock options were granted at an exercise price of $13.24 per share, which is equal to the closing price for our common stock on the date of the grant. On August 6, 2012, the Compensation Committee of the Board of Directors granted stock options to acquire 21,978 shares of our common stock to Matthew M. Mannelly. These stock options were granted at an exercise price of $15.66 per share, which is equal to the closing price for our common stock on the date of grant. 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. On May 14, 2013, the Compensation Committee of our Board of Directors granted stock options to acquire 227,672 shares of our common stock to certain executive officers and employees under the Plan. 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 $29.94 per share, which is equal to the closing price for our common stock on the date of the grant.

The weighted-average grant-date fair value of the options granted during 2014, 2013, and 2012 were $13.94, $6.03, and $5.83, respectively.

	Year Ended March 31,	
	2014	**2013**
Expected volatility	48.0%	44.0%
Expected dividends	—	—
Expected term in years	6	6.5
Risk-free rate	1.3%	1.2%

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

Options	Shares (in thousands)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value (in thousands)
Outstanding at March 31, 2011	1,621.5	$ 8.19		
Granted	308.2	11.27		
Exercised	(86.9)	10.24		
Forfeited or expired	(97.4)	11.57		
Outstanding at March 31, 2012	1,745.4	8.44		
Granted	444.9	13.36		
Exercised	(786.5)	7.67		
Forfeited or expired	(17.4)	11.21		
Outstanding at March 31, 2013	1,386.4	10.43		
Granted	227.7	29.94		
Exercised	(605.0)	9.76		
Forfeited or expired	(14.2)	14.56		
Outstanding at March 31, 2014	994.9	15.24	7.4	$ 7,387
Exercisable at March 31, 2014	173.6	11.56	6.8	1,181

The aggregate intrinsic value of options exercised during 2014 was $14.0 million.

At March 31, 2014, there were $3.7 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 years. The total fair value of options and restricted stock units vested during 2014, 2013, and 2012 was $3.4 million, $2.5 million and $2.9 million, respectively. Cash received from the exercise of stock options was $5.9 million during 2014, and we realized $1.7 million in tax benefits for the tax deductions resulting from option exercises in 2014. Cash received from the exercise of stock options was $6.0 million during 2013, and we realized $11.3 million in tax benefits for the tax deductions resulting from option exercises in 2013. Cash received from the exercise of stock options was $0.6 million during 2012, and we realized $0.3 million in tax benefits for the tax deductions from option exercises in 2012. At March 31, 2014, there were 1.6 million shares available for issuance under the Plan.

15.Accumulated Other Comprehensive Income (Loss)

The table below presents accumulated other comprehensive income (loss) ("AOCI"), which is comprised of various items that affect equity and results from recognized transactions and other economic events, other than transactions with owners in their capacity as owners. As discussed in Note 1 above, ASU 2013-02 did not have a significant impact on our financial statements.

AOCI consisted of the following at March 31, 2014 and 2013:

(In thousands)	**March 31, 2014**	**March 31, 2013**
Components of Accumulated Other Comprehensive Income (Loss)		
Cumulative translation adjustment	$ 739	$ (104)
Accumulated other comprehensive income (loss), net of tax	$ 739	$ (104)

16. Income Taxes

The provision for income taxes consists of the following:

(In thousands)	**Year Ended March 31,**		
	2014	**2013**	**2012**
Current			
Federal	$ 7,801	$ 12,520	$ 8,127
State	625	1,972	1,396
Foreign	1,675	532	630
Deferred			
Federal	27,045	23,845	13,100
State	(7,879)	1,660	692
Foreign	(134)	—	—
Total provision for income taxes	$ 29,133	$ 40,529	$ 23,945

The principal components of our deferred tax balances are as follows:

(In thousands)	**March 31,**	
	2014	**2013**
Deferred Tax Assets		
Allowance for doubtful accounts and sales returns	$ 4,082	$ 2,807
Inventory capitalization	1,301	1,370
Inventory reserves	362	525
Net operating loss carryforwards	327	411
State income taxes	3,728	7,364
Accrued liabilities	642	1,896
Stock compensation	2,358	2,367
Other	702	496
Total deferred tax assets	13,502	17,236
Deferred Tax Liabilities		
Property and equipment	(1,467)	(1,504)
Intangible assets	(218,696)	(203,671)
Total deferred tax liabilities	(220,163)	(205,175)
Net deferred tax liability	$ (206,661)	$ (187,939)

At March 31, 2014, a 100% owned subsidiary of the Company had a net operating loss carryforward of approximately $0.9 million, which may be used to offset future taxable income of the consolidated group and begins to expire in 2020. 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 $0.2 million.

A reconciliation of the effective tax rate compared to the statutory U.S. Federal tax rate is as follows:

	Year Ended March 31,								
(In thousands)	**2014**			**2013**			**2012**		
			%			**%**			**%**
Income tax provision at statutory rate	$	35,612	35.0	$	37,112	35.0	$	21,405	35.0
Foreign tax (benefit) provision		(918)	(0.9)		—	—		191	0.3
State income taxes, net of federal income tax benefit		2,004	2.0		3,413	3.2		2,073	3.4
Decrease in net deferred tax liability resulting from a change in the effective state tax rate		(8,892)	(8.7)		(1,741)	(1.6)		(1,177)	(1.9)
Nondeductible compensation		1,011	1.0		1,684	1.6		1,305	2.1
Other		316	0.3		61	—		148	0.3
Total provision for income taxes		29,133	28.7		40,529	38.2		23,945	39.2

Uncertain tax liability activity is as follows:

(In thousands)	**2014**		**2013**	
Balance – beginning of year	$	1,016		292
Additions based on tax positions related to the current year		360		831
Reductions based on lapse of statute of limitations		(140)		(107)
Balance – end of year	$	1,236	$	1,016

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 2013 or 2014. We do not anticipate any events or circumstances that would cause a significant change to these uncertainties during 2015. We are subject to taxation in the United States and various state and foreign jurisdictions and we are generally open to examination from the year ended March 31, 2011 forward.

The Company does not provide for United States income taxes on the undistributed earnings of foreign subsidiaries, which are intended to be indefinitely reinvested in operations outside of the United States. As of March 31, 2014, the cumulative amount of earnings upon which United States income taxes have not been provided is approximately $4.7 million. As of March 31, 2014, the amount of unrecognized deferred tax liability related to these earnings is estimated to be $0.4 million.

17. Commitments and Contingencies

We are involved from time to time in routine legal matters and other claims incidental to our business. We review outstanding claims and proceedings internally and with external counsel as necessary to assess probability and amount of 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 from operations.

Lease Commitments
We have operating leases for office facilities and equipment in New York and Wyoming, which expire at various dates through 2018. Due to the acquisition of the GSK Brands, we required additional office space and entered into a 5.5 year lease for a new office facility in New York, which began in the third quarter of fiscal 2013. In May 2012, we also entered into a three year office lease in Rogers, Arkansas. These amounts have been included in the schedule below.

The following summarizes future minimum lease payments for our operating leases:

(In thousands)	**Facilities**	**Equipment**	**Total**
Year Ending March 31,			
2015	$ 1,221	$ 136	$ 1,357
2016	994	135	1,129
2017	1,023	68	1,091
2018	1,044	—	1,044
2019	—	—	—
	$ 4,282	$ 339	$ 4,621

Rent expense was $1.5 million, $1.2 million, and $0.9 million for 2014, 2013, and 2012, 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,	
2015	1,105
2016	1,074
2017	1,044
2018	1,013
2019	982
Thereafter	560
	$ 5,778

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 dollar and club stores. During 2014, 2013, and 2012, approximately 38.3%, 40.5%, and 51.3%, respectively, of our total sales were derived from our five top selling brands. One customer, Walmart, accounted for more than 10% of our gross revenues for each of the periods presented. During 2014, 2013, and 2012, Walmart accounted for approximately 19.5%, 15.9%, and 18.9%, respectively, of our gross revenues. At March 31, 2014, approximately 24.1% of accounts receivable were owed by the same customer.

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 March 31, 2014, we had relationships with 50 third-party manufacturers. Of those, we had long-term contracts with 24 manufacturers that produced items that accounted for approximately 82.4% of our gross sales for 2014, compared to 22 manufactures with long-term contracts that accounted for approximately 75.3% of gross sales in 2013. 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, financial condition, and results from operations.

19. Business Segments

Segment information has been prepared in accordance with Segment Reporting topic of the FASB ASC 280 and includes certain information that our chief operating decision maker, the Company's Chief Executive Officer, reviews, including contribution margin, which is a non-GAAP financial measure. Contribution margin is defined as gross profit less advertising and promotional expenses. Our general and administrative expenses and other corporate-level activity is not allocated to our segments, including costs of: employee-related costs; legal; finance; information technology; corporate development; legal settlements; depreciation and amortization; and facility and insurance costs. Our current operating and reportable segments consist of (i) OTC Healthcare and (ii) Household Cleaning.

There were no inter-segment sales or transfers during any of the periods presented. We evaluate the performance of our operating segments and allocate resources to them based primarily on contribution margin.

The table below summarizes information about our operating and reportable segments.

	Year Ended March 31, 2014		
	OTC Healthcare	Household Cleaning	Consolidated
(In thousands)			
Net sales	$ 513,056	$ 83,898	$ 596,954
Other revenues	791	4,136	4,927
Total revenues	513,847	88,034	601,881
Cost of sales	197,442	64,388	261,830
Gross profit	316,405	23,646	340,051
Advertising and promotion	86,578	2,890	89,468
Contribution margin	$ 229,827	$ 20,756	250,583
Other operating expenses			61,967
Operating income			188,616
Other expense			86,868
Income before income taxes			101,748
Provision for income taxes			29,133
Net income			$ 72,615

(In thousands)	Year Ended March 31, 2013		
	OTC Healthcare	Household Cleaning	Consolidated
Net sales	$ 536,247	$ 84,147	$ 620,394
Other revenues	684	2,519	3,203
Total revenues	536,931	86,666	623,597
Cost of sales	211,654	64,727	276,381
Gross profit	325,277	21,939	347,216
Advertising and promotion	84,537	6,093	90,630
Contribution margin	$ 240,740	$ 15,846	256,586
Other operating expenses			64,702
Operating income			191,884
Other expense			85,850
Income before income taxes			106,034
Provision for income taxes			40,529
Net income			$ 65,505

(In thousands)	Year Ended March 31, 2012		
	OTC Healthcare	Household Cleaning	Consolidated
Net sales	$ 344,282	$ 93,556	$ 437,838
Other revenues	719	2,528	3,247
Total revenues	345,001	96,084	441,085
Cost of sales	143,151	70,550	213,701
Gross profit	201,850	25,534	227,384
Advertising and promotion	51,895	5,232	57,127
Contribution margin	$ 149,955	$ 20,302	170,257
Other operating expenses			67,434
Operating income			102,823
Other expense			41,666
Income before income taxes			61,157
Provision for income taxes			23,945
Net income			$ 37,212

(In thousands)	Year Ended March 31, 2014	2013	2012
Analgesics	$ 110,604	$ 108,144	$ 18,930
Cough & Cold	115,241	126,974	116,669
Gastrointestinal	83,971	97,940	29,489
Eye & Ear Care	86,390	86,380	74,363
Dermatologicals	52,363	52,401	52,592
Oral Care	48,774	49,617	46,551
Other OTC	16,504	15,475	6,407
Total OTC Healthcare Segment	513,847	536,931	345,001
Household Cleaning Segment	88,034	86,666	96,084
Consolidated Net Revenues	$ 601,881	$ 623,597	$ 441,085

During 2014, 2013, and 2012, approximately 86.9%, 89.9%, and 90.2%, respectively of our sales were made to 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. Sales to Canada accounted for 7.7%, 7.4%, and 6.3% of our total revenues for 2014, 2013, and 2012, respectively. At March 31, 2014, substantially all of our long-term assets were located in the United States of America and have been allocated to the operating segments as follows:

(In thousands)	OTC Healthcare	Household Cleaning	Consolidated
Goodwill	$ 183,522	$ 7,389	$ 190,911
Intangible assets			
Indefinite-lived	1,154,058	119,820	1,273,878
Finite-lived	94,772	26,167	120,939
	1,248,830	145,987	1,394,817
	$ 1,432,352	$ 153,376	$ 1,585,728

20. Gain on Settlement

On June 15, 2011, we received a settlement payment of $8.0 million in the resolution of pending litigation, which Prestige Brands, Inc. had initiated for legal malpractice, breach of contract and breach of fiduciary duty against a law firm and two individual lawyers who had previously provided legal representation to Prestige Brands, Inc.

Because the result of the litigation could only have resulted in a potential gain and the amount could not be determined prior to the settlement, the settlement payment was not disclosed prior to the actual receipt of the settlement. Additionally, the costs netted against the gain during the period ended June 30, 2011 were legal fees paid solely on a contingent basis and other immaterial legal fees incurred in the period ended June 30, 2011. All other costs and legal fees that were incurred prior to the period ended June 30, 2011 were immaterial and expensed as incurred.

We incurred costs of $2.9 million in pursuing this matter. Therefore, we recorded a pre-tax gain on settlement of $5.1 million, net of costs incurred, and $3.2 million after income tax effects for the fiscal year ended March 31, 2012. The $5.1 million pre-tax gain is included in other (income) expense, as this gain did not relate to our ongoing operations.

21. Unaudited Quarterly Financial Information

Unaudited quarterly financial information for 2014 and 2013 is as follows:

Year Ended March 31, 2014

	Quarterly Period Ended			
(In thousands, except for per share data)	**June 30, 2013**	**September 30, 2013**	**December 31, 2013**	**March 31, 2014**
Total revenues	$ 142,971	$ 168,442	$ 146,212	$ 144,256
Cost of sales (exclusive of depreciation shown below)	59,488	73,723	64,403	64,216
Gross profit	83,483	94,719	81,809	80,040
Operating expenses				
Advertising and promotion	19,140	26,044	25,570	18,714
General and administrative	11,634	11,619	12,137	13,091
Depreciation and amortization	3,268	3,294	3,644	3,280
	34,042	40,957	41,351	35,085
Operating income	49,441	53,762	40,458	44,955
Net interest expense	15,905	16,439	21,260	14,978
Loss on extinguishment of debt	—	—	15,012	3,274
Income before income taxes	33,536	37,323	4,186	26,703
Provision for income taxes	12,844	4,531	1,056	10,702
Net income	20,692	32,792	3,130	16,001
Earnings per share:				
Basic	$ 0.40	$ 0.64	$ 0.06	$ 0.31
Diluted	$ 0.40	$ 0.63	$ 0.06	$ 0.30
Weighted average shares outstanding:				
Basic	51,222	51,463	51,806	51,893
Diluted	52,040	52,219	52,445	52,513
Comprehensive income, net of tax:				
Currency translation adjustments	1	1,122	(2,694)	2,414
Total other comprehensive income (loss)	1	1,122	(2,694)	2,414
Comprehensive income	$ 20,693	$ 33,914	$ 436	$ 18,415

Year Ended March 31, 2013

	Quarterly Period Ended			
(In thousands, except for per share data)	**June 30, 2012**	**September 30, 2012**	**December 31, 2012**	**March 31, 2013**
Total revenues	$ 146,997	$ 161,855	$ 160,232	$ 154,513
Cost of sales (exclusive of depreciation shown below)	63,393	71,310	75,235	66,443
Gross profit	83,604	90,545	84,997	88,070
Operating expenses				
Advertising and promotion	20,325	23,508	23,538	23,259
General and administrative	16,151	12,585	11,378	11,353
Depreciation and amortization	3,295	3,296	3,359	3,285
	39,771	39,389	38,275	37,897
Operating income	43,833	51,156	46,722	50,173
Net interest expense	19,848	19,660	26,661	18,238
Loss on extinguishment of debt	—	—	—	1,443
Income before income taxes	23,985	31,496	20,061	30,492
Provision for income taxes	9,330	12,252	7,804	11,143
Net income (loss)	14,655	19,244	12,257	19,349
Earnings per share:				
Basic	$ 0.29	$ 0.38	$ 0.24	$ 0.38
Diluted	$ 0.29	$ 0.38	$ 0.24	$ 0.37
Weighted average shares outstanding:				
Basic	50,342	50,364	50,686	51,147
Diluted	51,106	51,225	51,523	51,913
Comprehensive income, net of tax:				
Currency translation adjustments	(42)	66	(1)	(114)
Total other comprehensive income (loss)	(42)	66	(1)	(114)
Comprehensive income	$ 14,613	$ 19,310	$ 12,256	$ 19,235

22. Condensed Consolidating Financial Statements

As described in Note 10, Prestige Brands Holdings, Inc., together with certain of our 100% owned subsidiaries, have 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 2013 Senior Notes and the 2012 Senior Notes, including, without limitation, the obligation to pay principal and interest with respect to the 2013 Senior Notes and the 2012 Senior Notes. The 100% owned subsidiaries of the Company that have guaranteed the 2013 Senior Notes and the 2012 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, and Blacksmith Brands, 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 2013 Senior Notes and the 2012 Senior Notes. Although holders of the 2013 Senior Notes and the 2012 Senior Notes will be direct creditors of the guarantors of the 2013 Senior Notes and the 2012 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 2013 Senior Notes or the 2012 Senior Notes and such subsidiaries will not be obligated with respect to the 2013 Senior Notes or the 2012 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 2013 Senior Notes and the 2012 Senior Notes.

Presented below are supplemental Condensed Consolidating Balance Sheets as of March 31, 2014 and 2013 and Condensed Consolidating Income and Comprehensive Income Statements and Condensed Consolidating Statements of Cash Flows for each year in the three year period ended March 31, 2014. Such consolidating information includes separate columns for:

a) Prestige Brands Holdings, Inc., the parent,
b) Prestige Brands, Inc., the issuer,
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 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 footnote should be read in conjunction with the Consolidated Financial Statements presented and other notes related thereto contained in this Annual Report on Form 10-K for the fiscal year ended March 31, 2014.

Condensed Consolidating Statement of Income and Comprehensive Income
Year Ended March 31, 2014

(In thousands)	Prestige Brands Holdings, Inc.	Prestige Brands, Inc., the issuer	Combined Subsidiary Guarantors	Combined Non-guarantor Subsidiaries	Eliminations	Consolidated
Revenues						
Net sales	$ —	$ 98,278	$ 478,069	$ 23,286	$ (2,679)	$ 596,954
Other revenues	—	295	4,886	1,639	(1,893)	4,927
Total Revenues	—	98,573	482,955	24,925	(4,572)	601,881
Cost of Sales						
Cost of sales (exclusive of depreciation shown below)	—	37,272	218,692	9,428	(3,562)	261,830
Gross profit	—	61,301	264,263	15,497	(1,010)	340,051
Advertising and promotion	—	10,992	73,314	5,162	—	89,468
General and administrative	3,140	8,026	34,469	2,846	—	48,481
Depreciation and amortization	2,994	577	9,715	200	—	13,486
Total operating expenses	6,134	19,595	117,498	8,208	—	151,435
Operating income (loss)	(6,134)	41,706	146,765	7,289	(1,010)	188,616
Other (income) expense						
Interest income	(48,730)	(57,446)	(2,327)	(382)	108,825	(60)
Interest expense	34,436	68,642	72,064	2,325	(108,825)	68,642
Loss on extinguishment of debt	—	18,286	—	—	—	18,286
Equity in income of subsidiaries	(66,739)	(53,836)	(4,052)	—	124,627	—
Total other expense (income)	(81,033)	(24,354)	65,685	1,943	124,627	86,868
Income (loss) before income taxes	74,899	66,060	81,080	5,346	(125,637)	101,748
Provision for income taxes	2,284	3,500	22,055	1,294	—	29,133
Net income (loss)	72,615	62,560	59,025	4,052	(125,637)	72,615
Comprehensive income, net of tax:						
Currency translation adjustments	843	843	843	843	(2,529)	843
Total other comprehensive income (loss)	843	843	843	843	(2,529)	843
Comprehensive income (loss)	$ 73,458	$ 63,403	$ 59,868	$ 4,895	$ (128,166)	$ 73,458

Condensed Consolidating Statement of Income and Comprehensive Income
Year Ended March 31, 2013

(In thousands)	Prestige Brands Holdings, Inc.	Prestige Brands, Inc., the issuer	Combined Subsidiary Guarantors	Combined Non-guarantor Subsidiaries	Eliminations	Consolidated
Revenues						
Net sales	$ —	$ 102,706	$ 513,017	$ 4,671	$ —	$ 620,394
Other revenues	—	278	3,158	1,517	(1,750)	3,203
Total Revenues	—	102,984	516,175	6,188	(1,750)	623,597
Cost of Sales						
Cost of sales (exclusive of depreciation shown below)	—	39,333	236,795	2,003	(1,750)	276,381
Gross profit	—	63,651	279,380	4,185	—	347,216
Advertising and promotion	—	12,605	76,599	1,426	—	90,630
General and administrative	5,127	6,917	38,713	710	—	51,467
Depreciation and amortization	1,346	569	11,261	59	—	13,235
Total operating expenses	6,473	20,091	126,573	2,195	—	155,332
Operating income (loss)	(6,473)	43,560	152,807	1,990	—	191,884
Other (income) expense						
Interest income	(30,561)	(57,496)	—	(1)	88,045	(13)
Interest expense	34,671	84,420	53,374	—	(88,045)	84,420
Loss on extinguishment of debt	—	1,443	—	—	—	1,443
Equity in income of subsidiaries	(72,295)	(65,784)	(1,482)	—	139,561	—
Total other expense (income)	(68,185)	(37,417)	51,892	(1)	139,561	85,850
Income (loss) before income taxes	61,712	80,977	100,915	1,991	(139,561)	106,034
Provision (benefit) for income taxes	(3,793)	5,807	38,006	509	—	40,529
Net income (loss)	65,505	75,170	62,909	1,482	(139,561)	65,505
Comprehensive income, net of tax:						
Currency translation adjustments	(91)	—	—	(91)	91	(91)
Total other comprehensive (loss) income	(91)	—	—	(91)	91	(91)
Comprehensive income (loss)	$ 65,414	$ 75,170	$ 62,909	$ 1,391	$ (139,470)	$ 65,414

Condensed Consolidating Statement of Income and Comprehensive Income
Year Ended March 31, 2012

(In thousands)	Prestige Brands Holdings, Inc.	Prestige Brands, Inc., the issuer	Combined Subsidiary Guarantors	Combined Non-guarantor Subsidiaries	Eliminations	Consolidated
Revenues						
Net sales	$ —	$ 100,542	$ 333,407	$ 3,889	$ —	$ 437,838
Other revenues	—	229	3,212	1,475	(1,669)	3,247
Total Revenues	—	100,771	336,619	5,364	(1,669)	441,085
Cost of Sales						
Cost of sales (exclusive of depreciation shown below)	—	36,658	177,112	1,600	(1,669)	213,701
Gross profit	—	64,113	159,507	3,764	—	227,384
Advertising and promotion	—	11,918	43,906	1,303	—	57,127
General and administrative	17,181	10,059	28,698	762	—	56,700
Depreciation and amortization	538	570	9,556	70	—	10,734
Total operating expenses	17,719	22,547	82,160	2,135	—	124,561
Operating (loss) income	(17,719)	41,566	77,347	1,629	—	102,823
Other (income) expense						
Interest income	(50,357)	(44,269)	—	(221)	94,829	(18)
Interest expense	35,004	76,341	24,822	—	(94,829)	41,338
Gain on settlement	(5,063)	—	—	—	—	(5,063)
Loss on extinguishment of debt	—	5,409	—	—	—	5,409
Equity in income of subsidiaries	(35,571)	(37,192)	(1,313)	—	74,076	—
Total other expense (income)	(55,987)	289	23,509	(221)	74,076	41,666
Income (loss) before income taxes	38,268	41,277	53,838	1,850	(74,076)	61,157
Provision for income taxes	1,056	1,599	20,565	725	—	23,945
Net income (loss)	37,212	39,678	33,273	1,125	(74,076)	37,212
Comprehensive income, net of tax:						
Currency translation adjustments	(13)	—	—	13	(13)	(13)
Total other comprehensive (loss) income	(13)	—	—	13	(13)	(13)
Comprehensive income	$ 37,199	$ 39,678	$ 33,273	$ 1,138	$ (74,089)	$ 37,199

Condensed Consolidating Balance Sheet
March 31, 2014

(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	$ 24,644	$ —	$ —	$ 3,687	$ —	$ 28,331
Accounts receivable, net	473	14,245	45,885	4,447	—	65,050
Inventories	—	14,357	46,309	5,930	(1,010)	65,586
Deferred income tax assets	260	925	4,914	445	—	6,544
Prepaid expenses and other current assets	8,004	113	2,898	659	—	11,674
Total current assets	33,381	29,640	100,006	15,168	(1,010)	177,185
Property and equipment, net	8,966	112	226	293	—	9,597
Goodwill	—	66,007	101,540	23,364	—	190,911
Intangible assets, net	—	192,861	1,169,943	32,013	—	1,394,817
Other long-term assets	—	23,153	—	—	—	23,153
Intercompany receivable	655,146	1,824,482	656,759	13,595	(3,149,982)	—
Investment in subsidiary	1,497,357	749,947	34,562	—	(2,281,866)	—
Total Assets	$ 2,194,850	$ 2,886,202	$ 2,063,036	$ 84,433	$ (5,432,858)	$ 1,795,663
Liabilities and Stockholders' Equity						
Current liabilities						
Accounts payable	$ 4,416	$ 7,658	$ 33,553	$ 2,659	$ —	$ 48,286
Accrued interest payable	—	9,626	—	—	—	9,626
Other accrued liabilities	7,728	2,117	13,443	3,158	—	26,446
Total current liabilities	12,144	19,401	46,996	5,817	—	84,358
Long-term debt						
Principal amount	—	937,500	—	—	—	937,500
Less unamortized discount	—	(3,086)	—	—	—	(3,086)
Long-term debt, net of unamortized discount	—	934,414	—	—	—	934,414
Deferred income tax liabilities	—	56,827	156,327	50	—	213,204
Other long-term liabilities	—	—	—	327	—	327
Intercompany payable	1,619,346	451,497	1,037,105	42,034	(3,149,982)	—
Total Liabilities	1,631,490	1,462,139	1,240,428	48,228	(3,149,982)	1,232,303
Stockholders' Equity						
Common Stock	520	—	—	—	—	520
Additional paid-in capital	414,387	1,280,945	681,503	23,815	(1,986,263)	414,387
Treasury stock, at cost - 206 shares	(1,431)	—	—	—	—	(1,431)
Accumulated other comprehensive income (loss), net of tax	739	739	739	739	(2,217)	739
Retained earnings (accumulated deficit)	149,145	142,379	140,366	11,651	(294,396)	149,145
Total Stockholders' Equity	563,360	1,424,063	822,608	36,205	(2,282,876)	563,360
Total Liabilities and Stockholders' Equity	$ 2,194,850	$ 2,886,202	$ 2,063,036	$ 84,433	$ (5,432,858)	$ 1,795,663

Condensed Consolidating Balance Sheet
March 31, 2013

(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	$ 14,720	$ —	$ —	$ 950	$ —	$ 15,670
Accounts receivable, net	21	13,875	58,345	812	—	73,053
Inventories	—	11,164	48,474	563	—	60,201
Deferred income tax assets	218	855	5,276	—	—	6,349
Prepaid expenses and other current assets	4,942	93	3,609	256	—	8,900
Total current assets	19,901	25,987	115,704	2,581	—	164,173
Property and equipment, net	9,609	34	253	—	—	9,896
Goodwill	—	66,007	101,539	—	—	167,546
Intangible assets, net	—	193,396	1,179,524	320	—	1,373,240
Other long-term assets	—	24,944	—	—	—	24,944
Intercompany receivable	653,049	1,911,573	415,587	7,316	(2,987,525)	—
Investment in subsidiary	1,429,775	638,611	7,067	—	(2,075,453)	—
Total Assets	$ 2,112,334	$ 2,860,552	$ 1,819,674	$ 10,217	$ (5,062,978)	$ 1,739,799
Liabilities and Stockholders' Equity						
Current liabilities						
Accounts payable	$ 2,601	$ 10,600	$ 37,695	$ 480	$ —	$ 51,376
Accrued interest payable	—	13,894	—	—	—	13,894
Other accrued liabilities	12,694	1,684	16,107	913	—	31,398
Total current liabilities	15,295	26,178	53,802	1,393	—	96,668
Long-term debt						
Principal amount	—	978,000	—	—	—	978,000
Less unamortized discount	—	(7,100)	—	—	—	(7,100)
Long-term debt, net of unamortized discount	—	970,900	—	—	—	970,900
Deferred income tax liabilities	—	55,291	138,924	73	—	194,288
Intercompany payable	1,619,096	447,419	920,865	145	(2,987,525)	—
Total Liabilities	1,634,391	1,499,788	1,113,591	1,611	(2,987,525)	1,261,856
Stockholders' Equity						
Preferred share rights	283	—	—	—	—	283
Common Stock	513	—	—	—	—	513
Additional paid-in capital	401,691	1,280,945	624,742	1,111	(1,906,798)	401,691
Treasury stock, at cost - 181 shares	(687)	—	—	—	—	(687)
Accumulated other comprehensive (loss) income, net of tax	(104)	—	—	(104)	104	(104)
Retained earnings (accumulated deficit)	76,247	79,819	81,341	7,599	(168,759)	76,247
Total Stockholders' Equity	477,943	1,360,764	706,083	8,606	(2,075,453)	477,943
Total Liabilities and Stockholders’ Equity	$ 2,112,334	$ 2,860,552	$ 1,819,674	$ 10,217	$ (5,062,978)	$ 1,739,799

Condensed Consolidating Statement of Cash Flows
Year Ended March 31, 2014

(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)	$ 72,615	$ 62,560	$ 59,025	$ 4,052	$ (125,637)	$ 72,615
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization	2,994	577	9,715	200	—	13,486
Deferred income taxes	(42)	1,466	17,765	(177)	—	19,012
Amortization of deferred financing costs	—	7,102	—	—	—	7,102
Stock-based compensation costs	5,146	—	—	—	—	5,146
Loss on extinguishment of debt	—	18,286	—	—	—	18,286
Premium payment of 2010 Senior notes	—	(15,527)	—	—	—	(15,527)
Amortization of debt discount	—	3,410	—	—	—	3,410
Gain on disposal of equipment	—	—	(3)	—	—	(3)
Equity in income of subsidiaries	(66,739)	(53,836)	(4,052)	—	124,627	—
Changes in operating assets and liabilities, net of effects from acquisitions						
Accounts receivable	(452)	(370)	12,460	(1,903)	—	9,735
Inventories	—	(3,193)	2,165	(2,832)	1,010	(2,850)
Prepaid expenses and other current assets	(3,062)	(20)	711	241	—	(2,130)
Accounts payable	1,815	(2,942)	(4,142)	628	—	(4,641)
Accrued liabilities	(4,966)	(3,835)	(2,664)	(594)	—	(12,059)
Net cash provided by (used in) operating activities	7,309	13,678	90,980	(385)	—	111,582
Investing Activities						
Purchases of property and equipment	(2,351)	(119)	(108)	(186)	—	(2,764)
Proceeds from the sale of property and equipment	—	—	3	—	—	3
Acquisition of Care Pharmaceuticals, less cash acquired	—	—	—	(55,215)	—	(55,215)
Intercompany activity, net	—	(55,215)	—	55,215	—	—
Net cash (used in) provided by investing activities	(2,351)	(55,334)	(105)	(186)	—	(57,976)
Financing Activities						
Proceeds from issuance of 2013 Senior notes	—	400,000	—	—	—	400,000
Payment of 2010 Senior Notes	—	(250,000)	—	—	—	(250,000)
Repayment of 2012 Term Loan	—	(157,500)	—	—	—	(157,500)
Payment of deferred financing costs	—	(7,466)	—	—	—	(7,466)
Repayments under revolving credit facility	—	(83,000)	—	—	—	(83,000)
Borrowings under revolving credit facility	—	50,000	—	—	—	50,000
Proceeds from exercise of stock options	5,907	—	—	—	—	5,907
Excess tax benefits from share-based awards	1,650	—	—	—	—	1,650
Fair value of shares surrendered as payment of tax withholding	(744)	—	—	—	—	(744)
Intercompany activity, net	(1,847)	89,622	(90,875)	3,100	—	—
Net cash (used in) provided by financing activities	4,966	41,656	(90,875)	3,100	—	(41,153)
Effects of exchange rate changes on cash and cash equivalents	—	—	—	208	—	208
Increase in cash and cash equivalents	9,924	—	—	2,737	—	12,661
Cash and cash equivalents - beginning of year	14,720	—	—	950	—	15,670
Cash and cash equivalents - end of year	$ 24,644	$ —	$ —	$ 3,687	$ —	$ 28,331

Condensed Consolidating Statement of Cash Flows
Year Ended March 31, 2013

(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)	$ 65,505	$ 75,170	$ 62,909	$ 1,482	$ (139,561)	$ 65,505
Adjustments to reconcile net income (loss) to net cash provided by operating activities:						
Depreciation and amortization	1,346	569	11,261	59	—	13,235
Deferred income taxes	138	4,341	21,036	(10)	—	25,505
Amortization of deferred financing costs	—	9,832	—	—	—	9,832
Stock-based compensation costs	3,772	—	—	—	—	3,772
Loss on extinguishment of debt	—	1,443	—	—	—	1,443
Amortization of debt discount	—	4,632	—	—	—	4,632
Lease termination costs	975	—	—	—	—	975
Loss on disposal of equipment	82	—	21	—	—	103
Equity in income of subsidiaries	(72,295)	(65,784)	(1,482)	—	139,561	—
Changes in operating assets and liabilities						
Accounts receivable	4	(373)	(12,391)	(122)	—	(12,882)
Inventories	—	(3,066)	(6,360)	84	—	(9,342)
Prepaid expenses and other current assets	3,160	(37)	(135)	108	—	3,096
Accounts payable	(1,930)	5,784	20,687	136	—	24,677
Accrued liabilities	(39)	2	7,069	22	—	7,054
Net cash provided by operating activities	718	32,513	102,615	1,759	—	137,605
Investing Activities						
Purchases of property and equipment	(10,268)	—	—	—	—	(10,268)
Proceeds from the sale of property and equipment	—	—	15	—	—	15
Proceeds from the sale of the Phazyme brand	—	—	21,700	—	—	21,700
Acquisition of brands from GSK purchase price adjustments	—	—	(226)	—	—	(226)
Intercompany activity, net	(226)	—	226	—	—	—
Net cash provided by (used in) investing activities	(10,494)	—	21,715	—	—	11,221
Financing Activities						
Repayments of long-term debt	—	(190,000)	—	—	—	(190,000)
Repayments under revolving credit agreement	—	(15,000)	—	—	—	(15,000)
Borrowings under revolving credit agreement	—	48,000	—	—	—	48,000
Payment of deferred financing costs	—	(1,146)	—	—	—	(1,146)
Proceeds from exercise of stock options	6,029	—	—	—	—	6,029
Intercompany activity, net	246	125,633	(124,330)	(1,549)	—	—
Net cash (used in) provided by financing activities	6,275	(32,513)	(124,330)	(1,549)	—	(152,117)
Effect of exchange rate changes on cash and cash equivalents	—	—	—	(54)	—	(54)
(Decrease) increase in cash and cash equivalents	(3,501)	—	—	156	—	(3,345)
Cash and cash equivalents - beginning of year	18,221	—	—	794	—	19,015
Cash and cash equivalents - end of year	$ 14,720	$ —	$ —	$ 950	$ —	$ 15,670

Condensed Consolidating Statement of Cash Flows
Year Ended March 31, 2012

(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)	$ 37,212	$ 39,678	$ 33,273	$ 1,125	$ (74,076)	$ 37,212
Adjustments to reconcile net income (loss) to net cash provided by operating activities:						
Depreciation and amortization	538	570	9,556	70	—	10,734
Deferred income taxes	290	3,514	10,000	(11)	—	13,793
Amortization of deferred financing costs	—	1,630	—	—	—	1,630
Stock-based compensation costs	3,078	—	—	—	—	3,078
Loss on extinguishment of debt	—	5,409	—	—	—	5,409
Amortization of debt discount	—	1,030	—	—	—	1,030
Equity in income of subsidiaries	(35,571)	(37,192)	(1,313)	—	74,076	—
Changes in operating assets and liabilities						
Accounts receivable	(12)	(3,412)	(12,367)	(63)	—	(15,854)
Inventories	—	1,459	2,252	(1)	—	3,710
Prepaid expenses and other current assets	(3,598)	(20)	968	(359)	—	(3,009)
Accounts payable	2,611	(1,598)	4,139	(25)	—	5,127
Accrued liabilities	417	2,984	856	335	—	4,592
Net cash provided by operating activities	4,965	14,052	47,364	1,071	—	67,452
Investing Activities						
Purchases of equipment	(367)	—	(239)	—	—	(606)
Proceeds from escrow of Blacksmith acquisition	—	—	1,200	—	—	1,200
Acquisition of GSK Brands	—	—	(662,800)	—	—	(662,800)
Intercompany activity, net	1,200	(662,800)	661,600	—	—	—
Net cash (used in) provided by investing activities	833	(662,800)	(239)	—	—	(662,206)
Financing Activities						
Proceeds from issuance of 2012 Senior notes	—	250,000	—	—	—	250,000
Repayment of 2010 Senior Term Loan	—	(242,000)	—	—	—	(242,000)
Proceeds from issuance of 2012 Term Loan and 2010 Term Loan	—	650,100	—	—	—	650,100
Payment of deferred financing costs	—	(33,284)	—	—	—	(33,284)
Repayment of 2012 Term Loan	—	(25,000)	—	—	—	(25,000)
Proceeds from exercise of stock options	889	—	—	—	—	889
Shares surrendered as payment of tax withholding	(271)	—	—	—	—	(271)
Intercompany activity, net	(893)	48,932	(47,125)	(914)	—	—
Net cash provided by (used in) financing activities	(275)	648,748	(47,125)	(914)	—	600,434
Effect of exchange rate changes on cash and cash equivalents	—	—	—	1	—	1
Increase in cash	5,523	—	—	158	—	5,681
Cash and cash equivalents - beginning of year	12,698	—	—	636	—	13,334
Cash and cash equivalents - end of year	$ 18,221	$ —	$ —	$ 794	$ —	$ 19,015

23. Subsequent Events

Share based compensation:

On May 12, 2014, the Compensation Committee of our Board of Directors granted 96,638 shares of restricted common stock units and stock options to acquire 307,490 shares of our common stock to certain executive officers and employees under the Plan. 75,638 shares of restricted common stock units vest in their entirety on the three-year anniversary of the date of grant and 21,000 shares of restricted common stock units vest 33.3% per year over three years. 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 $33.50 per share, which is equal to the closing price for our common stock on the day of the grant. Termination of employment prior to vesting will result in forfeiture of the 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.

Acquisition of Hydralyte:

On April 30, 2014, we completed the acquisition of Hydralyte in Australia and New Zealand from The Hydration Pharmaceuticals Trust of Victoria, Australia. As of the date of this Annual Report on Form 10−K, we have not yet completed the initial accounting for the acquisition, and the acquisition date fair values of the acquired assets and assumed liabilities have not yet been determined. Hydralyte is the leading OTC brand in oral rehydration in Australia, and will be marketed and sold through Care Pharmaceuticals. Hydralyte is available in pharmacies in multiple forms and is indicated for oral rehydration following diarrhea, vomiting, fever, heat and ailments. We funded this acquisition with a combination of cash on the balance sheet and our existing credit facility.

Acquisition of Insight Pharmaceuticals:

On April 25, 2014, we announced that we had entered into a definitive agreement for the acquisition of Insight Pharmaceuticals Corporation, a marketer and distributor of feminine care and other OTC healthcare products for $750 million in cash. As of the date of this Annual Report on Form 10−K, we have not yet completed the initial accounting for the acquisition, and the acquisition date fair values of the acquired assets and assumed liabilities have not yet been determined. We anticipate closing on this transaction during the first half of this fiscal year, subject to customary closing conditions, including clearance under the Hart-Scott Rodino Antitrust Improvements Act of 1976. Financing for the transaction is expected from a combination of cash on the balance sheet, use of the 2012 ABL Revolver , and an add-on to our 2012 Term Loan.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. 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 Exchange Act as of March 31, 2014. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of March 31, 2014, 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.

Management's Annual Report on Internal Control over Financial Reporting

The report of management on our internal control over financial reporting as of March 31, 2014 and the attestation report of our independent registered public accounting firm on our internal control over financial reporting are set forth in Part II, Item 8. "Financial Statements and Supplementary Data" beginning on page 55 of this Annual Report on Form 10-K.

Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting during the quarter ended March 31, 2014.

ITEM 9B. OTHER INFORMATION

None.

Part III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information required to be disclosed by this Item will be contained in the Company’s 2014 Proxy Statement under the headings “Election of Directors,” “Executive Compensation and Other Matters,” “Section 16(a) Beneficial Ownership Reporting Compliance” and “Governance of the Company”, which information is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

Information required to be disclosed by this Item will be contained in the Company’s 2014 Proxy Statement under the headings “Executive Compensation and Other Matters” and “Governance of the Company”, which information is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information required to be disclosed by this Item will be contained in the Company’s 2014 Proxy Statement under the headings “Security Ownership of Certain Beneficial Owners and Management” and “Securities Authorized for Issuance Under Equity Compensation Plans”, which information is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information required to be disclosed by this Item will be contained in the Company’s 2014 Proxy Statement under the headings “Certain Relationships and Related Transactions”, “Election of Directors” and “Governance of the Company”, which information is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information required to be disclosed by this Item will be contained in the Company’s 2014 Proxy Statement under the heading “Ratification of Appointment of the Independent Registered Public Accounting Firm”, which information is incorporated herein by reference.

Part IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a)(1) Financial Statements

The financial statements and financial statement schedules listed below are set forth under Part II, Item 8 (pages 56 through 100 and page 105) of this Annual Report on Form 10-K, which are incorporated herein to this Item as if copied verbatim.

Prestige Brands Holdings, Inc.

Report of Independent Registered Public Accounting Firm, PricewaterhouseCoopers LLP

Consolidated Statements of Income and Comprehensive Income for each of the three years in the period ended March 31, 2014

Consolidated Balance Sheets at March 31, 2014 and 2013

Consolidated Statements of Changes in Stockholders’ Equity and Comprehensive Income for each of the three years in the period ended March 31, 2014

Consolidated Statements of Cash Flows for each of the three years in the period ended March 31, 2014

Notes to Consolidated Financial Statements

Schedule II—Valuation and Qualifying Accounts

(a)(2) Financial Statement Schedules

Schedule II - Valuation and Qualifying Accounts listed in (a)(1) above is incorporated herein by reference as if copied verbatim. Schedules other than those listed in the preceding sentence have been omitted as they are either not required, not applicable, or the information has otherwise been shown in the consolidated financial statements or notes thereto.

(b) Exhibits

See Exhibit Index immediately following the financial statements and financial statement schedules of this Annual Report on Form 10-K.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

By:	/s/ RONALD M. LOMBARDI
Name:	Ronald M. Lombardi
Title:	Chief Financial Officer
Date:	May 19, 2014

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the dates indicated.

Signature	***Title***	***Date***
/s/ MATTHEW M. MANNELLY Matthew M. Mannelly	Director, President and Chief Executive Officer (Principal Executive Officer)	May 19, 2014
/s/ RONALD M. LOMBARDI Ronald M. Lombardi	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	May 19, 2014
/s/ JOHN E. BYOM John E. Byom	Director	May 19, 2014
/s/ GARY E. COSTLEY Gary E. Costley	Director	May 19, 2014
/s/ CHARLES J. HINKATY Charles J. Hinkaty	Director	May 19, 2014
/s/ CARL J. JOHNSON Carl J. Johnson	Director	May 19, 2014

SCHEDULE II

VALUATION AND QUALIFYING ACCOUNTS

(In thousands)	Balance at Beginning of Year	Amounts Charged to Expense		Deductions	Other	Balance at End of Year
Year Ended March 31, 2014						
Reserves for sales returns and allowance	$ 6,446	$ 38,314		$ (37,365)	$ —	$ 7,395
Reserves for trade promotions	8,523	39,967		(42,389)	—	6,101
Reserves for consumer coupon redemptions	4,249	2,755		(5,262)	—	1,742
Allowance for doubtful accounts	863	134		(6)	44	1,035
Year Ended March 31, 2013						
Reserves for sales returns and allowance	4,257	33,165		(30,976)	—	6,446
Reserves for trade promotions	5,506	41,041		(38,024)	—	8,523
Reserves for consumer coupon redemptions	3,509	8,282		(7,542)	—	4,249
Allowance for doubtful accounts	604	265		(6)	—	863
Year Ended March 31, 2012						
Reserves for sales returns and allowance	6,208	23,457		(25,408)	—	4,257
Reserves for trade promotions	4,853	32,185	(1)	(31,532)	—	5,506
Reserves for consumer coupon redemptions	2,723	7,180	(1)	(6,394)	—	3,509
Allowance for doubtful accounts	444	200		(40)	—	604

(1) We increased our reserves for Trade Promotion and Consumer Coupon Redemption by $3.0 million and $2.0 million, respectively, in an effort to gain market share for the *PediaCare* brand.

EXHIBIT INDEX

Exhibit No.	Description
2.1	Stock Purchase Agreement, dated as of September 14, 2010, by and among Prestige Brands Holdings, Inc., Blacksmith Brands Holdings, Inc. and the Stockholders of Blacksmith Brands Holdings, Inc. (filed as Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the SEC on September 20, 2010).+
2.2	Asset Purchase Agreement, dated as of December 15, 2010, by and between McNeil-PPC, Inc. and Prestige Brands Holdings, Inc. (filed as Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the SEC on December 17, 2010).+
2.3	Business Sale and Purchase Agreement, dated December 20, 2011, between GlaxoSmithKline LLC, GlaxoSmithKline plc and certain of its affiliates and Prestige Brands Holdings, Inc. (filed as Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the SEC on December 27, 2011).+†
2.4	Business Sale and Purchase Agreement, dated December 20, 2011 between GlaxoSmithKline LC, GlaxoSmithKline Consumer Healthcare L.P., GlaxoSmithKline plc and Prestige Brands Holdings, Inc. (filed as Exhibit 2.2 to the Company's Current Report on Form 8-K filed with the SEC on December 20, 2011).+†
2.5	Stock Purchase Agreement, dated April 25, 2014, by and among Medtech Products Inc., Insight Pharmaceuticals Corporation, SPC Partners IV, L.P. and the other seller parties thereto.*
3.1	Amended and Restated Certificate of Incorporation of Prestige Brands Holdings, Inc. (filed as Exhibit 3.1 to the Company's Form S-1/A filed with the SEC on February 8, 2005).+
3.2	Amended and Restated Bylaws of Prestige Brands Holdings, Inc., as amended (filed as Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q filed with the SEC on November 6, 2009).+
3.3	Certificate of Designations of Series A Preferred Stock of Prestige Brands Holdings, Inc., as filed with the Secretary of State of the State of Delaware on February 27, 2012 (filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on February 28, 2012).+
4.1	Form of stock certificate for common stock (filed as Exhibit 4.1 to the Company's Form S-1/A filed with the SEC on January 26, 2005).+
4.2	Second Supplemental Indenture, dated December 17, 2013 by and among Prestige Brands, Inc. the guarantors party thereto from time to time and U.S. Bank National Association, as trustee (filed as Exhibit 4.1 to the Company’s Current Report on Form 8-K filed with the SEC on December 17, 2013).+
4.3	Indenture, dated as of January 31, 2012, among Prestige Brands, Inc., as issuer, the Company and certain subsidiaries, as guarantors, and U.S. Bank National Association, as Trustee with respect to 8.125% Senior Notes Due 2020 (filed as Exhibit 4.5 to the Company's Annual Report on Form 10-K filed with the SEC on May 18, 2012). +
4.4	Form of 8.125% Senior Note due 2020 (contained in Exhibit 4.5 to the Company's Annual Report on Form 10-K filed with the SEC May 18, 2012).+
4.5	Indenture, dated as of December 17, 2013, among Prestige Brands, Inc., as issuer, the Company and certain subsidiaries, as guarantors, and U.S. Bank National Association, as Trustee with respect to 5.375% Senior Notes Due 2021 (filed as Exhibit 4.1 to the Company’s Quarterly Report on Form 10-Q filed with the SEC on February 7, 2014).+
4.6	Form of 5.375% Senior Note due 2021 (filed as Exhibit 4.2 to the Company’s Quarterly Report on Form 10-Q filed with the SEC on February 7, 2014).+
10.1	Note Purchase Agreement entered into on January 24, 2012 with respect to the sale by Prestige Brands, Inc., as issuer, of $250.0 million in aggregate principal amount of 8.125% Senior Notes due 2020 (filed as Exhibit 10.1 to the Company's Annual Report on Form 10-K filed with the SEC on May 18, 2012).+
10.2	Registration Rights Agreement, dated as of January 31, 2012, among Prestige Brands, Inc., the Company, and certain subsidiaries of the Company, as guarantors, and Morgan Stanley & Co., LLC, Citigroup Global Markets Inc., RBC Capital Markets, LLC and Deutsche Bank Securities Inc. (filed as Exhibit 10.2 to the Company's Annual Report on Form 10-K filed with the SEC on May 18, 2012).+
10.3	$660,000,000 Term Loan Credit Agreement, dated as of January 31, 2012, among Prestige Brands Inc., the Company, and certain subsidiaries of the Company as guarantors, Citibank, N.A., Citigroup Global Markets Inc., Morgan Stanley Senior Funding, Inc. and RBC Capital Markets (filed as Exhibit 10.3 to the Company's Annual Report on Form 10-K filed with the SEC on May 18, 2012).+

10.4	Amendment No. 1, dated as of February 21, 2013, to the Term Loan Credit Agreement, dated as of January 31, 2012, among Prestige Brands Holdings, Inc., Prestige Brands, Inc., the other Guarantors from time to time party thereto, the lenders from time to time party thereto and Citibank, N.A. as administrative agent (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on February 25, 2013).+
10.5	Term Loan Security Agreement, dated as of January 31, 2012, among Prestige Brands Inc., the Company and certain subsidiaries of the Company as guarantors, Citibank N.A. and U.S. Bank National Association, as Trustee (filed as Exhibit 10.4 to the Company's Annual Report on Form 10-K filed with the SEC on May 18, 2012).+
10.6	$50,000,000 ABL Credit Agreement, dated as of January 31, 2012, Among Prestige Brands, Inc., the Company, certain subsidiaries of the Company as guarantors, Citibank, N.A., Citigroup Global Markets Inc., Morgan Stanley Senior Funding, Inc. and RBC Capital Markets filed (filed as Exhibit 10.5 to the Company's Annual Report on Form 10-K filed with the SEC on May 18, 2012.).+
10.7	Incremental Amendment, dated as of September 12, 2012, to the ABL Credit Agreement dated as of January 31, 2012 (filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed with the SEC on November 7, 2012).+
10.8	Amendment, dated as of June 11, 2013, to the ABL Credit Agreement dated as of January 31, 2012 (filed as Exhibit 10.2 to the Company’s Quarterly Report on Form 10-Q filed with the SEC on August 1, 2013).+
10.9	Agreement of Lease between RA 660 White Plains Road LLC and Prestige Brands, Inc. (filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 9, 2012).+
10.10	Executive Employment Agreement, dated as of September 2, 2009, by and between Prestige Brands Holdings, Inc. and Matthew M. Mannelly (filed as Exhibit 10.1 to the Company's Quarterly Report on Form10-Q filed with the SEC on November 6, 2009).+@
10.11	Executive Employment Agreement, dated as of August 21, 2006, between Prestige Brands Holdings, Inc. and Jean A. Boyko (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on November 9, 2006).+@
10.12	Executive Employment Agreement, dated as of October 1, 2007, between Prestige Brands Holdings, Inc. and John Parkinson (filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed with the SEC on February 8, 2008).+@
10.13	Executive Employment Agreement, dated as of April 19, 2010, between Prestige Brands Holdings, Inc. and Timothy Connors (filed as Exhibit 10.16 to the Company's Annual Report on Form 10-K filed with the SEC on June 11, 2010).+@
10.14	Executive Employment Agreement, dated as of December 6, 2010, between Prestige Brands Holdings, Inc. and Ronald M. Lombardi (filed as Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q filed with the SEC on February 9, 2011).+@
10.15	Executive Employment Agreement, dated as of March 4, 2011, between Prestige Brands Holdings, Inc. and Paul Hennessey (filed as Exhibit 10.15 to the Company's Annual Report on Form 10-K filed with the SEC on May 13, 2011).+@
10.16	Executive Employment Agreement, dated as of February 29, 2012, by and between Prestige Brands Holdings, Inc. and Samuel C. Cowley (filed as Exhibit 10.13 to the Company's Annual Report on Form 10-K filed with the SEC on May 18, 2012).+@
10.17	Executive Employment Agreement, dated as of April 1, 2013, between Prestige Brands Holdings, Inc. and Paul Migaki (filed as Exhibit 10.1 to the Company’s Quarterly Report on Form 10-Q filed with the SEC on August 1, 2013). +@
10.18	Prestige Brands Holdings, Inc. 2005 Long-Term Equity Incentive Plan (filed as Exhibit 10.38 to the Company’s Form S-1/A filed with the SEC on January 26, 2005).+#
10.19	Form of Restricted Stock Grant Agreement (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 9, 2005).+#
10.20	Form of Nonqualified Stock Option Agreement.*#
10.21	Form of Award Agreement for Restricted Stock Units.*#
10.22	Form of Director Indemnification Agreement(filed as Exhibit 10.21 to the Company’s Annual Report on Form 10-K filed with the SEC on May 17, 2013).+@
10.23	Form of Officer Indemnification Agreement (filed as Exhibit 10.22 to the Company’s Annual Report on Form 10-K filed with the SEC on May 17, 2013).+@
10.24	Supply Agreement, dated May 15, 2008, by and between Fitzpatrick Bros., Inc. and The Spic and Span Company (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 11, 2008).+†

10.25	First Amendment to Supply Agreement, dated as of March 1, 2011, between Fitzpatrick Bros., Inc. and The Spic and Span Company (filed as Exhibit 10.29 to the Company's Annual Report on Form 10-K filed with the SEC on May 13, 2011).+†
10.26	Transitional Manufacturing and Supply Agreement, dated January 31, 2012 between Medtech Products Inc. and GlaxoSmithKline Consumer Healthcare L.P. (filed as Exhibit 10.28 to the Company's Annual Report on Form 10-K filed with the SEC on May 18, 2012).+†
10.27	Prestige Brands Holdings, Inc. Summary of Director Compensation Program (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on November 7, 2012). +#
10.28	Supply Agreement, dated as of July 1, 2012, among Medtech Products Inc. and Pharmacare Limited T/A Aspen Pharmacare (filed as Exhibit 10.27 to the Company's Annual Report on Form 10-K filed with the SEC on May 17, 2013).+
10.29	Supply Agreement, dated as of November 16, 2012, among Medtech Products Inc. and BestSweet Inc (filed as Exhibit 10.28 to the Company's Annual Report on Form 10-K filed with the SEC on May 17, 2013).+
21.1	Subsidiaries of the Registrant.*
23.1	Consent of PricewaterhouseCoopers LLP.*
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, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
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, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
32.1	Certification of Principal Executive Officer of Prestige Brands Holdings, Inc. pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934 and Section 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
32.2	Certification of Principal Financial Officer of Prestige Brands Holdings, Inc. pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934 and Section 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*

* Filed herewith.

† Certain confidential portions have been omitted pursuant to a confidential treatment request separately filed with the SEC.

+ Incorporated herein by reference.

@ Represents a management contract.

Represents a compensatory plan.

EXECUTION COPY

STOCK PURCHASE AGREEMENT

BY AND AMONG

MEDTECH PRODUCTS INC.,

INSIGHT PHARMACEUTICALS CORPORATION

AND

THE OTHER PARTIES LISTED ON THE SIGNATURE PAGES HERETO

Dated as of April 25, 2014

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STOCK PURCHASE AGREEMENT

This Stock Purchase Agreement (this "Agreement") is made and entered into as of April 25, 2014, by and among Medtech Products Inc., a Delaware corporation ("Buyer"), Insight Pharmaceuticals Corporation, a Delaware corporation (the "Company"), SPC Partners IV, L.P., a Delaware limited partnership, both as a Seller and in its capacity as the Sellers Representative, and the other signatories hereto (each, individually, a "Seller", and collectively, the "Sellers"). Buyer, the Company, the Sellers Representative and the Sellers are sometimes referred to herein individually as a "Party" and collectively as the "Parties."

RECITALS

A. The Company, together with its wholly owned subsidiary, Insight Pharmaceuticals LLC, a Delaware limited liability company ("Insight LLC"), are in the business of developing, having manufactured by third parties, marketing, selling and distributing over-the-counter healthcare products (the "Business").

B. The Sellers own all of the issued and outstanding (i) capital stock of the Company, which consists of 1,162,500 shares of Class A common stock, par value $0.001 per share, of the Company (the "Class A Common Stock"), 1,162,500 shares of Class B common stock, par value $0.001 per share, of the Company (the "Class B Common Stock"), and one share of Class C common stock, par value $0.001 per share, of the Company (the "Class C Common Stock", and together with the Class A Common Stock and the Class B Common Stock, collectively, the "Company Shares") and (ii) Stock Options of the Company; and the Company owns all of the issued and outstanding Equity Securities of Insight LLC.

C. The Sellers desire to sell to Buyer, and Buyer desires to purchase from the Sellers, all of the Company Shares on the terms and conditions set forth herein.

D. Concurrently with the execution of this Agreement, (i) Medtech Holdings, Inc., a Delaware corporation and the parent of Buyer, has executed that certain Limited Guaranty in favor of the Sellers Representative (for the benefit of the Sellers) guaranteeing certain obligations of Buyer hereunder, (ii) each of the Employee Restricted Parties has executed a Non-competition, Non-solicitation, Non-disclosure and General Release Agreement, the covenants and obligations of which will be effective upon the Closing (collectively, the "Employee Restrictive Covenant Agreements"), (iii) each of the Restricted Parties has executed a Non-solicitation, Non-disclosure and General Release Agreement, the covenants and obligations of which will be effective upon the Closing (collectively, the "Restrictive Covenant Agreements"), (iv) each of the other Sellers has executed a Confidentiality Agreement and General Release, the covenants and obligations of which will be effective upon the Closing (collectively, the "General Releases"), and (v) each of the Company and its Subsidiaries, as applicable, on the one hand, and the other Persons party to the Existing Related Party Agreements, on the other hand, have executed Contracts pursuant to which each of the Existing Related Party Agreements will be terminated effective upon the Closing (collectively, the "Termination Agreements").

NOW, THEREFORE, in consideration of the foregoing, and the mutual promises herein made, and in consideration of the representations, warranties and covenants herein contained, the Parties hereby agree as follows:

1. Definitions.

1.1 *Defined Terms.* The following terms have the meanings specified or referred to in this Section 1.1:

1.1.1 "409A Authorities" has the meaning set forth in Section 5.17.9.

1.1.2 "Acquisition Proposal" has the meaning set forth in Section 7.3.

1.1.3 "Actual Company Cash" has the meaning set forth in Section 2.4.1.

1.1.4 "Actual Company Indebtedness" has the meaning set forth in Section 2.4.1.

1.1.5 "Actual Company Transaction Expenses" has the meaning set forth in Section 2.4.1.

1.1.6 "Actual Net Working Capital" has the meaning set forth in Section 2.4.1.

1.1.7 "Affiliate" means, with respect to any particular Person, (i) any Person controlling, controlled by or under common control with such Person, whether by ownership or control of voting securities, by contract or otherwise, (ii) any Person owning or controlling fifty percent (50%) or more of the outstanding voting securities of such other Person, or (iii) any liquidating trust, trustee or other similar person or entity for any Person.

1.1.8 "Agreement" has the meaning set forth in the Preamble.

1.1.9 "Alternative Arrangements" has the meaning set forth in Section 11.7.1.

1.1.10 "ANB" means Associated National Brokerage Inc.

1.1.11 "Ancillary Agreements" has the meaning set forth in Section 4.2.

1.1.12 "Antitrust Filings" has the meaning set forth in Section 13.2.1.

1.1.13 "Arbitrator" has the meaning set forth in Section 2.4.1.

1.1.14 "Authorized Action" has the meaning set forth in Section 13.1.

1.1.15 "Basket" has the meaning set forth in Section 11.5.2.

1.1.16 "Business" has the meaning set forth in the Recitals.

1.1.17 "Business Day" means any day that is not a Saturday, a Sunday or holiday observed by the United States Federal Reserve Board of Governors.

1.1.18 "Business Systems" has the meaning set forth in Section 5.11.7.

1.1.19 "Buyer" has the meaning set forth in the Preamble.

1.1.20 "Buyer Responsible Severance" means the severance obligations, if any, of the Company or its Subsidiaries arising (i) after the Closing and that are due and owing to any person employed by either the Company or its Subsidiaries immediately following the Closing, and (ii) in connection with the termination or resignation of any employee of either the Company or its Subsidiaries at the written request of Buyer.

1.1.21 "Buyer Transaction Expenses" has the meaning set forth in Section 1.1.42.

1.1.22 "Buyer Indemnifiable Losses" has the meaning set forth in Section 11.4.

1.1.23 "Buyer Parties" has the meaning set forth in Section 11.2.1.

1.1.24 "Cap" has the meaning set forth in Section 11.5.1.

1.1.25 "Cash" means the aggregate amount of cash and cash equivalents (including petty cash, bank account balances and short term investments), plus deposits in transit, less uncashed checks and wires out in transit calculated in accordance with GAAP.

1.1.26 "CERCLA" has the meaning set forth in Section 1.1.61.

1.1.27 "Class A Common Stock" has the meaning set forth in the Recitals.

1.1.28 "Class B Common Stock" has the meaning set forth in the Recitals.

1.1.29 "Class C Common Stock" has the meaning set forth in the Recitals.

1.1.30 "Closing" has the meaning set forth in Section 3.1.

1.1.31 "Closing Date" has the meaning set forth in Section 3.1.

1.1.32 "Closing Date Statement" has the meaning set forth in Section 2.4.1.

1.1.33 "Code" means the United States Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder.

1.1.34 "Collection Expenses" has the meaning set forth in Section 11.7.1.

1.1.35 "Company" has the meaning set forth in the Preamble.

1.1.36 "Company Cash True-up" means an amount (which may be negative) equal to (i) the Estimated Company Cash minus (ii) the Actual Company Cash.

1.1.37 "Company Indebtedness True-up" means an amount (which may be negative) equal to (i) the Estimated Company Indebtedness minus (ii) the Actual Company Indebtedness.

1.1.38 "Company Intellectual Property" has the meaning set forth in Section 5.11.2.

1.1.39 "Company Owned Intellectual Property" has the meaning set forth in Section 5.11.3.

1.1.40 "Company Securities" has the meaning set forth in Section 5.4.

1.1.41 "Company Shares" has the meaning set forth in the Recitals.

1.1.42 "Company Transaction Expenses" means the aggregate amount of all fees, costs and expenses, incurred by or on behalf of the Company or any of its Subsidiaries prior to the Closing, or the Sellers, in each case, 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 that have not been paid as of Closing, including, without duplication (i) investment banking, legal and accounting fees, costs and expenses, (ii) subject to the express provisions of Section 13.2, all fees and expenses associated with obtaining necessary or appropriate consents or approvals of any Governmental Authority, (iii) fees or expenses associated with obtaining the release and termination of any Liens, (iv) all brokers' or finders' fees, and (v) all sale, change-of-control, "stay-around," retention,

or similar bonuses, compensation or payments to current or former managers, directors, employees and other service providers of the Company or any of its Subsidiaries payable as a result of or in connection with the consummation of the transactions contemplated hereby; provided, that Company Transaction Expenses shall not include any (A) Indebtedness or any amounts taken into account in the final determination of Actual Net Working Capital, (B) third-party out-of-pocket fees, expenses or other amounts incurred by the Company or its Subsidiaries, at or prior to Closing, with respect to the consummation of the transactions contemplated hereby in connection with the financing arranged by Buyer, or (C) Buyer Responsible Severance (such amounts, "Buyer Transaction Expenses").

1.1.43 "Company Transaction Expenses True-up" means an amount (which may be negative) equal to (i) the Estimated Company Transaction Expenses minus (ii) the Actual Company Transaction Expenses.

1.1.44 "Confidentiality Agreement" has the meaning set forth in Section 7.6.3.

1.1.45 "Contract" means any contract, license, sublicense, mortgage, purchase order, indenture, factoring agreement, loan agreement, lease, sublease, agreement or instrument or any binding commitment to enter into any of the foregoing (in each case, whether written or oral).

1.1.46 "Copyrights" has the meaning set forth in Section 1.1.109.

1.1.47 "Debt Commitment Letter" has the meaning set forth in Section 6.7.

1.1.48 "Debt Financing Sources" means the banks, financial institutions, and other institutional investors who will provide debt financing pursuant to the Debt Commitment Letter to any of Buyer 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.

1.1.49 "Dietary Supplement" has the meaning set forth in 21 U.S.C. § 321(ff).

1.1.50 "Disclosure Schedule" means the disclosure schedule attached to this Agreement that is arranged in sections corresponding to the numbered sections contained in this Agreement.

1.1.51 "Distributor Contracts" means, collectively, the following Contracts: (i) Distribution and Sales Agreement, dated July 31, 2011, between Insight LLC and ANB, as amended by that certain Amendment, dated January 1, 2013; (ii) Agreement, dated January 1, 2011, between Emerson Group and the Company; (iii) Agreement, dated January 1, 2011, between Emerson Healthcare and the Company; and (iv) Contract for the Fabrication, Packaging, Labeling and Testing of Drug, Natural Health and Medical Device Products in Canada, dated December 6, 2007, between Insight LLC and ANB.

1.1.52 "Drug" has the meaning set forth in 21 U.S.C. § 321(g).

1.1.53 "Emerson Group" means S. Emerson Group Inc.

1.1.54 "Emerson Healthcare" means Emerson Healthcare LLC.

1.1.55 "Employee Restricted Parties" means each of Gary Downing, Jim Berwick, Dennis Kinsey, Jennifer Moyer, and Jeff Vernimb.

1.1.56 "Employee Restrictive Covenant Agreements" has the meaning set forth in the Recitals.

1.1.57 "Employment Laws" has the meaning set forth in Section 5.16.1.

1.1.58 "Employment Loss" means (i) an employment termination, other than a discharge for cause, voluntary departure, or retirement, (ii) a layoff exceeding six (6) months, or (iii) a reduction in hours of work of more than 50 percent during each month of any 6-month period.

1.1.59 "Enterprise Value" has the meaning set forth in Section 2.1.

1.1.60 "Environmental Claim" means any action, suit, claim, investigation or other legal proceeding by any Person alleging Liability of the Company or any of its Subsidiaries of whatever kind or nature (including Liability or responsibility for the costs of enforcement proceedings, investigations, cleanup, governmental response, removal or remediation, natural resources damages, property damages, personal injuries, medical monitoring, penalties, contribution, indemnification and injunctive relief) arising out of, based on or resulting from (i) the Release of, or exposure of any Person to any Hazardous Materials, or (ii) any actual or alleged non-compliance by the Company or any of its Subsidiaries with any Environmental Law or term or condition of any Environmental Permit.

1.1.61 "Environmental Laws" means all foreign, federal, state and local laws, statutes, regulations, ordinances and rules of common law relating to pollution or protection of the environment, including those relating to fines, orders, injunctions, penalties, damages, contribution, cost recovery compensation, losses, or injuries resulting from the Release or threatened Release of Hazardous Materials and the generation, use, storage, transportation, or disposal of or exposure of any Person to Hazardous Materials in any manner applicable to the Business, the Company or any of its Subsidiaries, including the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. §§ 9601 et seq.) ("CERCLA"), the Hazardous Materials Transportation Act (49 U.S.C. §§ 1801 et seq.), the Resource Conservation and Recovery Act of 1976 (42 U.S.C. §§ 6901 et seq.), the Federal Water Pollution Control Act (33 U.S.C. §§ 1251 et seq.), the Clean Air Act (42 U.S.C. §§ 7401 et seq.), the Toxic Substances Control Act of 1976 (15 U.S.C. §§ 2601 et seq.) and the Safe Drinking Water Act (42 U.S.C. §§ 300f-§§ 300j-11 et seq.).

1.1.62 **"**Environmental Notice**"** means any written directive, notice of violation or infraction, notice of investigation or inquiry, or other notice respecting any Environmental Claim including relating to actual or alleged non-compliance by the Company or any of its Subsidiaries with any Environmental Law or any term or condition of any Environmental Permit.

1.1.63 "Environmental Permit" has the meaning set forth in Section 5.26.1.

1.1.64 "Equity Securities" means any (i) limited liability company interests, stock, shares, partnership interests or other equity securities or capital interests, (ii) warrants, options or other rights to purchase or otherwise acquire securities described in clause (i) of this definition, (iii) equity appreciation rights or profits interests, and (iv) obligations, evidences of indebtedness or other securities or interests convertible or exchangeable into securities described in clauses (i), (ii) or (iii) of this definition.

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

1.1.66 "ERISA Affiliate" means any business entity that is included in a controlled group of entities within which the Company or any of its Subsidiaries is also included, as provided in Section 414(b) of the Code; or which is a trade or business under common control with the Company or any of its Subsidiaries, as provided in Section 414(c) of the Code; or which constitutes a member of an affiliated service group within which the Company or any of its Subsidiaries is also included, as provided in Section 414(m) of the Code; or which is required to be aggregated with the Company or any of its Subsidiaries pursuant to regulations issued under Section 414(o) of the Code.

1.1.67 "Escrow Account" has the meaning set forth in Section 3.2.2.1.

1.1.68 "Escrow Agent" means Wells Fargo Bank, National Association.

1.1.69 "Escrow Agreement" means the escrow agreement to be entered into by and among Buyer, the Sellers Representative and the Escrow Agent as of the Closing, in substantially the form attached hereto as Exhibit B.

1.1.70 "Estimated Company Cash" has the meaning set forth in Section 2.3.2.

1.1.71 "Estimated Company Indebtedness" has the meaning set forth in Section 2.3.2.

1.1.72 "Estimated Company Transaction Expenses" has the meaning set forth in Section 2.3.2.

1.1.73 "Estimated Net Working Capital" has the meaning set forth in Section 2.3.2.

1.1.74 "Estimated Net Working Capital Adjustment" means an amount (which may be negative number) equal to (i) the Estimated Net Working Capital minus (ii) the Target Net Working Capital.

1.1.75 "Estimated Payment" means an amount equal to the Enterprise Value, minus the Indemnity Escrow Amount, minus the NWC Escrow Amount, plus the Estimated Net Working Capital Adjustment, minus the Estimated Company Indebtedness, plus the Estimated Company Cash, minus the Estimated Company Transaction Expenses.

1.1.76 "Estimated Payment Adjustment" means an amount (which may be a negative number) equal to the sum of (i) the Net Working Capital True-up, plus (ii) the Company Indebtedness True-up, plus (iii) the Company Transaction Expenses True-up, minus (iv) the Company Cash True-up.

1.1.77 "Estimated Payment Decrease" means the Estimated Payment Adjustment, if such amount is a negative number.

1.1.78 "Estimated Payment Increase" means the Estimated Payment Adjustment, if such amount is a positive number.

1.1.79 "Exchange Act" means the Securities Exchange Act of 1934, as amended (together with the rules and regulations promulgated thereunder).

1.1.80 "Existing Matter" has the meaning set forth in Section 7.4.1.

1.1.81 "Existing Related Party Agreements" means the existing agreements (whether oral or written) by and between the Company or any of its Subsidiaries (on the one hand) and any Seller or any employee, officer, director or manager of the Company or any of its Subsidiaries (on the other hand),

and other agreements, in each case, which are set forth on Schedule 1.1.81 and shall be terminated at or prior to Closing.

1.1.82 "Extended Representations" has the meaning set forth in Section 11.1.3.

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

1.1.84 "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.

1.1.85 "FDA Law and Regulation" has the meaning set forth in Section 5.28.1.

1.1.86 "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.

1.1.87 "FD&C Act" has the meaning set forth in Section 5.28.1.

1.1.88 "Financial Statements" has the meaning set forth in Section 5.6.

1.1.89 "Financing" has the meaning set forth in Section 7.6.1.

1.1.90 "FTC" means the United States Federal Trade Commission.

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

1.1.92 "Fundamental Representations" means the representations and warranties contained in Sections 4.1 (Company Shares), 4.2 (Authorization of Transaction), 4.5 (Brokerage Fees), 5.1 (Organization, Qualification and Authority), 5.2 (Authorization of Transaction), 5.4 (Capitalization) and 5.24 (Brokerage Fees).

1.1.93 "GAAP" means United States generally accepted accounting principles applied in a manner consistent with the Company's past practices.

1.1.94 "General Releases" has the meaning set forth in the Recitals.

1.1.95 "General Survival Date" has the meaning set forth in Section 11.1.2.

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

1.1.97 "Hazardous Materials" means (i) any chemical, material or substance defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous waste," "restricted hazardous waste," "medical waste," "toxic pollutants," "contaminants," "pollutants," "toxic substances," or words of similar meaning under any applicable Environmental Law due to its dangerous or deleterious properties, (ii) any oil, petroleum, petroleum product or petroleum derived substance, (iii) asbestos containing materials, (iv) polychlorinated

biphenyls, and (v) any other chemical, material or substance prohibited, limited, or regulated by any Governmental Authority due to its dangerous or deleterious properties.

1.1.98 "HIPAA" has the meaning set forth in Section 5.17.8.

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

1.1.100 "HSR Filings" has the meaning set forth in Section 13.2.1.

1.1.101 "Income Tax Return" means any tax return, declaration, statement, form or other document related to Income Taxes.

1.1.102 "Income Taxes" means Taxes imposed on net income.

1.1.103 "Indebtedness" means, with respect to any Person, without duplication, all liabilities or obligations of such Person: (i) for borrowed money (excluding all Current Liabilities); (ii) evidenced by bonds, debentures, notes or other similar instruments or under interest rate, currency swap or similar hedging arrangements; (iii) under letters of credit, to the extent drawn; (iv) for the deferred purchase price of property or services or the acquisition of a business or portion thereof, whether contingent or otherwise, as obligor or otherwise, to the extent not evidenced by a Current Liability (including any so-called "earn-out" or similar payments or obligations at the maximum amount payable in respect thereof); (v) created or arising under any conditional sale or other title retention agreement with respect to acquired property; (vi) under leases that have been treated as capital leases by the Company or any of its Subsidiaries; (vii) secured by a Lien on any of such Person's assets (except for any Permitted Lien); (viii) for underfunded employee pension benefit plans; (ix) the case of the Company or any of its Subsidiaries, for management or advisory fees owed or otherwise due to any Affiliate of any Seller that remain unpaid as of the Closing; (x) for accrued but unpaid interest and unpaid prepayment penalties or premiums, expenses or other amounts that are payable in connection with the retirement of or prepayment in respect of any of the foregoing; or (xi) for guarantees of another Person in respect of any of the foregoing.

1.1.104 "Indemnifiable Losses" has the meaning set forth in Section 11.4.

1.1.105 "Indemnified Party" has the meaning set forth in Section 11.6.1.

1.1.106 "Indemnifying Party" has the meaning set forth in Section 11.6.1.

1.1.107 "Indemnity Escrow Amount" means Thirty-Two Million Dollars ($32,000,000).

1.1.108 "Insight LLC" has the meaning set forth in the Recitals.

1.1.109 "Intellectual Property" means the entire right, title, and interest in and to all intellectual property rights or proprietary rights of every kind and nature however denominated, throughout the world, including: (i) patents, patent applications, designs and, any other patent rights (including any divisions, continuations, continuations-in-part, reissues, reexaminations and interferences of the foregoing) (collectively, "Patents"), inventions and discoveries (whether or not patentable), and licenses to any of the foregoing; (ii) registered and unregistered trademarks, service marks, trade names, brands, trade dress, logos, 1-800, 1-888, 1-877 and other "vanity" telephone numbers, social media accounts (including, Facebook, Twitter and comparable services) and other source identifiers, including

applications for registration of same, licenses to any of the foregoing, and the goodwill associated therewith or related thereto for all of the foregoing (collectively, "Trademarks"); (iii) copyrights, copyrightable works and mask works and any moral rights associated therewith, including copyrights in fabric patterns, photographs, fabric design libraries, computer software, programs, databases, Internet websites, web content, firmware, operating systems and specifications, designs, design tools, templates, menus, buttons, icons and user interfaces, in any form or format, however fixed, and documentation, source code listings, descriptions, flow-charts, manuals and other work product related to or associated with any of the foregoing, and registrations and applications for registration with any of the foregoing (collectively, "Copyrights"), and licenses with any of the foregoing; (iv) proprietary information, know-how, trade secrets, technology, formulae, processes, methods, techniques, discoveries, innovations, databases, data, notes, reports, drawings, ideas, research and development, works, models, designs, works-in-progress, customer and supplier lists, specifications, creations, algorithms, compositions, confidential business information, pricing and cost information, business and marketing plans and proposals, graphics, illustrations, artwork, documentation, and manuals and other proprietary information and work product therefor, and any tangible embodiments of the above, in any form or medium; (v) domain names, web site addresses and uniform resource locators, and registrations and applications for registration of the foregoing; (vi) rights of privacy and publicity; (vii) Software and licenses thereto; (viii) all other proprietary rights related to any form of intellectual property; (ix) recordations and common-law rights and contractual rights relating to any of the foregoing; and (x) actions and rights to sue at law or in equity for any past or future infringement or other impairment of any of the foregoing, including the right to receive all proceeds and damages therefrom, and all rights to obtain renewals, continuations, divisions or other extensions of legal protections pertaining thereto.

1.1.110 "Intellectual Property Agreements" means all Contracts related to Intellectual Property, including all: (i) licenses of Intellectual Property by the Company or any of its Subsidiaries to any third party; and (ii) licenses of Intellectual Property by any third party to the Company or any of its Subsidiaries.

1.1.111 "Interim Financial Statements" has the meaning set forth in Section 7.4.2.

1.1.112 "Inventory" means the inventory (including packaging materials, raw materials, work-in-process and finished goods) owned by the Company or any of its Subsidiaries used in or related to the Business, including any such inventory owned by the Company or any of its Subsidiaries that is located at a third-party warehouse, facility or other property.

1.1.113 "Investment" as applied to any Person means (i) any direct or indirect purchase or other acquisition (whether by loan, contribution of capital, exchange or otherwise) by such Person of any notes, obligations, instruments, stock, securities or other ownership interests (including partnership interests and joint venture interests) of any other Person and (ii) any capital contribution by such Person to any other Person.

1.1.114 "Key Employee" means each of Gary Downing, Jim Berwick, Dennis Kinsey, Jennifer Moyer, and Umberto (Al) Parrotta.

1.1.115 "Knowledge of the Company", "Company's Knowledge" or similar phrases means the actual knowledge of Gary Downing, Jim Berwick, Dennis Kinsey, Jennifer Moyer, and Umberto (Al) Parrotta, and, unless otherwise explicitly set forth herein, the knowledge that each such person would have after a reasonable inquiry by such person.

1.1.116 "Latest Audited Balance Sheet" has the meaning set forth in Section 5.6.

1.1.117 "Latest Balance Sheet" has the meaning set forth in Section 5.6.

1.1.118 "Law" means each provision of any federal, state, provincial, municipal, local or foreign law, statute, ordinance, order, judgment, common law, code, rule, official standard or regulation, enacted, enforced, entered, promulgated or issued by any Governmental Authority.

1.1.119 "Leased Real Property" has the meaning set forth in Section 5.10.

1.1.120 "Leases" means all written or oral leases, subleases, licenses, concessions and other agreements (including all amendments, extensions, renewals, guarantees and other agreements with respect thereto) pursuant to which the Company or any of its Subsidiaries holds, uses, occupies or possesses any Leased Real Property.

1.1.121 "Liability" means, with respect to any Person, any liability, obligation, Indebtedness, claim, damage, loss or expense of such Person (whether known or unknown, whether asserted or unasserted, whether determined, undetermined or determinable, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, whether due or to become due and whether matured or unmatured), and which, for purposes of clarity, includes Taxes.

1.1.122 "Lien" means any mortgage, pledge, hypothecation, security interest or encumbrance or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof), any sale of receivables with recourse against the Company or any of its Subsidiaries, and any filing or agreement to file a financing statement as debtor under the Uniform Commercial Code (or similar Law). For the avoidance of doubt, a license of Intellectual Property shall not be deemed to be a Lien.

1.1.123 "Listed IP" has the meaning set forth in Section 5.11.1.

1.1.124 "Litigation" has the meaning set forth in Section 7.4.1.

1.1.125 "Losses" means all actions, suits, proceedings, hearings, investigations, charges, complaints, claims, demands, injunctions, orders, stipulations, decrees, rulings, damages, dues, penalties, fines, costs, amounts paid in settlement, Liabilities, and fees, including court costs and reasonable attorneys' fees and expenses.

1.1.126 "Marketing Period" means the first period of twenty (20) consecutive Business Days (without counting July 3, 2014 as a Business Day but, for the avoidance of doubt, such non-counting of July 3, 2014 as a Business Day shall not stop the consecutive nature of the other Business Days before and after July 3, 2013, and it being understood and agreed that if such twenty (20) consecutive Business Day period does not end prior to August 20, 2014, it shall not be deemed to commence until after September 2, 2014) after the date of this Agreement beginning on the first day on which (i) Buyer shall have the Required Financial Information and during which period such information shall not contain any material misstatement of fact or omit to state any material fact necessary to make such information not misleading in any material respect (provided, that (A) the Required Financial Information that is forward-looking information shall not fail to satisfy this clause (i) as long as it is prepared and provided in good faith based upon assumptions that Company believes to be reasonable at the time such information is made available by the Company to Buyer; it being understood that (y) such information is as to future events and are not to be viewed as facts or a guarantee of performance and are subject to significant uncertainties and contingencies many of which are beyond the Company's control and (z) no assurance can be given that any particular financial projections will be realized, and that actual results

during the period or periods covered by any such information may differ significantly from the projected results, and such differences may be material) and (B) if the Company shall in good faith reasonably believe it has provided the Required Financial Information, it may deliver to Buyer 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 Buyer in good faith reasonably believes the Company has not completed the delivery of the Required Financial Information and within three (3) 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 Sections 9.1 and 9.2 have been satisfied (other than those conditions that by their terms 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 Section 9.2.1 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 Buyer (it being understood and agreed that any of the "Big Four" accounting firms are acceptable to Buyer) 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; provided, further, that the Marketing Period shall end on any earlier date on which the proceeds of the Financing are obtained.

1.1.127 "Material Adverse Effect" means any event, change or occurrence that, individually or together with any one or more other events, changes or occurrences, has had, or would reasonably be expected to have, a material adverse effect upon the assets, financial condition, results of operations or business of the Company and its Subsidiaries, taken as a whole, or on the ability of any of the Parties to consummate the transactions contemplated hereby; provided, that none of the following 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: (i) any event, change or occurrence arising from or relating to (A) changes in general business or economic conditions, (B) the commencement, occurrence, continuation or intensification of any national or international political 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 its 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, (C) changes in GAAP (or analogous accounting standards) or the enforcement thereof, in each case, after the date of this Agreement, (D) the occurrence of any earthquakes, hurricanes, pandemics or other natural disasters, or any other force majeure event, whether or not caused by any Person, or any national or international calamity or crisis, (E) changes in the financial, banking or securities markets generally (including any disruption thereof and any decline in the price of any security or any market index), and/or (F) changes in Law or the enforcement thereof, in each case, after the date of this Agreement; (ii) any event, change or occurrence arising from or relating to the execution, public announcement, pendency or performance of this Agreement or compliance with the provisions hereof;

(iii) the failure, in and of itself, by the Company or a Subsidiary of the Company to meet its internal financial projections, plans or forecasts for any period (but not the underlying causes thereof, which may, subject to the rest of this definition, be considered in determining whether there has been a Material Adverse Effect; (iv) any action taken by any Seller, the Company or any of the Subsidiaries of the Company, (A) required to satisfy their respective obligations under this Agreement or (B) at the specific written direction or with the written consent of Buyer; provided further, that clause (i) above shall not result in the exclusion of any event, change or occurrence to the extent it disproportionately impacts the Company and its Subsidiaries, taken as a whole, relative to the other companies in the industries in which the Company and its Subsidiaries operate.

1.1.128 "Material Contracts" has the meaning set forth in Section 5.12.1.

1.1.129 "Merger Control Law" means the HSR Act and any other applicable competition, merger control, antitrust or similar Law.

1.1.130 "Merger Control Law Fees" means the filing fees due under the terms of the HSR Act or any other applicable Merger Control Law in connection with the consummation of the Proposed Transactions.

1.1.131 "Multiemployer Plan" has the meaning set forth in Section 5.17.6.

1.1.132 "Net Working Capital" has the meaning set forth in Exhibit A attached hereto.

1.1.133 "Net Working Capital True-up" means an amount equal to (i) the Actual Net Working Capital minus (ii) the Estimated Net Working Capital.

1.1.134 "New Matter" has the meaning set forth in Section 7.4.1.

1.1.135 "Non-Income Taxes" means any Taxes that are not Income Taxes.

1.1.136 "Notice" has the meaning set forth in Section 2.4.1.

1.1.137 "Notice Period" has the meaning set forth in Section 2.4.1.

1.1.138 "NWC Escrow Amount" means One Million Seven Hundred Fifty Thousand Dollars ($1,750,000).

1.1.139 "NWC Escrow Shortfall" has the meaning set forth in Section 2.4.2.2.

1.1.140 "Operating Budget" has the meaning set forth in Section 7.1.10.

1.1.141 "Optionholder" means a holder of Stock Options. For the avoidance of doubt, each Optionholder shall be a "Seller" hereunder.

1.1.142 "Ordinary Course of Business" means an action that is taken in the ordinary course of business and is consistent with the past customs and practices of the Company and its Subsidiaries in the normal day-to-day operation of the Business.

1.1.143 "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 of formation, 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.

1.1.144 "Outside Date" has the meaning set forth in Section 12.1.2.

1.1.145 "Party" and "Parties" each have the meaning set forth in the Preamble.

1.1.146 "Patents" has the meaning set forth in Section 1.1.109.

1.1.147 "PEO Plan" means: (i) each "employee benefit plan," as defined in Section 3(3) of ERISA, including any "multiemployer plan" as defined in Section 3(37) of ERISA, each determined without regard to whether such plan is subject to ERISA; and (ii) any other pension, retirement, thrift, saving, profit sharing, welfare, wellness, medical, voluntary employees' beneficiary association or related trust, disability, group insurance, life insurance, severance pay, deferred compensation, flexible benefit, excess or supplemental benefit, vacation, equity-related, stock option, phantom stock, supplemental unemployment, layoff, "golden parachute", incentive or retention plan, fund, contract, policy, program, practice, agreement, understanding, arrangement or scheme, employment agreement or material fringe benefit plan, fund, contract, policy, program, practice, agreement, understanding, arrangement or scheme, in each case maintained by a professional employer organization for the benefit of current or former employees of the Company or any of its Subsidiaries.

1.1.148 "Permits" has the meaning set forth in Section 5.18.

1.1.149 "Permitted Liens" means (i) statutory Liens for Taxes or other governmental charges, assessments or levies that (A) are not yet due and payable or (B) are being contested in good faith through appropriate proceedings and for which reserves have been established in accordance with GAAP, (ii) statutory landlord's, mechanic's, carrier's, workmen's, repairmen's or other similar Liens arising or incurred in the Ordinary Course of Business for amounts not yet due and payable which are not material, individually or in the aggregate, (iii) zoning, entitlement, building and other land use regulations imposed by Governmental Authorities having jurisdiction over the Leased Real Property which are not violated by the current occupation and use of the Leased Real Property, (iv) purchase money Liens securing rental payments under capital lease arrangements, (v) Liens granted to any lender at the Closing in connection with any financing by Buyer of the transactions contemplated hereby, (vi) Liens identified on title policies or preliminary title reports or other documents or writings included in the public records, (vii) restrictions under the Securities Act of 1933, as amended (together with the rules and regulations promulgated thereunder, the "Securities Act"), and other applicable securities laws, and (viii) any other Liens set forth in Section 1.1.149 of the Disclosure Schedule.

1.1.150 "Person" means any individual, sole proprietorship, partnership, joint venture, trust, unincorporated association, corporation, limited liability company, entity or Governmental Authority (whether foreign, federal, state, county, city or otherwise, including any instrumentality, division, agency or department thereof).

1.1.151 "Plan" means: (i) each "employee benefit plan," as defined in Section 3(3) of ERISA, including any "multiemployer plan" as defined in Section 3(37) of ERISA, each determined without regard to whether such plan is subject to ERISA; and (ii) any other pension, retirement, thrift, saving, profit sharing, welfare, wellness, medical, voluntary employees' beneficiary association or related trust, disability, group insurance, life insurance, severance pay, deferred compensation, flexible benefit, excess or supplemental benefit, vacation, equity-related, stock option, phantom stock, supplemental unemployment, layoff, "golden parachute", incentive or retention plan, fund, contract, policy, program,

practice, agreement, understanding, arrangement or scheme, employment agreement or material fringe benefit plan, fund, contract, policy, program, practice, agreement, understanding, arrangement or scheme, in either case (x) to which the Company, any of its Subsidiaries is a party or sponsoring, participating or contributing employer or by which any of them is bound as of the date of this Agreement or (y) to which the Company, any of its Subsidiaries may otherwise have any Liability (including on account of any of its Subsidiaries or any past or present ERISA Affiliate), but excluding any PEO Plans.

1.1.152 "Pre-Closing Period" means any taxable period ending on or before the Closing Date.

1.1.153 "Pre-Closing Taxes" means, without duplication, (i) any and all Taxes of or imposed on the Company or any of its Subsidiaries for any and all Pre-Closing Periods, (ii) any and all Taxes of or imposed on the Company or any of its Subsidiaries for any and all portions of Straddle Periods ending on the Closing Date (determined in accordance with Section 10.2 hereof), (iii) any and all Taxes of an "affiliated group" (as defined in Section 1504 of the Code) (or affiliated, consolidated, unitary, combined or similar group under applicable state, local or foreign Law) of which the Company or any of its Subsidiaries (or any predecessor of the Company or any of its Subsidiaries) is or was a member on or prior to the Closing Date, including pursuant to Treasury Regulations Section 1.1502-6 (or any predecessor or successor thereof or any analogous or similar state, local or foreign Law), (iv) any and all Taxes of or imposed on the Company or any of its Subsidiaries as a result of transferee, successor or similar liability (including bulk transfer or similar Laws) or pursuant to any Law or otherwise, which Taxes relate to an event or transaction (including transactions contemplated by this Agreement) occurring on or before the Closing Date, (v) any and all Transfer Taxes required to be paid by the Sellers pursuant to Section 10.8, and (vi) any and all amounts required to be paid by the Company or any of its Subsidiaries pursuant to any Tax Sharing Agreement (that the Company or any of its Subsidiaries was a party to on the Closing Date); provided, however, that Pre-Closing Taxes shall not include Taxes to the extent such Taxes are reflected in the Actual Net Working Capital. Notwithstanding anything to the contrary set forth herein: (x) in determining U.S. federal and applicable state, local and foreign Income Taxes of or imposed on the Company or any of its Subsidiaries pursuant to this definition related or attributable to an interest in any entity treated as a partnership for U.S. federal or state, local or foreign income Tax purposes, the taxable income of the Company and its Subsidiaries shall be determined as if the taxable year of the entity treated as such a partnership closed on the Closing Date; and (y) "Pre-Closing Taxes" means the amount of Taxes which would have been payable or paid without taking into account any carryback of any Tax attribute (including any net operating loss carryback) arising in any Tax period ending after the Closing Date.

1.1.154 "Proposed Transactions" has the meaning set forth in Section 13.2.1.

1.1.155 "Pro Rata Portion" means, as to each Seller, that percentage that is based on such Seller's pro rata portion of the proceeds payable hereunder to such Seller and is set forth next to such Seller's name on Exhibit C attached hereto, which Exhibit C shall be provided by the Sellers Representative to Buyer at least three (3) Business Days prior to Closing.

1.1.156 "Reasonable Efforts" shall mean the good faith commercially reasonable efforts that a reasonably prudent Person desirous of achieving a result would use in similar circumstances.

1.1.157 "Release" has the same meaning as used in CERCLA.

1.1.158 "Required Financial Information" means (i) all customary financial information of the Company and its Subsidiaries that is required to permit Buyer to prepare the pro forma consolidated balance sheet and related pro forma consolidated statement of income required to satisfy the condition

set forth in Section 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 buyer to comply with the condition set forth in Section 8 of Exhibit C to the Debt Commitment Letter as in effect on the date hereof.

1.1.159 "Resolution Period" has the meaning set forth in Section 2.4.1.

1.1.160 "Restricted Parties" means, collectively, each of SPC Partners IV, L.P. and 1829356 Ontario Limited.

1.1.161 "Restrictive Covenant Agreements" has the meaning set forth in the Recitals.

1.1.162 "Sale" has the meaning set forth in Section 7.6.2.

1.1.163 "Securities Act" has the meaning set forth in Section 1.1.149.

1.1.164 "Seller" and "Sellers" each have the meaning set forth in the Preamble.

1.1.165 "Seller Indemnifiable Losses" has the meaning set forth in Section 11.4.

1.1.166 "Sellers' Counsel" has the meaning set forth in Section 13.1.6.

1.1.167 "Sellers Representative" has the meaning set forth in Section 13.1.1.

1.1.168 "Sellers Representative Agreement" has the meaning set forth in Section 13.1.

1.1.169 "Sellers Representative Amount" means Two Million Dollars ($2,000,000).

1.1.170 "Software" means all (i) computer programs, whether in source code or object code, (ii) descriptions, flow charts and other work products used to design, plan or develop any of the foregoing and (iii) data and documentation relating to any of the foregoing.

1.1.171 "Specified Representations" has the meaning set forth in Section 7.4.1.

1.1.172 "Stock Option Plan" means the Company's Amended and Restated 2009 Stock Option Plan.

1.1.173 "Stock Options" means each outstanding option to purchase Company Shares, including under the Stock Option Plan.

1.1.174 "Straddle Period" means any taxable period beginning on or before, and ending after, the Closing Date.

1.1.175 "Subsidiaries" means, with respect to any Person, any business entity of which (i) if the business entity is a corporation, a majority of the total voting power of shares of 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, (ii) if the business entity is a joint venture, fifty percent (50%) or more of the total controlling interest of such entity is at the time 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 (iii) if the business entity is a limited liability company, partnership, or association or other business entity, a majority of the partnership or other similar ownership interest 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.

1.1.176 "Target Net Working Capital" means an amount equal to Thirty Seven Million Two Hundred Fifty Two Thousand Dollars ($37,252,000).

1.1.177 "Tax" and "Taxes" means any taxes, charges, withholdings, fees, penalties, additions, interest or other assessments of any kind whatsoever imposed by any Taxing Authority, including those related to income, gross receipts, gross income, premium, windfall profits, environmental, customs duties, stamp, severance, profits, withholding, payroll, employment, occupation, sales, use, value added, alternative or add-on minimum, estimated, excise, services, valuation, social security (or similar), unemployment, disability, real property, personal property, escheat, unclaimed property, transfer or franchise.

1.1.178 "Tax Benefit" has the meaning set forth in Section 11.7.2.

1.1.179 "Tax Claim Notice" has the meaning set forth in Section 10.6.1.

1.1.180 "Tax Contest" has the meaning set forth in Section 10.6.1.

1.1.181 "Tax Returns" means all tax returns, declarations, statements, forms or other documents required to be filed with or supplied to any Taxing Authority.

1.1.182 "Tax Sharing Agreement" shall mean any Tax indemnity agreement, Tax sharing agreement, Tax allocation agreement or similar contract or arrangement, whether written or unwritten (including, without limitation, any such agreement, contract or arrangement included in any purchase or sale agreement, merger agreement, joint venture agreement or other document and excluding any such agreement entered into in the Ordinary Course of Business and not primarily related to Taxes), other than this Agreement.

1.1.183 "Taxing Authority" means any Governmental Authority having jurisdiction over the assessment, determination, collection, or other imposition of any Tax.

1.1.184 "Termination Agreements" has the meaning set forth in the Recitals.

1.1.185 "Third Party Claim" has the meaning set forth in Section 11.6.1.

1.1.186 "Top Customers" has the meaning set forth in Section 5.21.

1.1.187 "Top Suppliers" has the meaning set forth in Section 5.21.2.

1.1.188 "Trademarks" has the meaning set forth in Section 1.1.109.

1.1.189 "Transfer Taxes" has the meaning set forth in Section 10.8.

1.1.190 "Unaudited Financial Statements" has the meaning set forth in Section 5.6.

1.1.191 "Updated Disclosures" has the meaning set forth in Section 7.4.1.

1.1.192 "U.S. Economic Sanctions" has the meaning set forth in Section 5.20.2.

1.1.193 "WARN Laws" means the Worker Adjustment and Retraining Notification Act, 29 U.S.C. § 2101 et seq., and all similar foreign, state or local Laws.

1.2 *Other Terms.* Any accounting term used in this Agreement shall have, unless otherwise specifically provided for herein, the meaning customarily given to such term under GAAP.

2. Purchase and Sale.

2.1 *Purchase and Sale.* Subject to the provisions of this Agreement, at the Closing Buyer will purchase and accept from the Sellers, and the Sellers will sell, transfer, convey and assign to Buyer, free and clear of any and all Liens other than restrictions under the Securities Act and other applicable securities Laws, the Company Shares. As consideration for the purchase of the Company Shares at the Closing, subject to the provisions of this Agreement and the adjustments and payments set forth in Sections 2.3 and 2.4, Buyer shall pay the Sellers and the Persons identified in Sections 2.3 and 2.4 an aggregate amount equal to Seven Hundred Fifty Million Dollars ($750,000,000) (the "Enterprise Value").

2.2 *Stock Options.* Each Optionholder agrees that his or her unexercised Stock Options outstanding immediately prior to the Closing shall be cancelled at the Closing in exchange for him or her being entitled to receive payment in accordance with the Pro Rata Portion set forth next to his or her name on Exhibit C hereto. At the Closing, each such Stock Option shall be converted into the right to receive an amount in cash (with the Company withholding from the payment(s) made to each Optionholder a portion of such amount for any applicable withholding Tax and such withheld amount(s) being treated for all purposes of this Agreement as having been paid to the Optionholder in respect of which such deduction and withholding was made) equal to the amounts set forth on Exhibit C, less (i) a portion thereof to be contributed to the Indemnity Escrow Amount in accordance with the applicable Optionholder's Pro Rata Portion, less (ii) a portion thereof to be contributed to the NWC Escrow Amount in accordance with the applicable Optionholder's Pro Rata Portion, less (iii) a portion thereof to be contributed to the Sellers Representative Amount in accordance with the applicable Optionholder's Pro Rata Portion. The Company shall make timely payment to the appropriate Taxing Authority or Taxing Authorities of any amounts withheld from payment to the Optionholders under this Section 2.2. Each such Stock Option shall be cancelled at the Closing and all rights attached to such Stock Options shall be waived and released and the only right each Optionholder shall have thereafter with respect thereto is the right to receive such Optionholder's Pro Rata Portion of the Estimated Payment, the Estimated Payment Increase (if any), the Sellers Representative Amount, the NWC Escrow Amount, and the Indemnity Escrow Amount in accordance with this Agreement and the Escrow Agreement, as applicable.

2.3 *Payments at Closing.*

2.3.1 Subject to adjustment pursuant to this Section 2.3 and Section 2.4, at the Closing, Buyer shall (i) pay to the payees thereof the amount of Estimated Company Indebtedness by wire transfer of immediately available funds to an account or accounts designated by the payees of such Estimated Company Indebtedness, (ii) pay to the payees thereof the amount of the Estimated Company Transaction Expenses by wire transfer of immediately available funds to an account or accounts designated by the payees of such Estimated Company Transaction Expenses, (iii) pay to the Escrow Agent by wire transfer of immediately available funds the Indemnity Escrow Amount, to be received, held and disbursed by the Escrow Agent pursuant to the terms of the Escrow Agreement, (iv) pay to the Escrow Agent by wire

transfer of immediately available funds the NWC Escrow Amount, to be received, held and disbursed by the Escrow Agent pursuant to the terms of the Escrow Agreement, (v) pay to the Sellers Representative the Sellers Representative Amount, to be received, held and disbursed in accordance with the terms of this Agreement and the Sellers Representative Agreement, (vi) pay to each Seller who is not an Optionholder such Seller's Pro Rata Portion of the Estimated Payment by wire transfer of immediately available funds to an account or accounts designated by such Seller and (vii) pay to the Company (for disbursement to the Optionholders in accordance with the Company's ordinary payroll practices and Section 2.2) the aggregate Pro Rata Portion of the Estimated Payment for each Optionholder by wire transfer of immediately available funds to an account or accounts designated by the Company.

2.3.2 Within ten (10) Business Days prior to the Closing, but in no event less than three (3) Business Days prior to the Closing, the Sellers Representative shall provide Buyer with a good faith estimate of: (i) Net Working Capital as of the Closing (the "Estimated Net Working Capital"), (ii) the amount of Indebtedness of the Company and its Subsidiaries as of the Closing (the "Estimated Company Indebtedness"), including the amount of such Indebtedness that is to be repaid at the Closing (the "Indebtedness to be Repaid"), (iii) the amount of Cash of the Company and its Subsidiaries as of the Closing (the "Estimated Company Cash") and (iv) the amount of Company Transaction Expenses as of the Closing (the "Estimated Company Transaction Expenses"). Prior to the Closing, Buyer shall have the right to review and comment upon each such good faith estimate and the Sellers Representative shall, acting in good faith, incorporate Buyer's comments into such estimates to the extent that the Sellers Representative deems such comments to be reasonable.

2.4 Post-Closing Adjustments.

2.4.1 Within forty-five (45) days after the Closing Date, Buyer shall deliver to the Sellers Representative a statement (the "Closing Date Statement") setting forth Buyer's calculation of: (i) the actual Net Working Capital as of the Closing (the "Actual Net Working Capital"), (ii) the actual amount of Indebtedness of the Company and its Subsidiaries as of the Closing (the "Actual Company Indebtedness"), (iii) the actual amount of Cash of the Company and its Subsidiaries as of the Closing (the "Actual Company Cash") and (iv) the actual amount of Company Transaction Expenses as of the Closing (the "Actual Company Transaction Expenses"). If the Sellers Representative has any objections to the Closing Date Statement as prepared by Buyer, the Sellers Representative may, within forty-five (45) days after the Sellers Representative's receipt thereof (the "Notice Period"), give written notice (the "Notice") to Buyer specifying in reasonable detail such objections and the basis therefor, and the calculations which the Sellers Representative has determined in good faith are necessary to eliminate such objections. If the Sellers Representative does not deliver the Notice within the Notice Period, Buyer's determinations in the Closing Date Statement shall be final, binding and conclusive on the Parties. If the Sellers Representative provides the Notice within the Notice Period, the Sellers Representative and Buyer shall negotiate in good faith during the fifteen (15)-Business Day period after the date of Buyer's receipt of the Notice (the "Resolution Period") to resolve any disputes regarding the Closing Date Statement. If the Sellers Representative and Buyer are unable to resolve all such disputes within the Resolution Period, then within fifteen (15) Business Days after the expiration of the Resolution Period, all unresolved disputes shall be submitted to an independent accounting firm, to be mutually agreed upon by the Sellers Representative and Buyer (the "Arbitrator"), who shall be engaged to provide a final, binding and conclusive resolution of all such unresolved disputes within thirty (30) Business Days after such engagement. The Arbitrator shall act as an independent arbitrator to determine, based solely on the presentations by the Sellers Representative and Buyer and not by independent review, only those issues that remain in dispute, and the Arbitrator may not assign a value to any particular item that is greater than the greatest value for such item claimed by either Buyer or the Sellers Representative or less than the lowest value for such item claimed by either Buyer or the Sellers Representative, in

each case, as presented to the Arbitrator. Upon the final resolution of all such disputed items, the Arbitrator shall issue a written report detailing its final calculation of such disputed items. The determination of the Arbitrator shall be final, binding and conclusive on the Parties, and the fees and expenses of the Arbitrator shall be borne by the Sellers (on the one hand) and Buyer (on the other hand) in proportion to the amounts by which their proposals differed from the Arbitrator's final determination. In connection with the resolution of any such dispute, each Party (the Sellers on the one hand and Buyer on the other) shall pay its own fees and expenses, including legal, accounting and consultant fees and expenses. Notwithstanding anything to the contrary in this Agreement, any disputes regarding amounts shown in the Closing Date Statement shall be resolved as set forth in this Section 2.4.

2.4.2 Within five (5) Business Days after the earlier to occur of: (x) the expiration of the Notice Period, if no Notice is delivered by the Sellers Representative to Buyer by such date, and (y) the final resolution of all disputes regarding the Closing Date Statement pursuant to Section 2.4.1 above:

2.4.2.1 if such post-Closing adjustments result in an Estimated Payment Increase, then (i) Buyer shall pay each Seller (or, in the case of a Seller that is an Optionholder, to the Company for disbursement to such Optionholder in accordance with the Company's ordinary payroll practices and Section 2.2), such Seller's Pro Rata Portion of the Estimated Payment Increase by wire transfer of immediately available funds to the bank accounts designated by the Sellers Representative (or, in the case of a Seller that is an Optionholder, the Company) and (ii) Buyer and the Sellers Representative shall direct the Escrow Agent to disburse to the Sellers Representative (for the account of the Sellers) the NWC Escrow Amount by wire transfer of immediately available funds to a bank account designated by the Sellers Representative; and

2.4.2.2 if such post-Closing adjustments result in an Estimated Payment Decrease, then Buyer and the Sellers Representative shall direct the Escrow Agent to disburse to Buyer an amount equal to the Estimated Payment Decrease from the NWC Escrow Amount by wire transfer of immediately available funds to a bank account designated by Buyer; provided that, if the NWC Escrow Amount is insufficient to satisfy any such Estimated Payment Decrease (a "NWC Escrow Shortfall"), then at Buyer's option (i) Buyer and the Sellers Representative shall direct the Escrow Agent to disburse to Buyer an amount equal to the NWC Escrow Shortfall (or any portion thereof) from the Indemnity Escrow Amount by wire transfer of immediately available funds to a bank account designated by Buyer and/or (ii) Buyer may recover the NWC Escrow Shortfall (or any portion thereof) directly from the Sellers and the Sellers in such event shall be severally but not jointly obligated, in accordance with each Seller's Pro Rata Portion, to pay to Buyer by wire transfer of immediately available funds to a bank account designated by Buyer the NWC Escrow Shortfall or portion thereof, as applicable.

3. Closing.

3.1 *Closing Date*. The Closing of the purchase and sale of the Company Shares contemplated hereby (the "Closing") will take place at the offices of Reed Smith LLP, 10 South Wacker Drive, 40th Floor, Chicago, Illinois, on the date on which the last of the conditions set forth in Section 9 has been satisfied or waived (other than the conditions with respect to actions of the respective Parties to be taken at the Closing itself), or at such other location and on such other date as the Parties may mutually agree upon (the "Closing Date"); provided, that notwithstanding the satisfaction or waiver of the conditions set forth in Section 9, 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 (i) any Business Day during the Marketing Period to be specified by Buyer to the Sellers

Representative on no less than three (3) Business Days' written notice to the Sellers Representative and (ii) the last day of the Marketing Period, but in each case subject to the satisfaction or waiver of the conditions set forth in Section 9. The Closing shall be effective as of 12:01 A.M., Chicago time, on the Closing Date; provided, that the representations and warranties of the Parties herein shall be effective as of the time the Closing occurs on the Closing Date.

3.2 Closing Deliveries.

3.2.3 At the Closing, the following items will be delivered to Buyer:

3.2.3.3 each Seller shall deliver original certificates evidencing all of Company Shares held by such Seller, together with customary assignments separate from certificate or other customary transfer documents from such Seller relating to such Company Shares;

3.2.3.4 the Company shall deliver customary pay-off letters and customary Lien releases regarding all Indebtedness to be Repaid, indicating that upon payment of a specified amount (subject to a per diem increase, if applicable), the holder of such Indebtedness to be Repaid shall release its Liens and other security interests in, and agree to execute or authorize the execution of Uniform Commercial Code Termination Statements necessary to release of record its Liens and other security interests in, the assets, properties and securities of the Company and each of its Subsidiaries;

3.2.3.5 the Company shall deliver (i) a copy of the resolutions and/or written consents by which all actions on the part of the Company necessary to approve this Agreement, the Ancillary Agreements and the transactions contemplated hereby and thereby were taken, certified by the Secretary or other authorized officer of the Company; (ii) an incumbency certificate signed by an officer or officers of the Company certifying the signature and office of each officer executing this Agreement, the Ancillary Agreements or any other agreement, certificate or other instrument executed pursuant hereto or thereto; (iii) a copy of the Organizational Documents of the Company and each of its Subsidiaries that are filed with any Governmental Authority, certified by the applicable Governmental Authority as of a date that is no more than seven (7) Business Days prior to the Closing Date; (iv) a copy of the other Organizational Documents of the Company and each of its Subsidiaries, certified by the Secretary or other authorized officer of such Person; and (v) good standing certificates or the applicable equivalent document for the Company and each of its Subsidiaries, issued as of a date that is no more than seven (7) Business Days prior to the Closing Date, by the applicable Governmental Authority in the Company's and each of its Subsidiaries' jurisdiction of organization and any other jurisdiction in which each such Person is required to be qualified to do business as a foreign entity;

3.2.3.6 the Company shall deliver an affidavit by the Company dated as of the Closing Date, sworn under penalty of perjury and signed by an officer of the Company and in form and substance required under the Treasury Regulations issued pursuant to Section 1445(b)(3) of the Code, stating that the Company is not and has not been a United States real property holding corporation (as defined in Section 897(c)(2) of the Code) during the applicable period specified in Section 897(c)(1)(A)(ii) of the Code;

3.2.3.7 the Company shall deliver the books and records of the Company and each of its Subsidiaries to the extent such books and records are not located at the Company's or such Subsidiary's premises as of the Closing;

3.2.3.8 the Company shall deliver resignations and releases effective as of the Closing from the officers, directors and managers of the Company and its Subsidiaries that are identified by Buyer prior to the Closing Date;

3.2.3.9 the Company shall deliver the Escrow Agreement executed by the Sellers Representative and the Escrow Agent;

3.2.3.10 the Company and each Seller shall deliver the certificate required by Section 9.2.1 in substantially the forms attached hereto as Exhibit D-1 and Exhibit D-2, respectively; and

3.2.3.11 the Company shall deliver such other certificates, documents and/or instruments as Buyer may reasonably request.

3.2.4 At the Closing, Buyer will deliver or cause to be delivered to the Sellers Representative or other designated Person the following items:

3.2.4.1 to the Escrow Agent, cash by wire transfer of immediately available funds to the account maintained by the Escrow Agent (the "Escrow Account"), in an amount equal to the Indemnity Escrow Amount, for deposit pursuant to the Escrow Agreement;

3.2.4.2 to the Escrow Agent, cash by wire transfer of immediately available funds to the Escrow Account, in an amount equal to the NWC Escrow Amount, for deposit pursuant to the Escrow Agreement;

3.2.4.3 to the Sellers Representative, cash by wire transfer of immediately available funds to the account designated by the Sellers Representative, in an amount equal to the Sellers Representative Amount;

3.2.4.4 to the payees thereof, cash by wire transfer of immediately available funds to the accounts designated in the payoff letters with respect thereto, in an amount sufficient to repay the Indebtedness to be Repaid;

3.2.4.5 to the payees thereof, cash by wire transfer of immediately available funds to the accounts designated by the payees thereof, in an amount sufficient to pay the Estimated Company Transaction Expenses;

3.2.4.6 to each Seller, cash by wire transfer of immediately available funds to an account or accounts designated by such Seller, in an amount equal to such Seller's Pro Rata Portion of the Estimated Payment;

3.2.4.7 (i) a copy of the resolutions and/or written consents by which all actions on the part of Buyer necessary to approve this Agreement, the Ancillary Agreements to which Buyer is a party and the transactions contemplated hereby and thereby were taken, certified by the Secretary or an authorized officer of Buyer; (ii) an incumbency certificate signed by an officer or officers of Buyer certifying the signature and office of each officer executing this Agreement, the Ancillary Agreements to which Buyer is a party or any other agreement, certificate or other instrument executed by Buyer pursuant hereto or thereto; (iii) a copy of Buyer's Organizational Documents that are filed with any Governmental Authority, certified by the applicable Governmental Authority as of a date which is no more than seven (7) Business Days prior to the Closing Date; (iv) a copy of Buyer's

other Organizational Documents, certified by the Secretary or an authorized officer of Buyer; and (v) a good standing certificate for Buyer, issued as of a date which is no more than seven (7) Business Days before the Closing Date, by the applicable Governmental Authority in Buyer's jurisdiction of organization;

3.2.4.8 the certificate required by Section 9.3.1 in substantially the form attached hereto as Exhibit E; and

3.2.4.9 such other certificates, documents and/or instruments as the Sellers Representative may reasonably request.

4. **Representations and Warranties of the Sellers.** As a material inducement to Buyer to enter into this Agreement and consummate the transactions contemplated hereby, each Seller hereby represents and warrants to Buyer, on a several and not joint basis, as of the date hereof and as of the Closing Date, and except as set forth in the Disclosure Schedule, as follows:

4.1 *Company Shares; Stock Options.* Such Seller is the record and beneficial owner of the Company Shares and the Stock Options, in each case, set forth opposite such Seller's name in Section 4.1 of the Disclosure Schedule. Except as set forth in Section 4.1 of the Disclosure Schedule, such Seller has good and valid title to such Company Shares and Stock Options, free and clear of any and all Liens, options or similar rights of any nature, other than any restrictions on transfer pursuant to applicable securities Laws. Except pursuant to this Agreement, there is no contractual obligation pursuant to which such Seller has, directly or indirectly, granted any option, warrant or other right to any Person to acquire any Company Shares or other equity interests in the Company or any of its Subsidiaries. Except as set forth in Section 4.1 of the Disclosure Schedule, there are no voting trusts or other Contracts or understandings to which such Seller is a party with respect to the voting of capital stock of the Company.

4.2 *Authorization of Transaction.* The execution, delivery, and performance by such Seller of this Agreement and the other agreements, documents and instruments relating hereto (the "Ancillary Agreements") to which such Seller is a party, and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all necessary action on the part of such Seller. Such Seller has the requisite power and authority to execute and deliver this Agreement and the Ancillary Agreements to which it is a party, to perform its obligations under this Agreement and the Ancillary Agreements to which it is a party, and to consummate the transactions contemplated by this Agreement and the Ancillary Agreements to which it is a party. This Agreement has been duly and validly executed and delivered by such Seller, and the Ancillary Agreements to which such Seller is a party will be duly executed and delivered by such Seller at the Closing, and, assuming the due authorization, execution and delivery by the other parties hereto and thereto, will constitute, upon such execution and delivery in each case thereof, legal, valid and binding obligations of such Seller, enforceable in accordance with their respective terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, or other similar Laws affecting the enforcement of creditors' rights generally, and general principles of equity (regardless of whether such enforceability is considered in a proceeding in law or equity). If such Seller is an entity, such Seller is duly organized, validly existing and in good standing under the Laws of the jurisdiction of its organization.

4.3 *Noncontravention.* Neither the execution and delivery of this Agreement or the Ancillary Agreements to which such Seller is a party, nor the consummation of the transactions contemplated hereby or thereby will (i) violate or conflict in any way with any applicable Law of any Governmental

Authority to which such Seller is subject or any of the Organizational Documents of such Seller, if applicable, or result in the creation of any Lien upon any asset of such Seller pursuant to the terms thereof, or (ii) conflict with, result in a material breach of, constitute a default under (with or without notice or lapse of time, or both), result in the acceleration of, create in any party the right to accelerate, terminate, modify or cancel, require any consent or notice under, or result in the creation of any Lien upon any asset of such Seller pursuant to the terms of, any Material Contract, Permit or other arrangement to which such Seller is a party or by which such Seller is bound or to which any of such Seller's assets is subject. Except as required by the HSR Act or any other applicable antitrust Law, such Seller is not required to give any notice to, make any filing with, or obtain any authorization, consent, or approval of any Governmental Authority or any other Person in order for the Parties to consummate the transactions contemplated by this Agreement and the Ancillary Agreements and in order that such transactions not constitute a material breach or violation of, or result in a right of termination or acceleration or any Lien on such Seller's assets pursuant to the provisions of, any Material Contract or Permit.

4.4 *No Litigation; No Injunctions.* There are no suits, actions, proceedings, investigations, claims or orders pending, or to such Seller's knowledge, threatened, against such Seller, nor is such Seller or the Company Shares or Stock Options held by such Seller subject to any Contract or judgment, order, writ, prohibition, injunction or decree of any Governmental Authority which would reasonably be expected to prevent or have the effect of restricting any of the transactions contemplated by this Agreement.

4.5 *Brokerage Fees.* Except as set forth in Section 4.5 of the Disclosure Schedule, no broker, finder or agent is entitled to any brokerage fees, finder's fees or commissions in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of such Seller.

4.6 *No Other Representations or Warranties.* Except for the representations and warranties made by or relating to such Seller contained in this Section 4, such Seller makes no express or implied representation or warranty relating to such Seller.

5. Representations and Warranties Concerning the Company. As a material inducement to Buyer to enter into this Agreement and consummate the transactions contemplated hereby, the Company hereby represents and warrants to Buyer as of the date hereof and as of the Closing Date, and except as set forth in the Disclosure Schedule, as follows:

5.1 *Organization, Qualification and Authority.* Each of the Company and its Subsidiaries (i) is a corporation or limited liability company, as applicable, duly incorporated or formed, validly existing and in good standing under the Laws of the jurisdiction of its organization, (ii) has all requisite corporate or limited liability company, as applicable, power and authority to own, lease and operate its assets and conduct its business as it is now being operated and conducted, and (iii) is in good standing and is duly qualified to conduct business as a foreign entity under the Laws of the jurisdictions listed in Section 5.1 of the Disclosure Schedule, which are all the jurisdictions where the nature of its business or the ownership or leasing of its property requires such qualification, except for any jurisdiction where the failure to be qualified has not had and would not reasonably be expected to have a Material Adverse Effect. True, correct and complete copies of the Organizational Documents of the Company and each of its Subsidiaries, in each case as amended to date, have been delivered to Buyer. Section 5.1 of the Disclosure Schedule sets forth a correct and complete list of the officers, directors and/or managers of each of the Company and its Subsidiaries.

5.2 *Authorization of Transaction.* The execution, delivery, and performance by the Company of this Agreement and the Ancillary Agreements to which it is a party and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate action on the part of the Company. Neither the Company nor any of its Subsidiaries is in violation in any material respect of its Organizational Documents. The Company has the requisite corporate power and authority to execute and deliver this Agreement and the Ancillary Agreements to which it is a party, to perform its obligations under this Agreement and the Ancillary Agreements to which it is a party, and to consummate the transactions contemplated by this Agreement and the Ancillary Agreements to which it is a party. This Agreement has been duly and validly executed and delivered by the Company, and the Ancillary Agreements to which it is a party will be duly executed and delivered by the Company at the Closing, and, assuming the due authorization, execution and delivery by the other parties hereto and thereto, will constitute, upon such execution and delivery in each case thereof, legal, valid and binding obligations of the Company, enforceable in accordance with their respective terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, or other similar Laws affecting the enforcement of creditors' rights generally, and general principles of equity (regardless of whether such enforceability is considered in a proceeding in law or equity).

5.3 *Noncontravention.* Except as disclosed in Section 5.3 of the Disclosure Schedule and except as required by the HSR Act or any other applicable antitrust Law, neither the execution and the delivery of this Agreement or the Ancillary Agreements to which the Company is a party, nor the consummation of the transactions contemplated hereby or thereby will (i) violate or conflict in any way with any applicable Law of any Governmental Authority to which the Company or any of its Subsidiaries is subject or any provision of the Organizational Documents of the Company or any of its Subsidiaries, or result in the creation of any Lien that is not a Permitted Lien upon any asset of the Company or any of its Subsidiaries pursuant to the terms thereof, or (ii) conflict with, result in a breach of, constitute a default under (with or without notice or lapse of time, or both), result in the acceleration of, create in any party the right to accelerate, terminate, modify or cancel, require any notice or consent under, or result in the creation of any Lien that is not a Permitted Lien upon any asset of the Company or any of its Subsidiaries pursuant to the terms of, any Contract, Permit or other arrangement to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound or to which any of the Company's or any of its Subsidiaries' assets are subject.

5.4 *Capitalization.*

5.4.1 As of the date of this Agreement, the authorized Equity Securities of the Company consist entirely of: (i) 1,500,000 shares of Class A Common Stock, of which 1,162,500 shares are issued and outstanding; (ii) 1,500,000 shares of Class B Common Stock, of which 1,162,500 shares are issued and outstanding; and (iii) one share of Class C Common Stock, of which one share is issued and outstanding, in each case, owned of record and beneficially as set forth in Section 5.4.1 of the Disclosure Schedule. With respect to such authorized capital stock of the Company, 100,000 shares of Class A Common Stock are duly reserved for issuance pursuant to the Stock Options set forth in Section 5.4.1 of the Disclosure Schedule and owned of record and beneficially as set forth in Section 5.4.1 of the Disclosure Schedule. The Equity Securities set forth in Section 5.4.1 of the Disclosure Schedule constitute all issued and outstanding Equity Securities of the Company. Except as otherwise set forth in Section 5.4.1 of the Disclosure Schedule, all outstanding Company Shares (i) have been duly authorized and validly issued, (ii) are fully paid and non-assessable and (iii) were issued in compliance with the Organizational Documents of the Company and 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 as set forth in Section 5.4.1 of the Disclosure Schedule, there are no outstanding (x) shares of capital stock or other Equity Securities of the Company, (y) securities of the Company convertible into or exchangeable for shares of capital stock or other securities of the Company, or (z) options, warrants, calls, subscriptions or other rights to acquire from the Company any capital stock or other securities of the Company (the items in clauses (x), (y) and (z) being referred to collectively as the "Company Securities"), and there are no outstanding obligations of the Company, actual or contingent, to issue, transfer, sell or deliver or to repurchase, redeem or otherwise acquire any Company Securities. Except as disclosed in Section 5.4.1 of the Disclosure Schedule, there are no voting trusts or other Contracts or understandings to which the Company is a party with respect to the voting of capital stock of the Company.

5.4.2 The authorized, issued and outstanding Equity Securities of each Subsidiary of the Company are set forth in Section 5.4.2 of the Disclosure Schedule. All outstanding Equity Securities of each Subsidiary of the Company (i) have been duly authorized and validly issued, and (ii) were issued in compliance with the Organizational Documents of such Subsidiary and 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. The holders set forth in Section 5.4.2 of the Disclosure Schedule are the record and beneficial holders of all of the Equity Securities of each of the Subsidiaries of the Company, free and clear of any Liens (other than Permitted Liens) thereon. Except as set forth in Section 5.4.2 of the Disclosure Schedule, there are no outstanding options, warrants, calls, subscriptions or other rights to acquire from any Subsidiary of the Company any Equity Securities of such Subsidiary.

5.5 *Subsidiaries.* Except for the Subsidiaries set forth in Section 5.4.2 of the Disclosure Schedule, the Company has no Subsidiaries and holds no Investments in any other Person or any right to acquire the same in any other Person.

5.6 *Financial Statements; Books and Records.* Attached hereto as Section 5.6 of the Disclosure Schedule are true, correct and complete copies of: (i) the audited consolidated balance sheet of the Company and its Subsidiaries for each of the years ended December 31, 2011, December 31, 2012 and December 31, 2013 (the "Latest Audited Balance Sheet"), and the related audited consolidated statements of operations, stockholders' equity and cash flows of the Company and its Subsidiaries for the fiscal years then ended, together with the notes thereto and the reports thereon of KPMG LLP, independent public accountants (collectively, the "Audited Financial Statements"); and (ii) the unaudited consolidated balance sheet of the Company and its Subsidiaries as of March 31, 2014 (the "Latest Balance Sheet") and the related unaudited consolidated statement of operations, stockholders' equity and cash flows of the Company and its Subsidiaries for the three (3)-month fiscal period then ended (collectively, the "Unaudited Financial Statements"). The Audited Financial Statements and the Unaudited Financial Statements are herein collectively referred to as the "Financial Statements." Except as set forth in Section 5.6 of the Disclosure Schedule, each of the Financial Statements were prepared on the basis of and in accordance with the books and records of the Company and its Subsidiaries kept in the Ordinary Course of Business and fairly presents in all material respects the financial condition of the Company and its Subsidiaries on a consolidated basis as of the date thereof, and the consolidated results of operations and cash flows of the Company and its Subsidiaries for the periods related thereto, in each case in accordance with GAAP, using the same accounting methods, policies, practices and procedures, with consistent classifications, judgments and estimation methodology, as were used in the preparation of the Latest Audited Financial Statements, and subject, in the case of the Unaudited Financial Statements, to normal year-end adjustments and the absence of footnotes, none of which is material.

5.7 *Recent Events.* Since the date of the Latest Audited Balance Sheet, neither the Company nor any of its Subsidiaries has experienced or suffered any Material Adverse Effect. Since the date of the Latest Audited Balance Sheet, except as set forth in Section 5.7 of the Disclosure Schedule, the Company and each of its Subsidiaries has conducted its business only in the Ordinary Course of Business, and, without limiting the generality of the foregoing, neither the Company nor any of its Subsidiaries has:

5.7.1 voluntarily or involuntarily sold, leased, transferred or assigned any of its assets, tangible or intangible, other than (i) in the Ordinary Course of Business and (ii) sales of obsolete assets or assets with no book value;

5.7.2 accelerated, terminated, modified, canceled or committed any breach of any Contract (or series of related Contracts) either involving more than $1,000,000 or otherwise outside the Ordinary Course of Business;

5.7.3 canceled, compromised, waived, or released any right or claim (or series of related rights and claims) either involving more than $250,000 or outside the Ordinary Course of Business;

5.7.4 except for Inventory that has expired in the Ordinary Course of Business, experienced any damage, destruction, or loss to its properties or assets in excess of $250,000 in the aggregate (whether or not covered by insurance);

5.7.5 created or suffered to exist any Lien (other than a Permitted Lien) upon any of its assets, tangible or intangible, outside the Ordinary Course of Business or securing any Liability in excess of $250,000, individually or in the aggregate;

5.7.6 issued, sold, or otherwise disposed of any of its Equity Securities, or granted any options, warrants, or other rights to purchase or obtain (including upon conversion or exercise) any of its Equity Securities, or any securities convertible or exchangeable into any of its Equity Securities;

5.7.7 issued or sold any notes, bonds or other debt securities or warrants or rights to acquire any debt securities;

5.7.8 declared, set aside, or paid any dividend or distribution with respect to its Equity Securities (whether in cash or in kind), redeemed, purchased, or otherwise acquired any of its Equity Securities or paid any principal or interest on any note, bond, debt instrument or debt to any Affiliate of the Company or any of its Subsidiaries;

5.7.9 entered into any transaction, arrangement or Contract with, or distributed or transferred any property or other assets to, any employee, manager, officer, director, equityholder or other insider or Affiliate of the Company or any of its Subsidiaries (other than salaries, wages, other compensation and employee benefits in the Ordinary Course of Business);

5.7.10 made or committed to make any capital expenditures or entered into any other material transaction outside the Ordinary Course of Business or involving an expenditure in excess of $1,000,000, individually or in the aggregate;

5.7.11 entered into, amended or modified in any respect any Plan other than as required for compliance with applicable Law, or announced or otherwise committed to any such entry, amendment or modification;

5.7.12 (i) entered into any agreement with any labor union that represents, claims to represent, or is seeking to represent any current or former employee of the Company or any of its Subsidiaries, (ii) entered into any sale, change-of-control, "stay-around," retention, or similar bonus, compensation or payment agreement with any current or former employee of the Company or any of its Subsidiaries payable as a result of or in connection with the consummation of the transactions contemplated hereby, (iii) taken any action to grant any loan to any current or former employee or other service provider of the Company or any of its Subsidiaries or to accelerate or increase the compensation, severance or benefits payable to any current or former employee or other service provider of the Company or any of its Subsidiaries, other than advances (A) with respect to any current or former employee, of less than $2,500 individually, and (B) with respect to any third party service provider, of less than $50,000 individually or in the aggregate, or increases in compensation or benefits provided to current or former employees or other service providers with an annual base salary or wages of less than $200,000, in each case in the Ordinary Course of Business, (iv) taken any action to fund or in any other way secure the payment of compensation or benefits under any Plan, other than funding of benefits under Plans in the Ordinary Course of Business; or (v) hired any additional officer or made any employee an officer who had not been one, or terminated the employment or removed the officer status of any existing officer;

5.7.13 changed in any material way the manner in which the Business has been conducted with respect to the collection of accounts receivable, purchases of raw materials and other Inventory or payment of accounts payable, or its existing cash management policies, procedures and practices;

5.7.14 (i) changed in any material respect any of the terms and conditions with respect to the pricing of the Company's or any of its Subsidiaries' products or supplies or services relating to such products, or (ii) engaged in any course of conduct not in the Ordinary Course of Business that is intended or would reasonably be expected to result in a trade buy-in that is materially in excess of normal customer purchasing patterns during the twelve (12) months prior to the date of this Agreement;

5.7.15 (i) changed the accounting principles, methods or practices or changed the depreciation or amortization policies or rates, or (ii) made or changed any Tax election, filed or amended any material Tax Return, entered into any closing agreement, settled any Tax claim or assessment, consented to any extension or waiver of the limitation period applicable to any Tax claim or assessment, or taken any other similar action relating to the filing of any material Tax Return or the payment of any material Tax;

5.7.16 entered into or consummated any transaction involving the acquisition of Equity Securities, assets, property or a business line of any Person other than purchases of inventory in the Ordinary Course of Business;

5.7.17 amended any of its Organizational Documents;

5.7.18 incurred any indebtedness for borrowed money except in amounts necessary to fund the operation of the Business in the Ordinary Course of Business under lines of credit in existence as of the date hereof (including revolver draws), or guaranteed any such indebtedness or any debt securities of others; or

5.7.19 committed (orally or in writing) to any of the foregoing.

5.8 Indebtedness; Undisclosed Liabilities.

5.8.1 Set forth in Section 5.8.1 of the Disclosure Schedule is a true, correct and complete list of all written Contracts relating to Indebtedness to which the Company or any of its Subsidiaries is a party or guarantor.

5.8.2 As of the date hereof, neither the Company nor any of its Subsidiaries has any material Liability of the type required to be set forth on the face of a balance sheet prepared in accordance with GAAP, except for: (i) Liabilities reflected on the Latest Balance Sheet; (ii) Liabilities which have arisen after the date of the Latest Balance Sheet in the Ordinary Course of Business (none of which is a Liability for breach of contract, breach of warranty, tort, infringement, or violation of law); (iii) executory Liabilities under Contracts (none of which is a Liability for any breach of such Contract); (iv) Liabilities under this Agreement and the Ancillary Agreements; and (v) Liabilities disclosed on the Disclosure Schedule.

5.9 Tax Matters.

5.9.1 The Company and each of its Subsidiaries have timely filed, or have timely filed for extensions to file, all Income Tax Returns and all other material Tax Returns required to be filed by the Company or such Subsidiary through the date hereof. Such Tax Returns are true, correct and complete in all material respects and the Company and each of its Subsidiaries have timely paid and discharged all Taxes due and owing by the Company and its Subsidiaries (whether or not shown on such Tax Returns). Neither the Company nor any of its Subsidiaries is currently the beneficiary of any extension of time within which to file any Tax Return. The Company and each of its Subsidiaries have withheld, collected and paid over to the appropriate Governmental Authorities or are properly holding for such payment all Taxes required by Law to be withheld or collected.

5.9.2 Neither the Company nor any of its Subsidiaries is or was a member of an affiliated group within the meaning of Section 1504(a) of the Code (or any similar group defined under a similar provision of state, local, or foreign Law) (other than any such group of which the Company is the common parent) filing a consolidated federal Income Tax return, nor does the Company or any of its Subsidiaries have any Liability for the Taxes of any Person (other than the Company and its Subsidiaries) under Treasury Regulation Section 1.1502-6 or any analogous or similar provision of Law.

5.9.3 No action, suit, proceeding or audit or any notice of inquiry of any of the foregoing is pending against or with respect to the Company or any of its Subsidiaries regarding Taxes, and, to the Company's Knowledge, no action, suit, proceeding or audit has been threatened against or with respect to the Company or any of its Subsidiaries regarding Taxes.

5.9.4 The Company and each of its Subsidiaries have established reserves in accordance with GAAP that are adequate for the payments of all Taxes not yet due and payable or that are being contested in good faith. Since the date of the Latest Balance Sheet, neither the Company nor any of its Subsidiaries has incurred any Liability for Taxes other than in the Ordinary Course of Business.

5.9.5 The Company has delivered or made available to Buyer true, correct and complete copies of all Tax Returns required to be filed by the Company or any of its Subsidiaries for taxable periods ending on or after December 31, 2010, and all revenue agent's reports, notices or proposed notices of deficiency or assessment, audit reports, information document requests, material correspondence and other similar documentation relating to Taxes or Tax Returns of the Company or any of its Subsidiaries relating to any period for which the statute of limitations has not expired.

5.9.6 Neither the Company nor any of its Subsidiaries (i) is a party to, is bound by, or has any Liability under, any Tax Sharing Agreement, or (ii) has any potential Liability (for Taxes or otherwise) to any Person as a result of, or pursuant to, any such Tax Sharing Agreement, as a transferee, successor, or otherwise.

5.9.7 No claim has ever been made by a Taxing Authority in a jurisdiction where the Company or any of its Subsidiaries does not file Tax Returns that the Company or any of its Subsidiaries is or may be subject to taxation by such jurisdiction.

5.9.8 Neither the Company nor any of its Subsidiaries has waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency, which waiver or agreement is still in effect.

5.9.9 There are no Liens for Taxes (other than for Taxes not yet due and payable) upon any of the assets of the Company or any of its Subsidiaries.

5.9.10 Neither the Company nor any of its Subsidiaries 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) "closing agreement" as described in Code Section 7121 (or any corresponding or similar provision of state, local or foreign law); (iii) 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); (iv) installment sale made prior to the Closing Date; (v) prepaid amount received on or prior to the Closing Date; (vi) election under Code Section 108(i); or (vii) use of an improper method of accounting for a taxable period ending on or prior to the Closing Date.

5.9.11 Neither the Company or any of its Subsidiaries is or was a "United States real property holding corporation" within the meaning of Section 897(c)(2) of the Code during the applicable period specified in Section 897(c)(1)(A)(ii) of the Code.

5.9.12 Within the last three (3) years, neither the Company nor any of its Subsidiaries has distributed the stock of another Person, or had its stock distributed by another Person in a transaction intended or purported to be governed, in whole or in part, by Section 355 of the Code or Section 361 of the Code.

5.9.13 Neither the Company nor any of its Subsidiaries is or was a party to any "listed transaction" as defined in Code Section 6707A(c)(2) and Treasury Regulation Section 1.6011-4(b)(2).

5.9.14 Neither the Company nor any of its Subsidiaries is a party to any Contract or Plan that has resulted or would result, separately or in the aggregate, in the payment of any "excess parachute payment" within the meaning of Code Section 280G (or any corresponding provision of state, local or foreign Law).

5.10 Leased Real Property; Owned Real Property; Title and Condition of Properties.

5.10.1 Section 5.10.1 of the Disclosure Schedule sets forth a list of all leasehold or subleasehold estates and other rights to hold, use, possess or occupy any land, buildings, structures, improvements, fixtures or other interest in real property held by the Company or any of its Subsidiaries (the "Leased Real Property"), and all Leases relating thereto. Except as set forth in Section 5.10.1 of the Disclosure

Schedule, other than the Leased Real Property, neither the Company nor any of its Subsidiaries has leased any real property during the three year period prior to the date hereof. Except as set forth in Section 5.10.1 of the Disclosure Schedule: (i) all Leases relating to the Leased Real Property are legal, valid, binding, enforceable and in full force and effect, subject to proper authorization and execution of such Lease by the other party and applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar Laws affecting the enforcement of creditors' rights generally, and general principles of equity (regardless of whether such enforceability is considered in a proceeding in law or equity); (ii) the transactions contemplated by this Agreement do not require the consent to assignment of any party to any of the Leases, will not result in a material breach or default under any of the Leases; (iii) neither the Company or any of its Subsidiaries nor, to the Knowledge of the Company, any other party is in material breach or default under any such Lease, and, to the Knowledge of the Company, no event has occurred which with or without notice or lapse of time or both would constitute a material breach or default thereunder; (iv) each such Lease has not been assigned by the Company or any of its Subsidiaries (or to the Knowledge of the Company, other than collaterally, by the landlord thereunder), supplemented, or amended except as set forth in Section 5.10.1 of the Disclosure Schedule; (v) neither the Company nor any of its Subsidiaries has subleased, licensed or otherwise granted any Person the right to use or occupy such Leased Real Property or any portion thereof; (vi) no amounts are due and owing by the Company or any of its Subsidiaries under the terms of any Lease for leasehold improvements or repairs; (vii) to the Knowledge of the Company, no portion of the Leased Real Property is subject to any pending or threatened condemnation proceeding or other proceeding by any public or quasi-public authority; and (viii) the Leased Real Property constitutes all real property currently occupied by the Company and its Subsidiaries in connection with the operation of the Business. The Company and its Subsidiaries hold, subject to the terms and conditions of the Leases listed in Section 5.10.1 of the Disclosure Schedule, good leasehold title to, and actual and exclusive possession of, the Leased Real Property, free and clear of Liens, other than Permitted Liens. The Company has delivered or made available to Buyer true, correct and complete copies of each of the Leases for the Leased Real Property (including all extensions, renewals, amendments, and modifications thereto).

5.10.2 *Owned Real Property*. Neither the Company nor any of its Subsidiaries owns or has owned during the past three (3) years any real property.

5.10.3 *Title to Assets*. The Company and its Subsidiaries own good and valid title or (in the case of leased personal property) a valid leasehold title, free and clear of all Liens (other than Permitted Liens), to all of the personal property and other tangible assets reflected on the Latest Balance Sheet or acquired by any of them after the date of the Latest Balance Sheet, except for (i) tangible assets which have been sold to customers since the date of the Latest Balance Sheet in the Ordinary Course of Business, (ii) Liens securing Liabilities reflected on the Latest Balance Sheet (which will be released at Closing), (iii) Liens for current Taxes not yet due and payable, and (iv) dispositions of tangible assets which are obsolete or have no book value.

5.11 Intellectual Property.

5.11.1 Section 5.11.1 of the Disclosure Schedule sets forth a list of (or in the case of (iv), a description of) all (i) Trademark registrations and pending registration applications, and Internet domain name registrations, (ii) Patents (including pending Patent applications), (iii) Copyright registrations and pending registration applications, in the foregoing cases, which are purported to be owned by the Company or any of its Subsidiaries ("Listed IP"), including, to the extent applicable, the registration or application number for each item, the jurisdiction in which the item has been registered or applied for, the dates of registration and/or application for each item and the registered owner of each item and (v) any proceedings or actions before any court or tribunal (including the United States Patent and

Trademark Office or equivalent authority anywhere in the world) to which the Company or any of its Subsidiaries is a party and in which claims are raised relating to the validity, enforceability, scope, ownership or infringement of any of the Listed IP. Except as set forth in Section 5.11.1 of the Disclosure Schedule, all renewal and maintenance filings and fees (including the filing of any documents) with respect to the Listed IP that are due prior to the Closing Date (if applicable) have been made or paid, and all registrations are valid and enforceable and unencumbered by any Lien (other than a Permitted Lien). Section 5.11.1 of the Disclosure Schedule lists all actions that must be taken by the Company or any of its Subsidiaries within sixty (60) days of the Closing Date, including the payment of any renewal and maintenance fees or the filing of any documents, for the purpose of maintaining or renewing any Listed IP.

5.11.2 Except as set forth in Section 5.11.2 of the Disclosure Schedule, the Company or its applicable Subsidiary owns, or has the right to use pursuant to an Intellectual Property Agreement, all Intellectual Property necessary for the operation of the Business as currently conducted ("Company Intellectual Property").

5.11.3 Except for Intellectual Property which is, in whole or in part, owned by third parties and subject to a valid Intellectual Property Agreement giving the Company or one of its Subsidiaries full rights to use such Intellectual Property in the Business, the Company or one of its Subsidiaries is the owner, with all right, title and interest in and to, the Company Intellectual Property, free and clear of any Liens other than Permitted Liens. All such owned Company Intellectual Property is herein referred to as "Company Owned Intellectual Property."

5.11.4 Except as set forth in Section 5.11.4 of the Disclosure Schedule: (i) neither the Company or any of its Subsidiaries, nor any of their respective products or services, has infringed, misappropriated, diluted or otherwise violated, or is infringing, misappropriating, diluting or otherwise violating, the Intellectual Property of any third party; (ii) there is no claim pending or, to the Knowledge of the Company, threatened against the Company or any of its Subsidiaries or any of their respective products or services with respect to the alleged infringement, misappropriation, dilution or other violation by the Company or any of its Subsidiaries or any of their respective products or services of the Intellectual Property of any third party; (iii) to the Company's Knowledge, no third party is infringing, misappropriating, diluting or otherwise violating any Company Owned Intellectual Property and no claim against a third party with respect to the alleged infringement, misappropriation, dilution or other violation of any Company Owned Intellectual Property is currently pending or, to the Knowledge of the Company, threatened; and (iv) no Company Intellectual Property or product or service of the Company or any of its Subsidiaries is subject to any outstanding decree, order, judgment, settlement agreement, or similar obligation binding on the Company or any of its Subsidiaries that restricts in any manner the use, transfer, or licensing thereof by the Company and its Subsidiaries or that affects the validity, use, or enforceability of such Company Intellectual Property or product or service.

5.11.5 The Company and its Subsidiaries have taken commercially reasonable actions to maintain the confidentiality of their trade secrets and confidential information and, to the Knowledge of the Company, no unauthorized disclosure of any of the foregoing has occurred. All current employees of the Company or any of its Subsidiaries who have had access to any trade secrets or confidential information of the Company or any of its Subsidiaries or who participated in or contributed to the creation, invention, modification, improvement or development of any Company Intellectual Property, or any Intellectual Property embodied in any products of the Company or any of its Subsidiaries (including any Patents set forth or required to be set forth in Section 5.11.2 of the Disclosure Schedule), have executed and delivered to the Company, a Contract providing for (i) the nondisclosure and non-use by such Person of the confidential information (including trade secrets) of the Company and its

Subsidiaries, and (ii) the assignment (by way of a present grant of assignment) by such Person to the Company or the applicable Subsidiary of the Company of any Intellectual Property arising out of such Person's employment by, engagement by or Contract with the Company or such Subsidiary of the Company, in each case, substantially in the form attached to Section 5.11.5 of the Disclosure Schedule.

5.11.6 Except for trade secrets that lost their status as trade secrets upon the release of a new product or service, upon the issuance of a Patent or publication of a Patent application, or as a result of a good faith business decision to disclose such trade secret, neither the Company nor any of its Subsidiaries has (i) transferred ownership of, or granted any exclusive license with respect to, any Intellectual Property that is or, as of the time of such transfer or exclusive license, was material to the Company or such Subsidiary, to any other person or (ii) permitted the Company's or any of its Subsidiaries' rights in any Company Intellectual Property that is or was at the time material to the Company to enter into the public domain.

5.11.7 The computer systems, including software, presently used by the Company and its Subsidiaries in the conduct of their businesses (collectively, the "Business Systems") are sufficient for the current needs of the Business. The Company and its Subsidiaries maintain commercially reasonable data recovery, security, disaster recovery, and business continuity plans, procedures and facilities. In the last twelve (12) months, there has not been any material failure with respect to any of the Business Systems that has not been remedied or replaced in all material respects. The Business Systems will, immediately subsequent to the Closing, continue to be available and will operate in a manner identical to the Company's and/or its Subsidiaries' use thereof immediately prior to the Closing.

5.12 Contracts.

5.12.1 Section 5.12.1 of the Disclosure Schedule lists each of the following Contracts to which the Company or any of its Subsidiaries is a party or by which any of their respective assets are bound (the "Material Contracts"):

5.12.1.1 any Contract (or group of related Contracts) for the lease of personal property from or to third parties with annual payments exceeding $50,000 or with a term exceeding one year;

5.12.1.2 any Contract concerning a partnership, distributorship or joint venture;

5.12.1.3 any Contract (i) concerning marketing, (ii) with any healthcare professional providing services to the Company or any of its Subsidiaries, or (iii) relating to research and development (including the development of, and claim substantiation of, the Company's and its Subsidiaries' products), in each case, requiring payments after the date hereof by the Company or any of its Subsidiaries of more than $100,000.

5.12.1.4 any Contract relating to the acquisition or disposition, within the three (3) years preceding the date of this Agreement, of (i) any Equity Securities of any Person or any Investments, (ii) any material line of business or substantial portion of the assets of any Person, or (iii) real property;

5.12.1.5 any Contract (i) relating to the borrowing of money or other Indebtedness, or the guaranty of another Person's borrowing of money or other Indebtedness or any other guaranty of the payment by or performance obligation of another Person, including all notes, mortgages, indentures and other obligations, agreements and instruments for or relating to any lending or borrowing or granting any security with respect thereto, including assumed Indebtedness, or

(ii) pursuant to which the Company or any of its Subsidiaries has loaned or advanced money to any Person, other than advances to employees for business expenses to be incurred in the Ordinary Course of Business or sales to customers on credit in the Ordinary Course of Business;

5.12.1.6 any Contract granting any Person a Lien on all or any portion of the assets of the Company or any of its Subsidiaries, other than Permitted Liens and Liens which will be released at the Closing;

5.12.1.7 any Contract with any Affiliate of the Company or any Subsidiary of the Company, the Sellers, any of their respective Affiliates or any of their respective managers, directors or officers;

5.12.1.8 any collective bargaining agreement, labor contract, or other Contract with any labor organization, labor union or other representative of employees of the Company or any Subsidiary of the Company;

5.12.1.9 any Contract with any officer, manager, individual employee or other individual whose annual rate of wages, salary, or other monetary compensation equals or exceeds $100,000, that describes any terms or conditions of employment or engagement of such Person, including any employment agreement, retention agreement, severance agreement, compensation agreement, change of control agreement, consulting agreement, and independent contractor agreement;

5.12.1.10 any Contract with any former officer, manager, or employee of the Company or any of its Subsidiaries under which any amount yet to be paid, individually or in the aggregate, exceeds $100,000;

5.12.1.11 any Contract with any officer, manager, individual employee, consultant, or independent contractor of the Company or any of its Subsidiaries that restricts any such Person’s activities during or after such Person’s employment or engagement by the Company or any of its Subsidiaries, including any agreement that restricts any such Person’s ability to use or disclose confidential or proprietary information, compete with any Person, provide services to any Person, solicit any Person’s employees, or solicit any Person’s actual or prospective customers, suppliers, or vendors;

5.12.1.12 except for Material Contracts disclosed elsewhere in Section 5.12.1 of the Disclosure Schedule, any Contract or group of related Contracts with the same party (or group of related parties) either (i) requiring payments after the date hereof to or by the Company or any of its Subsidiaries of more than $300,000 or (ii) not terminable by the Company or one of its Subsidiaries on sixty (60) days’ or less notice without penalty or Liability, in each case, other than (x) purchase orders entered into in the Ordinary Course of Business and (y) purchases of advertisements and other media buys in the Ordinary Course of Business;

5.12.1.13 any Contract (i) providing for any Person to be the exclusive provider of any product of the Company or any of its Subsidiaries, the exclusive recipient of any product of the Company or any of its Subsidiaries or that otherwise involves the granting by the Company or any of its Subsidiaries to any Person of exclusive or preferred rights with respect to the Business, (ii) granting to any Person a right of first refusal or right of first offer on the sale of any part of the Business, (iii) containing a provision of the type commonly referred to as “most favored nation” provision for the benefit of a Person other than the Company or any of its Subsidiaries, (iv) that has “take-or-pay,” minimum order or purchase commitments, or (v) containing a covenant by the

Company or any of its Subsidiaries with respect to the Business not to (x) compete with any Person in any business in any geographic area or (y) solicit or hire any Person, in each case, binding on Company or any of its Subsidiaries;

5.12.1.14 except for licenses of Intellectual Property included in Material Contracts disclosed elsewhere in Section 5.12.1 of the Disclosure Schedule, any licenses with respect to Intellectual Property (other than (i) non-exclusive licenses of Intellectual Property granted by the Company or any of its Subsidiaries in the Ordinary Course of Business and having annual royalty values less than $50,000 and one-time license fees (as may be applicable) less than $50,000 or (ii) licenses of generally available non-customized computer software granted to the Company or any of its Subsidiaries with a total replacement cost of less than $50,000);

5.12.1.15 any Contract which involves payment by any party of amounts determined by reference to fluctuations in any retail prices or other index or in the rate of exchange for any currency;

5.12.1.16 any Contract with any (i) Governmental Authority, (ii) Top Customer or (iii) Top Supplier; or

5.12.1.17 any Contract requiring the Company or any of its Subsidiaries to indemnify another Person;

5.12.1.18 any consent order, decree or judgment, settlement or conciliation Contract entered into within the past three (3) years; and

5.12.1.19 any warranty Contract with respect to products sold by the Company or any of its Subsidiaries.

5.12.2 The Company has delivered or otherwise made available to Buyer a true, correct and complete copy of each written Material Contract (including all amendments thereto) and a written summary setting forth the material terms and conditions of each oral Contract which, if reduced to written form, would be required to be listed in the Disclosure Schedule under the terms of this Section 5.12. With respect to each written Material Contract: (i) such Material Contract is legal, valid, binding, enforceable, and in full force and effect, subject to proper authorization and execution by the other party or parties thereto and except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar Laws affecting the enforcement of creditors' rights generally, and general principles of equity (regardless of whether such enforceability is considered in a proceeding in law or equity and, for the avoidance of doubt, the Company makes no representation or warranty with respect to the enforceability of any contract described in Section 5.12.1.11 above); (ii) none of the Company, any of its Subsidiaries or, to the Knowledge of the Company, any other party to such Material Contract, is in material breach or default thereunder, and no event has occurred which with or without notice or lapse of time or both would constitute a material breach or default thereunder or permit the termination, modification, or acceleration thereof; and (iii) to the Knowledge of the Company, no party has repudiated any provision of such Material Contract.

5.13 *Certain Accounts Receivable.* All accounts receivable of the Company and its Subsidiaries from ANB, Emerson Group and Emerson Healthcare are fully collectible, except as specifically reserved for bad debt allowances and for deductions from retailers for promotional expenses, co-op funds and other trade commitments, including amounts for future audits, deductions, and chargebacks (which reserves were established in a manner consistent with the Company's and its Subsidiaries' past custom and practice).

5.14 *Powers of Attorney.* There are no outstanding powers of attorney executed by or on behalf of the Company or any of its Subsidiaries, except as set forth in Section 5.14 of the Disclosure Schedule.

5.15 *Litigation.* Section 5.15 of the Disclosure Schedule sets forth each instance in which the Company or any of its Subsidiaries: (i) is (or within the past three (3) years has been) subject to any unsatisfied judgment, order, decree, stipulation, injunction, sanction, or charge; or (ii) is (or within the past three (3) years has been) a party to or, to the Knowledge of the Company, is (or within the past three (3) years was) threatened to be made a party to, any claim, charge, complaint, action, suit, proceeding, hearing, inquiry, or investigation of any Governmental Authority or any other Person or before any arbitrator.

5.16 *Employees; Employment Matters.*

5.16.1 Except as set forth in Section 5.16.1 of the Disclosure Schedule, no Key Employee has informed any other Key Employee of any plans to terminate his or her employment with the Company or the applicable Subsidiary of the Company as a result of the transactions contemplated hereby or otherwise within the first twelve (12) months following the Closing Date. Except as set forth in Section 5.16.1 of the Disclosure Schedule, during the three (3)-year period ending on the Closing Date, with respect to the Company and its Subsidiaries: (i) there has not been (and to the Knowledge of the Company, is not now threatened) any strike, lockout, picketing, handbilling, primary or secondary boycott, work stoppage or slowdown, or other similar labor dispute against the Company or any of its Subsidiaries; (ii) to the Knowledge of the Company, no employee of the Company or any of its Subsidiaries has been represented by a labor union or labor organization with respect to his or her employment by the Company or any of its Subsidiaries; (iii) neither the Company nor any of its Subsidiaries has been a party to or negotiated any collective bargaining agreement, labor contract, or other Contract or understanding with any labor union or labor organization relating to employees of the Company or any of its Subsidiaries; (iv) to the Knowledge of the Company, no labor organization, labor union, or employee of the Company or any of its Subsidiaries has attempted to organize any employees of the Company or any of its Subsidiaries, (v) no labor organization, labor union, or employee of the Company or any of its Subsidiaries has made a demand for voluntary recognition, presented the Company or any of its Subsidiaries with any petition or authorization cards seeking to have a labor organization or labor union represent any group of employees of the Company or any of its Subsidiaries, filed any representation petition with the National Labor Relations Board, or given the Company or any of its Subsidiaries notice of any election of a collective bargaining representative (nor, to the Knowledge of the Company, has any of these actions been threatened); (vi) neither the Company nor any of its Subsidiaries has authorized any employer or multiemployer association or organization to represent the Company or any of its Subsidiaries in collective bargaining with any labor organization or labor union; (vii) no grievance or arbitration proceeding arising out of or under any collective bargaining agreement has been filed against the Company or any of its Subsidiaries, nor, to the Knowledge of the Company, is any now threatened; (viii) no unresolved claim has been filed with or brought by any Governmental Authority alleging that the Company or any of its Subsidiaries has violated any Law related to employment, termination of employment, any employment policy or practice, any term or condition of employment, compensation, labor or employee relations, equal employment opportunity, fair employment practices, discrimination, whistle-blowing, retaliation, any employee’s lawful authority to work in the United States, or employee safety or health (collectively, “Employment Laws”) nor, to the Knowledge of the Company, is any now threatened; and (ix) neither the Company nor any of its Subsidiaries has received any written notice that any Governmental Authority responsible for the enforcement of any Employment Law sought or intended, or seeks or intends, to conduct any inspection, investigation, inquiry, audit, or compliance review pertaining to any employees of the Company or any of its Subsidiaries.

5.16.2 Except as set forth in Section 5.16.2 of the Disclosure Schedule: (i) neither the Company nor any of its Subsidiaries has any Contract with any third party, including but not limited to any professional employee organization or temporary labor service, under which such third party provides the Company or any of its Subsidiaries with the services of any employee of such third party; and (ii) within the past three (3) years, no claim has been filed with or brought by any Governmental Authority alleging that the Company or any of its Subsidiaries is a co-employer or joint employer with any third party (nor, to the Knowledge of the Company, has any such claim been threatened during such period).

5.16.3 The Company has made available to Buyer a true, correct and complete list of each employee of the Company or any of its Subsidiaries, identifying for each such employee: the entity or entities by which he or she is employed; his or her date(s) of hire by the Company or such Subsidiary; his or her position and job title; his or her current rate of compensation (including bonuses, commissions and incentive compensation, if any); whether he or she is paid an hourly wage or a weekly, monthly, or annual salary; whether he or she is treated by the Company or such Subsidiary as exempt or non-exempt; the number of his or her accrued vacation days; whether he or she is working pursuant to any visa and, if so, when such visa expires; and whether he or she is absent from active employment and, if so, the date on which he or she became inactive and the nature of such inactive status and, if applicable, the employee's anticipated date of return to active employment.

5.16.4 The Company has made available to Buyer all of the Company's and each of its Subsidiaries' written employee handbooks, and all other material employment policies, programs, practices, and arrangements, and has provided Buyer with a written summary of all of the Company's and each of its Subsidiaries' material unwritten employment policies, programs, practices, and arrangements.

5.16.5 Except as set forth in Section 5.16.5 of the Disclosure Schedule, to the Knowledge of the Company, all Persons employed by the Company or any of its Subsidiaries are employees at will or otherwise employed such that the Company or the applicable Subsidiary of the Company may lawfully terminate their employment at any time, for any or no reason, with or without cause.

5.16.6 The Company and its Subsidiaries have during the past three (3) years complied in all material respects and are in compliance in all material respects with all collective bargaining agreements and other Contracts with labor or employee organizations relating to employees of the Company and its Subsidiaries and all applicable Employment Laws, including any provisions thereof relating to wages, hours, overtime pay, employee classification as exempt or non-exempt, worker classification as an employee or independent contractor, Tax reporting and withholdings, immigration, termination pay, vacation pay, fringe benefits, and collective bargaining. Neither the Company nor any of its Subsidiaries have incurred any Liability under any of the WARN Laws that remains unsatisfied.

5.16.7 Neither the execution of this Agreement nor the consummation of the transactions contemplated hereby shall cause the Company or any of its Subsidiaries to be in breach of any agreement with any employee, independent contractor or consultant or, except as provided otherwise under this Agreement, cause the Company, any of its Subsidiaries or any of their respective Affiliates to be liable to pay any severance or other amount to any employee, independent contractor or consultant of the Company or any of its Subsidiaries.

5.16.8 Section 5.16.8 of the Disclosure Schedule lists (by employer name, date and location) each employee of the Company or any of its Subsidiaries who suffered an Employment Loss with the Company or any of its Subsidiaries in the ninety (90) calendar days ending on the date hereof.

5.17 Employee Benefit Plans.

5.17.1 Section 5.17.1 of the Disclosure Schedule sets forth a true, correct and complete list of each Plan and separately identifies each PEO Plan. None of the Company, any of its Subsidiaries or, to the Knowledge of the Company, any other Person, has any legally enforceable commitment to modify, change or terminate any Plan or PEO Plan, or announced any intention to take any such action, other than with respect to a modification, change or termination required by ERISA or the Code or a Material Contract.

5.17.2 With respect to each Plan and PEO Plan, as indicated,, the Company has delivered to Buyer true, correct and complete copies of: (i) each Plan (or, if not written, a written summary of its material terms), including all plan documents, trust agreements, insurance contracts or other funding vehicles, and all amendments thereto; (ii) all summary plan descriptions of each Plan and PEO Plan, including any summary of material modifications; (iii) the three (3) most recent annual reports (Form 5500 series) filed with the IRS with respect to each Plan; (iv) the most recent actuarial report or other financial statement relating to each Plan; (v) the most recent determination or opinion letter, if any, issued by the IRS with respect to each Plan or PEO Plan and any pending request for such a determination letter; (vi) the most recent nondiscrimination tests performed under the Code for such Plan or PEO Plan (or if a safe harbor plan, copies of the three (3) most recent safe harbor notices); (vii) all filings made within the past three (3) years with any Governmental Authorities, including any filings under the Employee Plans Compliance Resolution System or the Department of Labor Delinquent Filer Program, with respect to such Plan (or PEO Plan, to the extent related to the Company or any Subsidiary).

5.17.3 Each Plan and PEO Plan has been administered in all material respects in accordance with its terms and all applicable Laws, including ERISA and the Code, and the contributions required to be made by the Company or any Subsidiary under the terms of any of the Plans or PEO Plans as of the date of this Agreement have been timely made. All Tax, annual reporting and other governmental filings required by ERISA and the Code with respect to each Plan and, to the Company's Knowledge, each PEO Plan, have been timely filed with the appropriate Governmental Authority, and all notices and disclosures have been timely provided to participants of each Plan and, to the Company's Knowledge, PEO Plan.

5.17.4 Each Plan and PEO Plan that is intended to qualify under Section 401(a) of the Code has either (i) received a favorable determination letter from the IRS as to its qualified status, (ii) is entitled to rely upon a prototype opinion letter or (iii) the remedial amendment period for such Plan or PEO Plan has not yet expired. To the Company's Knowledge, each trust established in connection with any Plan or PEO Plan which is intended to be exempt from federal income taxation under Section 501(a) of the Code is so exempt. To the Company's Knowledge, no fact or event has occurred that is reasonably likely to adversely affect the qualified status of any such Plan or PEO Plan or the exempt status of any such trust.

5.17.5 There has been no prohibited transaction (within the meaning of Section 406 of ERISA or Section 4975 of the Code, other than a transaction that is exempt under a statutory or administrative exemption) with respect to any Plan or PEO Plan that could result in material Liability to the Company, its Subsidiaries or an ERISA Affiliate. No suit, administrative proceeding, action or other litigation has been brought, or to the Knowledge of Company is threatened, against or with respect to any Plan or PEO Plan, including any audit or inquiry by the IRS or United States Department of Labor (other than routine, uncontested benefits claims) that could result in material Liability to the Company, its Subsidiaries or an ERISA Affiliate.

5.17.6 No Plan or PEO Plan is a multiemployer pension plan (as defined in Section 3(37) of ERISA, regardless of whether governed by ERISA) (a "Multiemployer Plan") or other pension plan subject to Title IV of ERISA, and none of the Company or its Subsidiaries maintains, sponsors, contributes to or has any obligation to contribute to a Multiemployer Plan or other pension plan subject to Title IV of ERISA. No Liability under Title IV of ERISA has been incurred by Company or any of its Subsidiaries (including on account of any ERISA Affiliate) that has not been satisfied in full, and no condition exists that could result in the Company or any of its Subsidiaries incurring or being subject (whether primarily, jointly or secondarily) to a Liability thereunder. None of the assets of the Company or any of its Subsidiaries is, or may reasonably be expected to become, the subject of any Lien arising under ERISA, pursuant to Section 430(k) of the Code or pursuant to a violation of Section 436 of the Code.

5.17.7 Except as set forth in Section 5.17.7 of the Disclosure Schedule, neither the execution of this Agreement nor the consummation of the transactions contemplated hereby (with or without notice or lapse of time or both), in each case, alone or in combination with any other event, will (i) accelerate the time of the payment or vesting of, or increase the amount of, or result in the payment, funding or forfeiture of compensation or benefits payable to any current or former employee or other service provider of the Company or any of its Subsidiaries, or trigger any other material obligation under any Plan, (ii) result in any breach or violation of any Plan or (iii) limit or restrict the right of Buyer (to the extent Buyer otherwise has such right) to merge, amend or terminate any Plan on or after the Closing Date. No current or former employee or other service provider of the Company or any of its Subsidiaries is entitled to any gross-up, make-whole or other additional payment from the Company or any of its Subsidiaries in respect of any Tax (including Taxes imposed under Section 409A or 4999 of the Code) or interest or penalty related thereto.

5.17.8 Except as required by Law, no Plan or PEO Plan provides any health, disability or life insurance benefits as retiree or post-employment benefits to any current or former employee or other service provider (or any spouse, dependent or beneficiary of any such current or former employee or service provider) of the Company or any Subsidiary. No Plan is a voluntary employee benefit association under Section 501(a)(9) of the Code. The Company and each of its Subsidiaries are, and to the extent applicable, each Plan is, in compliance in all material respects with (i) the requirements of the applicable health care continuation and notice provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, and the regulations thereunder and any similar state Law and (ii) the applicable requirements of Health Insurance Portability and Accountability Act of 1996, Pub. L. 104-99 ("HIPAA") and the regulations thereunder.

5.17.9 Each Plan that is a "non-qualified deferred compensation plan" (as such term is defined in Section 409A(d)(1) of the Code) (i) was, between January 1, 2005 and December 31, 2008, operated and administered in good-faith compliance with, and based on a reasonable interpretation of the requirements of Section 409A of the Code and applicable guidance issued thereunder (including IRS Notice 2005-1) (collectively, the "409A Authorities") and (ii) has been, since the later of (x) January 1, 2009 and (y) such Plan's, agreement's or arrangement's inception date, in a written form that complies in all material respects with, and has been administered in compliance in all material respects with, the 409A Authorities and the final regulations promulgated and in effect thereunder.

5.18 *Licenses, Permits and Approvals.* Section 5.18 of the Disclosure Schedule lists all material domestic and material foreign governmental, regulatory and industry licenses, permits, certifications and approvals used in or necessary to the operation of the Business as presently conducted (collectively, "Permits"), and neither the Company nor any of its Subsidiaries is in violation of, in any material respect, the terms or conditions of any Permits, or has received written notice of any actual or alleged

violation of such Permits or alleging the failure to hold or obtain any such Permits. Neither the Company nor any of its Subsidiaries has received written notice that any of such Permits will not be renewed, and there are no proceedings pending or, to the Company's Knowledge, threatened to revoke or withdraw any such Permits.

5.19 *Unlawful Payments.* In the past three (3) years, none of the Company or any of its Subsidiaries, any of their respective officers, directors or managers (as such term is defined in the Limited Liability Act of the State of Delaware) or, to the Knowledge of the Company, any other Person employed by or engaged by the Company or any of its Subsidiaries has offered to any Person, made to any Person or received from any Person on behalf of the Company, any of its Subsidiaries or any Person affiliated with the Company or any of its Subsidiaries any illegal payment or contribution of any kind (whether or not monetary), directly or indirectly, including bribes, payments, gifts or gratuities (including to or from any official, employee or agent of any Governmental Authority or candidate therefor or any family member thereof).

5.20 *Compliance with Laws.*

5.20.1 At all times during the past three (3) years, the Company and each of its Subsidiaries has complied in all material respects with all Laws applicable to the Company and its Subsidiaries and by which any property or any asset of the Company or any of its Subsidiaries is bound. Except as set forth in Section 5.20.1 of the Disclosure Schedule, in the past three (3) years, neither the Company nor any of its Subsidiaries has received written notice of any alleged or actual violation of any applicable Law. Except as set forth in Section 5.20.1 of the Disclosure Schedule, no investigation, audit or review is pending or, to the Company's Knowledge, threatened by any Governmental Authority with respect to any alleged violation by the Company or any of its Subsidiaries of any Law. Neither the Company nor any of its Subsidiaries is subject (or during the past three (3) years has been subject) to any adverse inspection, finding of deficiency, finding of non-compliance, compelled recall, material investigation, penalty, fine, sanction, assessment, material audit, request for corrective or remedial action in any material respect, or other material compliance or enforcement action by any Governmental Authority, in each case, relating to the products provided by the Company or any of its Subsidiaries.

5.20.2 None of the Company or any of its Subsidiaries or any of their respective officers, directors, managers (as such term is defined in the Limited Liability Act of the State of Delaware) or, to the Knowledge of the Company, employees or agents: (i) is subject to any sanction administered by the Office of Foreign Assets Control of the United States Treasury Department ("U.S. Economic Sanctions"); and (ii) has ever made any sales to or engaged in business activities with or for the benefit of, or will use any amounts payable hereunder for the purposes of financing the activities of, any Persons and countries that are subject to U.S. Economic Sanctions, including any "Specially Designated Nationals and Blocked Persons."

5.20.3 The Company and each of its Subsidiaries have policies, procedures and systems in place intended to ensure the privacy and security of all business, proprietary, individually identifiable, personal, and medical and any other private information, in compliance in all material respects with federal and state Law. No breach has occurred with respect to any unsecured protected health information maintained by or for the Company or any of its Subsidiaries that is subject to the notification requirements of 45 C.F.R. §§ 164.406 or 164.408(b), and no information security or privacy breach event has occurred that would require notification under any comparable state Laws, except where such failures to be in compliance would not, individually or in the aggregate, reasonably be expected to be material.

5.20.4 Neither the Company nor any of its Subsidiaries is subject to a compliance program with the Department of Justice, the Office of Inspector General of the Department of Health and Human Services or other Governmental Authority, and neither the Company nor any of its Subsidiaries has any reporting obligations pursuant to any settlement agreement entered into with any Governmental Authority.

5.20.5 References in the representations and warranties set forth in this Section 5.20 to "during the past three (3) years" shall, with respect to the Monistat brand, be deemed to be references to "since August 12, 2011."

5.21 Top Customers and Top Suppliers.

5.21.1 Section 5.21.1 of the Disclosure Schedule sets forth a true and complete list of the top ten (10) ultimate customers (e.g., Walmart, Walgreens, CVS) of the Company and its Subsidiaries (by revenue for each of the twelve (12)-month periods ending December 31, 2012 and December 31, 2013) (the "Top Customers"). Since January 1, 2013, no Top Customer has provided the Company or any of its Subsidiaries with any written notice, or, to the Knowledge of the Company with no duty of inquiry, verbal notice, of dispute or terminated or materially reduced, restricted or suspended its relationship with the Company or any of its Subsidiaries.

5.21.2 Section 5.21.2 of the Disclosure Schedule sets forth a true and complete list of the top ten (10) suppliers of the Company and its Subsidiaries (by revenue for each of the twelve (12)-month periods ending December 31, 2012 and December 31, 2013) (the "Top Suppliers"). Since January 1, 2013, no Top Supplier has provided the Company or any of its Subsidiaries with any written notice, or, to the Knowledge of the Company with no duty of inquiry, verbal notice, of dispute or terminated or materially reduced, restricted or suspended its relationship with the Company or any of its Subsidiaries. Except as set forth in Section 5.21.2 of the Disclosure Schedule, to the Knowledge of the Company with no duty of inquiry, none of the Top Suppliers has, during the past three (3) years, 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 set forth in Section 5.21.2 of the Disclosure Schedule, none of the Top Suppliers has, during the past three (3) years, materially failed to fulfill its supply obligations with respect to the Business in a timely and complete manner, whether due to an event of force majeure or otherwise.

5.22 *Insurance.* Section 5.22 of the Disclosure Schedule sets forth each material insurance policy (other than welfare insurance policies relating to welfare benefit plans, each of which is listed in Section 5.17.1 of the Disclosure Schedule) to which the Company or any of its Subsidiaries is a party, a named insured, or otherwise the beneficiary of coverage. With respect to each insurance policy disclosed in Section 5.22 of the Disclosure Schedule: (i) such insurance policy is legal, valid, binding,, enforceable, and in full force and effect, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar Laws affecting the enforcement of creditors' rights generally, and general principles of equity (regardless of whether such enforceability is considered in a proceeding in law or equity); (ii) none of the Company, any of its Subsidiaries or, to the Knowledge of the Company, any other party to such insurance policy is in material breach or material default thereunder, and no event has occurred which, with or without notice or lapse of time, or both, would constitute such a breach or default thereunder; and (iii) to the Knowledge of the Company, no other party to the such insurance policy has repudiated any material provision thereof. Except as set forth in Section 5.22 of the Disclosure Schedule, there are no pending material claims that have been submitted by or on behalf of the Company or any of its Subsidiaries under such insurance policies.

5.23 Product Liability; Product Warranty.

5.23.1 Except as set forth in Section 5.23.1 of the Disclosure Schedule: (i) there have been no voluntary or involuntary product recalls relating to the products of the Company or any of its Subsidiaries during the past three (3) years; and (ii) neither the Company nor any of its Subsidiaries has any material Liability arising out of any injury to individuals or property as a result of the ownership, possession, or use of any product manufactured, sold, leased, distributed or delivered by the Company or any of its Subsidiaries, which Liability would be inconsistent with the historical experiences of the Company and its Subsidiaries.

5.23.2 Except as set forth in Section 5.23.2 of the Disclosure Schedule, neither the Company nor any of its Subsidiaries has any material Liability for replacement or repair of any product except to the extent that such Liability would not be inconsistent with the historical experiences of the Company and its Subsidiaries, or in excess of the reserve therefor reflected on the Latest Balance Sheet.

5.24 Brokerage Fees. Except as set forth in Section 5.24 of the Disclosure Schedule, no broker, finder or agent is entitled to any brokerage fees, finder's fees or commissions in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of the Company.

5.25 Affiliate Transactions. Except as set forth in Section 5.25 of the Disclosure Schedule, no officer, director, manager or equityholder of the Company or any of its Subsidiaries or, to the Knowledge of the Company, family member of any of the foregoing: (i) owns, directly or indirectly, any interest in or is an officer, director, manager, employee or consultant of any Person which is a competitor, lessor, lessee, customer or supplier of the Company or any of its Subsidiaries; (ii) owns, directly or indirectly, in whole or in part, any material property, asset or right, real, personal or mixed, tangible or intangible which is utilized by the Company or its Subsidiaries or in connection with the Business; (iii) has received any loan from, or has any loan outstanding to the Company or any of its Subsidiaries; or (iv) directly or indirectly has an interest in or is a party to any Contract pertaining or relating to the Business, except for employment, consulting or other personal service agreements entered into in the Ordinary Course of Business.

5.26 Environmental.

5.26.1 Except as set forth in Section 5.26.1 of the Disclosure Schedule: (i) the Company and each of its Subsidiaries has for the past three (3) years complied in all material respects with and is currently in compliance in all material respects with all Environmental Laws and has in the past three (3) years received from any Person any (A) Environmental Notice or Environmental Claim, or (B) written request for information pursuant to any Environmental Law, which, in the case of (A) and (B), would reasonably be expected to result in a material Liability of the Company or its Subsidiaries and either remains pending or unresolved, or is the source of ongoing material obligations or requirements as of the Closing Date; (ii) the Company and each of its Subsidiaries have obtained and are in material compliance with all material Permits required under all applicable Environmental Laws (the "Environmental Permits") necessary for the operation or of the Business of the Company and each of its Subsidiaries as currently conducted; (iii) (A) there has been no Release of Hazardous Materials by the Company or any of its Subsidiaries at any real property currently operated, leased or used, or, to the Knowledge of the Company, at any real property formerly operated, leased or used by the Company or any of its Subsidiaries, and (B) neither the Company nor any of its Subsidiaries has received an Environmental Notice that any real property currently operated, leased or used by the Company or any of its Subsidiaries has been contaminated with any Hazardous Material, in each case of (A) and (B), which would reasonably be expected to result in a material

Environmental Claim against, or a material violation of Environmental Laws or the terms of any Environmental Permit by, the Company or any of its Subsidiaries; (iv) neither the Company nor any of its Subsidiaries has treated, stored, disposed of, arranged for or permitted the disposal of, or Released, any Hazardous Materials, in each case, which would reasonably be expected to result in a material Environmental Claim against, or a material violation of Environmental Laws or the terms of any Environmental Permit by, the Company or any of its Subsidiaries; and (v) neither the Company nor any of its Subsidiaries has manufactured, sold, marketed, installed or distributed products or items containing asbestos or silica in a manner that would reasonably be expected to give rise to a material Liability of the Company or any of its Subsidiaries.

5.26.2 The Company has furnished to Buyer copies of all material environmental assessments, reports and all material environmental documents relating to the current operations, real properties or facilities of the Business, the Company or any of its Subsidiaries which are in its or any of its Subsidiaries' possession or, to the Company's actual knowledge with no duty of inquiry, control.

5.26.3 The representations and warranties set forth in this Section 5.26 are the sole and exclusive representations and warranties of the Company or any of its Subsidiaries with respect to any environmental matters, including any arising under Environmental Laws or relating to Environmental Claims, Environmental Notices or Hazardous Materials.

5.27 *Bank Accounts*. Section 5.27 of the Disclosure Schedule contains a true, correct and complete list of: (i) the name of each bank, safe deposit company or other financial institution in which the Company or any of its Subsidiaries has an account, lock box or safe deposit box; (ii) the type of each such account; and (iii) the names of all Persons authorized to draw thereon or to have access thereto.

5.28 *FDA/FTC Regulatory Compliance*.

5.28.1 Except as set forth in Section 5.28.1 of the Disclosure Schedule, during the past three (3) years, the Company and each of its Subsidiaries have 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 Law and Regulation"), and analogous provisions of foreign Law governing the regulation of the Company's and its Subsidiaries' current and/or proposed products.

5.28.2 Except as set forth in Section 5.28.2 of the Disclosure Schedule, in the past three (3) years, to the Knowledge of the Company, none of the Company or any of its Subsidiaries has received any written notice or communication from the FDA or FTC alleging noncompliance with any applicable FDA Law and Regulation 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's or any of its Subsidiaries' products. Except as set forth in Section 5.28.2 of the Disclosure Schedule, neither the Company nor any of its Subsidiaries is now subject (or has been subject during the past three (3) years) to 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 Knowledge of the Company, been threatened, against the Company or any of its Subsidiaries for failure to comply with any FDA Law and Regulation or analogous provision of foreign Law governing the regulation of the Company's or any of its Subsidiaries' products. None of the Company, any of its Subsidiaries or any officer, director or managing employee of the Company

or any of its Subsidiaries has been convicted of any crime or engaged in any conduct for which debarment is mandated or permitted by 21 U.S.C. § 335a.

5.28.3 During the past three (3) years, the Company and each of its Subsidiaries have obtained all necessary FDA Applications for their business activities during such period, including the commercial distribution of any products that are regulated by the FDA.

5.28.4 Except as set forth in Section 5.28.4 of the Disclosure Schedule, during the past three (3) years, the Company and each of its Subsidiaries have timely filed all required FDA Registrations.

5.28.5 Neither the Company nor any of its Subsidiaries has any pending 510(k) applications.

5.28.6 Set forth in Section 5.28.6 of the Disclosure Schedule is a true, correct and complete list, as of the date hereof, of: (i) all FDA Applications owned by the Company or any of its Subsidiaries (other than any FDA Applications that are drug master files or that were filed prior to the past three (3) years) and all similar types of applications in any other jurisdiction that have been made on behalf of the Company or any of its Subsidiaries in the past three (3) years, including all supplements and amendments thereto; (ii) the name of each of the products; (iii) the entity holding each regulatory approval; (iv) the reference number; and (v) the date on which the regulatory approval was granted.

5.28.7 In the past three (3) years, no human clinical trials have been conducted, monitored and organized by the Company and its Subsidiaries where compliance with the applicable requirements of Good Clinical Practice and related regulations is required.

5.28.8 In the past three (3) years, the Company and each of its Subsidiaries and, to the Company's Knowledge, their respective contract manufacturers of medical devices, have been in compliance in all material respects with the Quality System Regulation set forth in 21 C.F.R. Part 820.

5.28.9 In the past three (3) years, except as disclosed in Section 5.28.9 of the Disclosure 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.

5.28.10 The Company and each of its Subsidiaries and, to the Company's Knowledge, their respective contract manufacturers of medical devices, are in compliance in all material respects with the written procedures, record-keeping and FDA reporting requirements for Medical Device Reporting set forth in 21 C.F.R. Part 803 and Reports of Corrections and Removals set forth in 21 C.F.R. Part 806.

5.28.11 Except as set forth in Section 5.28.11 of the Disclosure Schedule, the Company and each of its Subsidiaries and, to the Company's Knowledge, their respective 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 Buyer copies of all Adverse Event Reports and Serious Adverse Event Reports arising, in the last three (3) years, out of the use of products developed, manufactured, marketed, sold and/or distributed by the Company or any of its Subsidiaries.

5.28.12 Each product intended for use as a medical device is and, during the past three (3) years, has been labeled, promoted, and advertised in compliance in all material respects with the scope of any

applicable cleared or approved indications and FDA's premarket notification requirements in 21 C.F.R. Part 807, Subpart A and E, subpart E in accordance with 21 U.S.C. §360(l) or (m), and applicable rules and regulations thereunder.

5.28.13 Each product intended for use as a Drug and subject to an approved New Drug Application or Abbreviated New Drug Application, as defined in 21 U.S.C. § 355, has, during the past three (3) years, been labeled, promoted, and advertised in compliance in all material respects with the scope of such product's approved application and all applicable rules and regulations, including 21 C.F.R. Part 201.66.

5.28.14 Except as set forth in Section 5.28.14 of the Disclosure Schedule, each product intended for use as a Drug and not subject to an approved New Drug Application or Abbreviated New Drug Application has, during the past three (3) years, 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.

5.28.15 Except as disclosed in Section 5.28.15 of the Disclosure Schedule, in the past three (3) years (i) there have been no voluntary or involuntary product recalls or withdrawals conducted by or issued to the Company or any of its Subsidiaries, and, (ii) to the Company's Knowledge, neither the Company nor any of its Subsidiaries has received any written requests from the FDA or any other applicable Governmental Authority requesting the Company or any of its Subsidiaries to cease to investigate, test, manufacture, transport, promote, market, advertise, import, export, distribute or sell any products of the Company or any of its Subsidiaries.

5.28.16 No facility of the Company and its Subsidiaries is engaged in the manufacture, preparation, propagation, compounding, or relabeling of a Drug.

5.28.17 In the past three (3) years, each of the Company and its Subsidiaries has been in material compliance with all applicable Laws governing product promotion and advertising, including Section 5 of the FTC Act.

5.28.18 References in the representations and warranties set forth this Section 5.28 to "the past three (3) years" shall, with respect to the Monistat brand, be deemed to refer to "the period from August 12, 2011 to the present".

5.29 *No Other Representations or Warranties.* The representations and warranties made by the Company or relating to the Company or any of its Subsidiaries contained in this Section 5 are the exclusive representations made by the Company or relating to the Company or any of its Subsidiaries. Except for such representations and warranties, the Company makes no express or implied representation or warranty of any kind relating to the Company or any of its Subsidiaries.

6. Representations and Warranties of Buyer. As a material inducement to the Company and the Sellers to enter into this Agreement and consummate the transactions contemplated hereby, Buyer hereby represents and warrants to the Company and the Sellers as of the date hereof and as of the Closing, and except as set forth in the Disclosure Schedule, as follows:

6.1 *Organization and Authority.* Buyer (i) is a corporation duly organized, validly existing and in good standing under the Laws of the jurisdiction of its organization, and (ii) has all requisite corporate

power and authority to own, lease and operate its assets and conduct its business as they are now being operated and conducted.

6.2 *Authorization of Transaction.* The execution, delivery, and performance by Buyer of this Agreement and the Ancillary Agreements to which it is a party, and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all necessary action on the part of Buyer. Buyer has the requisite power and authority to execute and deliver this Agreement and the Ancillary Agreements to which it is a party, to perform its obligations under this Agreement and the Ancillary Agreements to which it is a party, and to consummate the transactions contemplated by this Agreement and the Ancillary Agreements to which it is a party. This Agreement has been duly and validly executed and delivered by Buyer, and the Ancillary Agreements to which it is a party will be duly executed and delivered by Buyer at the Closing, and, assuming the due authorization, execution and delivery by the other parties hereto and thereto, will constitute, upon such execution and delivery in each case thereof, legal, valid and binding obligations of Buyer, enforceable in accordance with their respective terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws affecting the enforcement of creditors' rights generally, and general principles of equity (regardless of whether such enforceability is considered in a proceeding in law or equity).

6.3 *Noncontravention.* Except as set forth in Section 6.3 of the Disclosure Schedule, neither the execution and the delivery of this Agreement or the Ancillary Agreements to which Buyer is a party, nor the consummation of the transactions contemplated hereby or thereby will (i) violate or conflict in any way with any applicable Law of any Governmental Authority to which Buyer is subject or any of the Organizational Documents of Buyer, or result in the creation of any Lien upon any asset of Buyer pursuant to the terms thereof, or (ii) conflict with, result in a breach of, constitute a default under (with or without notice or lapse of time, or both), result in the acceleration of, create in any party the right to accelerate, terminate, modify or cancel, require any consent or notice under, or result in the creation of any Lien upon any asset of Buyer pursuant to the terms of, any Contract, Permit or other arrangement to which Buyer is a party or by which Buyer is bound or to which any of Buyer's assets is subject. Except as required by the HSR Act or any other applicable antitrust Law and except as set forth in Section 6.3 of the Disclosure Schedule, Buyer is not required to give any notice to, make any filing with, or obtain any authorization, consent, or approval of any Governmental Authority or any other Person in order for the Parties to consummate the transactions contemplated by this Agreement and in order that such transactions not constitute a breach or violation of, or result in a right of termination or acceleration or any Lien on Buyer's assets pursuant to the provisions of, any Contract or Permit.

6.4 *No Litigation; No Injunctions.* There are no suits, actions, proceedings, investigations, claims or orders pending, or to Buyer's knowledge after reasonable inquiry, threatened, against Buyer, nor is Buyer subject to any agreement or judgment, order, writ, prohibition, injunction or decree of any Governmental Authority which would reasonably be expected to prevent or have the effect of restricting any of the transactions contemplated by this Agreement.

6.5 *Brokerage Fees.* Except as set forth in Section 6.5 of the Disclosure Schedule, no broker, finder or agent is entitled to any brokerage fees, finder's fees or commissions in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Buyer.

6.6 *Investment Intent; Restricted Securities*. Buyer is acquiring the Company Shares solely for Buyer's own account, for investment purposes only, and not with a current view to, or with any present

intention of, reselling or otherwise distributing the Company Shares or dividing its participation herein with others. Buyer understands and acknowledges that: (i) none of the Company Shares have 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; (ii) all of the Company Shares constitute "restricted securities" as defined in Rule 144 under the Securities Act; (iii) none of the Company Shares are traded or tradable on any securities exchange or over-the-counter; and (iv) none of the Company Shares may be sold, transferred or otherwise disposed of unless a registration statement under the Securities Act with respect to such Company Shares 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. Buyer is an "accredited investor" as defined in Rule 501(a) of the Securities Act and as defined in Section 1.1 of National Instrument 45-106 Prospectus and Registration Exemptions.

6.7 *Financing*. Buyer has provided to the Company true, correct and complete copies of the fully executed commitment letter, dated as of April 25, 2014, among Buyer'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 Buyer 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. On the Closing Date Buyer will have sufficient unrestricted cash on hand and available credit facilities to pay all amounts required to be paid by Buyer at the Closing pursuant to the terms of this Agreement, and to pay all of its related fees and expenses.

6.8 *Due Diligence Review*. Buyer acknowledges that: (i) it has completed its own due diligence review with respect to the Company and its Subsidiaries and it is entering into the transactions contemplated by this Agreement based on such investigation and, except for the specific representations and warranties made by the Sellers and/or the Company in Section 4 or Section 5 hereof, it is not relying upon any representation or warranty of any Seller, the Company or any Affiliate thereof or any officer, director, employee, agent or advisor thereof, nor upon the accuracy of any record, projection or statement made available or given to Buyer in the performance of such investigation, (ii) it has had access to the Company and its Subsidiaries and their respective books and records, contracts, agreements and documents (including Tax Returns and related documents), and employees, agents and representatives, and (iii) it has had such opportunity to seek accounting, legal, tax or other advice or information in connection with its entry into this Agreement and the other documents referred to herein relating to the consummation of the transactions contemplated hereby and thereby as it has seen fit.

6.9 *Solvency*. As of the Closing, assuming the accuracy of each Seller's and the Company's representations and warranties, and after giving effect to all of the transactions contemplated by this Agreement, the Company will be Solvent. For purposes of this Section 6.9, "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 liability 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.

6.10 *No Other Representations or Warranties.* Except for the representations and warranties made by Buyer or relating to Buyer contained in this Section 6, Buyer makes no express or implied representation or warranty relating to Buyer.

7. Covenants of the Company, the Sellers and the Sellers Representative.

7.1 *Conduct of the Business.* Except as contemplated by this Agreement, as set forth on Schedule 7.1, as required by Law, in connection with the entry into customary sale bonus agreements covered by the definition of Company Transaction Expenses (provided, that the Sellers and the Company provide prior written notice to Buyer of any such sale bonus agreement that would or reasonably would be expected to result in a payment of $100,000 or more to any one Person) or as otherwise consented to or requested in writing by Buyer, which consent shall not be unreasonably withheld, conditioned or delayed, from the date hereof through the Closing or earlier termination of this Agreement in accordance with Section 12, each of the Sellers and the Company covenants and agrees: (w) to use its Reasonable Efforts to maintain and preserve substantially intact the Company's and each of its Subsidiaries' business organization and advantageous business relationships, including the Distributor Contracts, and retain the services of their officers and employees; (x) except for competitively sensitive information specific to the Bonine or Sucrets brands (for which such correspondence shall solely be provided to Buyer's legal counsel and other outside advisors), promptly to provide to Buyer copies of all written correspondence received by Emerson Group, Emerson Healthcare or the Company or any of its Subsidiaries from the five (5) largest retailers (by revenue) within the Emerson Group or Emerson Healthcare distribution network concerning product de-listings, and/or store count changes of five percent (5%) or more; (y) to disclose to Buyer (and provide Buyer copies of) any written notice or other communication received by the Company, any of its Subsidiaries or any Seller from any third party relating to a default or event which, with or without notice or lapse of time or both, would become a default, received subsequent to the date of this Agreement, under any Contract to which the Company or any of its Subsidiaries is a party or is subject, or any written notice or other communication received by the Company, any of its Subsidiaries or any Seller from any Person alleging that the consent of such Person is or may be required in connection with the transactions contemplated by this Agreement; and (z) to cause the Company and each of its Subsidiaries not to:

7.1.1 (i) increase or decrease in any manner any compensation of, or enter into any new bonus or incentive agreement or arrangement with, any of its employees, directors, managers, or consultants, other than routine wage increases for employees (other than officers) granted in the Ordinary Course of Business or as required under the terms of any Material Contract, (ii) hire any additional officer or make any employee an officer who had not been one, or terminate the employment or remove the officer status of any existing officer set forth in Section 7.1.1 of the Disclosure Schedule, or (iii) amend or enter into a new Plan or indicate or announce any intent to take such action, other than as required by applicable Law;

7.1.2 conduct the Business other than in the Ordinary Course of Business;

7.1.3 issue, deliver or sell, or authorize or propose the issuance, delivery or sale of (i) any Equity Securities (except upon and in accordance with the exercise of any Stock Option outstanding on the date hereof), (ii) any securities convertible into Equity Securities, or (iii) any rights, warrants, calls, subscriptions or options to acquire Equity Securities;

7.1.4 amend any of its Organizational Documents;

7.1.5 (i) sell, lease, license, encumber or otherwise dispose of, or agree to sell, lease, license, encumber or otherwise dispose of, any of its assets other than (a) in the Ordinary Course of Business, including sales of Inventory in the Ordinary Course of Business, (b) sales of obsolete assets or assets with no book value, and (c) prepayments of Indebtedness with excess cash, or (ii) acquire by merger or consolidation with, or merge or consolidate with, or purchase substantially all of the assets of, or otherwise acquire, any corporation, partnership, association, joint venture or other business organization or division thereof;

7.1.6 incur any indebtedness for borrowed money except in amounts necessary to fund the operation of the Business in the Ordinary Course of Business under lines of credit in existence as of the date hereof (including revolver draws), guarantee any such indebtedness or issue or sell any debt securities or warrants or rights to acquire any debt securities of such party or guarantee any debt securities of others;

7.1.7 otherwise guarantee another Person's borrowing of money or other Indebtedness or other payment by, or the performance of, another Person;

7.1.8 modify or terminate any Material Contract (except for the automatic termination of any such Material Contract in the Ordinary Course of Business upon the expiration of its term and issuances of purchase orders and media buys in the Ordinary Course of Business);

7.1.9 commence or settle any litigation, arbitration or proceeding (or threat thereof) or any claim except for any matter set forth in Section 11.2.2 of the Disclosure Schedule or any matter involving or reasonably expected to involve less than $250,000 in the aggregate, or, to the extent that it would adversely affect the Company or its Subsidiaries in a Tax period or portion thereof beginning after the Closing, (i) implement or adopt any change in its accounting principles, (ii) make or change any Tax election, adopt or change any accounting method, file or amend any Tax Return, enter into any closing agreement, settle any Tax claim or assessment, consent to any extension or waiver of the limitation period applicable to any Tax claim or assessment, or take any other similar action relating to the filing of any Tax Return or the payment of any Tax, or (iii) change its method of accounting for Income Tax purposes;

7.1.10 modify its existing cash management, credit collection and payment policies, procedures and practices (including any acceleration in the collection of accounts receivable, delay in the payment of accounts payable);

7.1.11 during any consecutive two (2)-month period, fail to incur or expend at least ninety-five percent (95%) of the cumulative amount of the Company's and its Subsidiaries' (i) merchandising and promotional activities and/or (ii) marketing, advertising and promotional programs for such two (2)-month period that, in each case, are set forth in the latest operating budget prepared for the Company

and its Subsidiaries, a true, correct and complete copy of which was provided or made available to Buyer (the "Operating Budget");

7.1.12 enter into any agreement (whether oral or written) by and between the Company or any of its Subsidiaries (on the one hand) and any Seller, any Affiliate of any Seller, any equityholder of any Seller, or any employee, officer, director or manager of the Company or any of its Subsidiaries (on the other hand), in each case, except as otherwise contemplated by this Agreement, and except for agreements entered into by portfolio companies of any Seller or Affiliate of any Seller (on the one hand) and the Company or any Subsidiary of the Company (on the other hand) which are on arms-length terms and entered into in the Ordinary Course of Business; or

7.1.13 enter into any Contract, or otherwise become obligated, to take any action prohibited under this Section 7.1.

7.2 *Filings; Consents; Etc.* Unless a higher standard of effort is expressly set forth herein with respect to a particular matter, each of the Sellers and the Company shall use Reasonable Efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable in compliance with applicable Laws to consummate and make effective, as soon as reasonably practicable, the transactions contemplated hereby. Without limiting the generality of the foregoing, each of the Sellers and the Company shall give all material notices, make all material required filings with or applications to Governmental Authorities, and use Reasonable Efforts to obtain all material consents of all third parties set forth in Section 5.3 of the Disclosure Schedule, including Apotex Inc., as required under the terms of that certain Cross License and Supply Agreement, dated February 14, 2012, by and between Apotex Inc. and Insight LLC (which such consent the Company shall seek at its sole cost and expense), and all Governmental Authorities, necessary for the Parties to consummate the transactions contemplated hereby, and shall use Reasonable Efforts to ensure that each of the Distributor Contracts are amended in a manner consistent with the terms set forth in Section 7.2 of the Disclosure Schedule. In addition, each of the Sellers and the Company agrees to use Reasonable Efforts to cooperate with Buyer in connection with the foregoing, including using Reasonable Efforts to (x) oppose, lift or rescind any injunction or restraining order or other order adversely affecting the ability of the Parties to consummate the transactions contemplated hereby, and (y) cause the conditions set forth in Section 9.1 and 9.2 to be satisfied and to consummate the transactions contemplated hereby. Notwithstanding the foregoing, all of the provisions of this Section 7.2 shall be subject to Section 13.2 and in the event of a conflict, Section 13.2 shall control.

7.3 *No Solicitation.* From and after the date of this Agreement until the earlier of the termination of this Agreement or the Closing, each of the Sellers and the Company will not, will not permit the Subsidiaries of the Company or its or their directors, officers, employees or representatives to, and will direct each of their respective Affiliates 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 of 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; provided, that for purposes of this sentence, the term "Affiliates" shall be deemed not to include any portfolio company controlled directly or indirectly by any Seller or by Teachers' Private Capital, the private equity division of Ontario Teachers' Pension Plan Board, and shall not include any Affiliate of 1829356 Ontario Limited that is not controlled, directly or indirectly, by Teachers' Private Capital. As used herein, the term "Acquisition Proposal" shall mean any proposal relating to a possible (A) sale, lease or other disposition, directly or indirectly, by merger, consolidation, share exchange or otherwise, of a material portion of the assets of the Company or any of its Subsidiaries, or (B) 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 the Company or any of its Subsidiaries, (C) liquidation, dissolution, or other similar type of transaction with respect to the Company or any of its Subsidiaries, or (D) 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. Each of the Sellers and the Company will immediately cease any and all existing discussions, negotiations or other activities with any Persons (other than Buyer and its Affiliates) conducted heretofore with respect to any of the foregoing.

7.4 Updated Disclosures; Interim Financial Statements.

7.4.1 From the date hereof until the Closing, each Seller as to itself (with respect to Section 4) and the Company (with respect to Section 5) shall disclose to Buyer in writing (in the form of an updated Disclosure Schedule), promptly upon discovery thereof, any variances from the representations and warranties contained in Section 4 or Section 5 hereof (the "Updated Disclosures"), which shall include (i) any matter first existing or occurring following the date hereof and that (A) if existing or occurring at or prior to the date hereof would have been required to be set forth or described in the Disclosure Schedule, or (B) is necessary to correct any information in the Disclosure Schedule that has been rendered inaccurate thereby (each such matter, a "New Matter") or (ii) any matter existing or arising prior to the date of this Agreement and was required to be but was not previously set forth in the Disclosure Schedule (each such matter, an "Existing Matter"). To the extent the Updated Disclosures include information about an Existing Matter which needed to be disclosed on the date hereof for the representations and warranties contained in Section 4 and/or Section 5 hereof to have been true and correct on the date hereof, then such Updated Disclosures shall not amend or supplement the Disclosure Schedule delivered on the date hereof, such Updated Disclosures shall not affect the indemnification obligations of any Seller under Section 11, and accordingly the Buyer Parties shall be entitled to indemnification pursuant to Section 11 (subject to all of the applicable limitations, if any, set forth therein) for any breaches of representations and warranties contained in Section 4 and/or Section 5 that otherwise would have existed but for the information disclosed pursuant to any such Updated Disclosures. To the extent the Updated Disclosures include information about a New Matter, then such Updated Disclosures shall amend and supplement the Disclosure Schedule delivered on the date hereof for the purposes of the indemnification obligations of the Sellers under Section 11, and accordingly no Buyer Party shall be entitled to indemnification pursuant to Section 11 for any breaches of representations and warranties contained in Section 4 and/or Section 5 that otherwise would have existed but for the information disclosed pursuant to any such Updated Disclosures; provided, that, notwithstanding the foregoing, if any such Updated Disclosures relate to variances from (i) the representations and warranties contained in (A) Section 5.15, and further relate to (1) any claim, charge, complaint, action, suit, proceeding, hearing, inquiry, or investigation of any Governmental Authority or any other Person or before any arbitrator (each, a "Litigation") that first arose after the date hereof, or (2) any pending or threatened Litigation that ultimately, individually results in Losses to any Buyer Party in excess of $5,000, (B) Section 5.11.4, (C) Section 5.13 (it being agreed and understood that no Updated Disclosures in respect of any variances from the representations and warranties set forth in Section 5.13 shall be required by this Section 7.4.1), (D) Section 5.19, (E) Section 5.20, (F) Section 5.23.1, (G) Section 5.28 or (ii) any of the Fundamental Representations (the foregoing clauses (i) and (ii), inclusive, the "Specified Representations"), then such Updated Disclosures shall not amend or supplement the Disclosure Schedule delivered on the date hereof, such Updated Disclosures shall not affect the indemnification obligations of any Seller under Section 11, and accordingly the Buyer Parties shall be entitled to indemnification pursuant to Section 11 (subject to all of the limitations set forth therein) for any breaches of the Specified Representations as set forth in any such Updated Disclosures.

7.4.2 From the date hereof until the Closing Date, the Company shall deliver to Buyer (i) as promptly as practicable after the last day of such month, copies of the monthly consolidated financial statements of the Company and its Subsidiaries stamped "Estimates" and (ii) monthly consolidated financial statements of the Company and its Subsidiaries (which shall be prepared in accordance with GAAP, subject to year-end adjustments and the absence of footnotes, and on the basis of and in accordance with the books and records of the Company and its Subsidiaries kept in the Ordinary Course of Business) as they are finalized, but in no event later than the twentieth (20th) day following the last date of such month (the "Interim Financial Statements").

7.5 *Reasonable Access.* From the date of this Agreement until the Closing or the earlier termination of this Agreement, and subject to applicable Law, the Company shall give Buyer and its representatives, upon reasonable advance notice, reasonable access, during normal business hours, to the assets, properties, books, records, agreements and senior management of the Company and its Subsidiaries, and the Company shall permit Buyer to make such inspections as Buyer may reasonably require; provided, however, that such access shall not extend to any sampling or analysis of soil, groundwater, building materials or other environmental media of the sort generally referred to as a Phase II environmental investigation.

7.6 *Financing Assistance; Sale Assistance; Etc.*

7.6.3 The Company, the Sellers and the Sellers Representative (in its capacity as the Sellers Representative) shall use Reasonable Efforts to provide such cooperation as reasonably requested by Buyer with respect to Buyer's financing (the "Financing") of the transactions contemplated hereby, including (i) providing to Buyer and the Debt Financing Sources the Required Financial Information and all other material financial information in their possession with respect to the Company and its Subsidiaries as reasonably requested by Buyer or the Debt Financing Sources; (ii) making the Company's and its Subsidiaries' senior officers reasonably available to the Debt Financing Sources in connection with the Financing, to reasonably participate in due diligence sessions and to reasonably participate in presentations related to the Financing; (iii) the Company 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) the Company or any of its Subsidiaries executing and delivering any guarantee, pledge and security documents, other definitive financing documents, a certificate of the chief financial officer of the Company with respect to solvency of the Company and its Subsidiaries on a consolidated basis, and other certificates or documents and back-up therefor as may be reasonably requested by Buyer (including consents of accountants for use of their reports in any materials relating to the Financing) and otherwise reasonably facilitating the pledging of collateral; provided, that no employee being terminated at the request of Buyer shall be so required to sign any such document; (v) the Company furnishing Buyer and the Debt Financing Sources with the latest financial statements of the Company and its Subsidiaries on a consolidated basis reasonably promptly after they have been prepared; (vi) reasonably assisting Buyer and the Debt Financing Sources with their preparation for customary rating agency and lender presentations and customary bank offering memoranda, syndication memoranda, lender presentations and other marketing materials or memoranda, including business and financial projections and pro formas reasonably requested by Buyer, in connection with the Financing; (vii) obtaining the payoff letters and Lien terminations and instruments of discharge contemplated by this Agreement; and (viii) furnishing Buyer and the Debt Financing Sources reasonably promptly with such documentation and other information in the Company's or any of its Subsidiaries' 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 Patriot Act. Each

of the Sellers, the Sellers Representative and the Company, 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 necessary to make such information not misleading in any material respect and provide any supplements reasonably requested by Buyer.

7.6.4 The Company, the Sellers and the Sellers Representative (in its capacity as the Sellers Representative) shall use Reasonable Efforts to provide such cooperation as reasonably requested by Buyer, either before or after the Closing, with respect to any sale, divestiture, lease, license, transfer or other disposition (or any proposed sale, divestiture, lease, license, transfer or other disposition) of any assets or businesses of the Company or any of its Subsidiaries as may be required by any Governmental Authority in order to satisfy the conditions set forth in Section 9.1 (a "Sale"), including, subject to customary confidentiality requirements reasonably acceptable to the Company, (i) providing to any prospective purchaser all material business and financial information in their possession with respect to the Company and its Subsidiaries as reasonably requested by Buyer or such prospective purchaser in connection with a Sale; (ii) making the Company's and its Subsidiaries' senior officers reasonably available to Buyer and any prospective purchaser in connection with a Sale, to reasonably participate in due diligence sessions and to reasonably participate in presentations related to a Sale; (iii) the Company providing customary authorization letters to a prospective purchaser's financing sources authorizing the distribution of information to such prospective purchaser's lenders or investors, subject to customary confidentiality requirements reasonably acceptable to the Company; (iv) the Company furnishing Buyer and any prospective purchaser with the latest financial statements of the Company and its Subsidiaries on a consolidated basis reasonably promptly after they have been prepared; (v) reasonably assisting Buyer and any prospective purchaser with their preparation for customary rating agency and lender presentations and customary bank offering memoranda, syndication memoranda, lender presentations and other marketing materials or memoranda, including business and financial projections and pro formas reasonably requested by Buyer, in connection with a Sale; (vi) obtaining the payoff letters and Lien terminations and instruments of discharge for the assets or businesses of the Company or any of its Subsidiaries that are the subject of a Sale; and (viii) furnishing Buyer, any prospective purchaser and such prospective purchaser's financing sources reasonably promptly with such documentation and other information in the Company's or any of its Subsidiaries' possession, custody or control which Buyer or such prospective purchaser has reasonably requested in connection with a Sale.

7.6.5 Notwithstanding anything to the contrary in that certain Confidentiality Agreement, effective as of November 20, 2013 (the "Confidentiality Agreement"), by and between Insight LLC and Prestige Brands Holdings, Inc., an Affiliate of Buyer, the Parties acknowledge and agree (and the Company acknowledges and agrees on behalf of Insight LLC, its wholly owned Subsidiary) that any disclosure by Buyer or any of its Affiliates of any confidential information of the Company or any of its Subsidiaries in accordance with the foregoing provisions of this Section 7.6 shall not be deemed, and shall not constitute, a breach or violation of any term or provision of the Confidentiality Agreement, so long as customary confidentiality requirements reasonably acceptable to the Company have been put in place with the recipient(s) of any confidential information.

7.6.6 Notwithstanding anything to the contrary contained in this Section 7.6, (i) none of the Sellers Representative or any Seller, or, prior to the Closing, the Company or any Subsidiary of the Company, shall be required to pay any fees or other amounts in connection with the Financing or any Sale, and none of the Sellers Representative or any Seller (in their capacities as such) shall be required to execute, deliver or enter into any binding documentation with respect to the Financing or the Sale, (ii) until the Closing occurs, the Company and its Subsidiaries shall not 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 7.6.1(iii)), (iii) any cooperation pursuant to this Section 7.6 shall not require the Sellers or the Company to waive or amend any terms of this Agreement, (iv) any cooperation or agreements pursuant to this Section 7.6 shall not require the Sellers or the Company or any of its Subsidiaries to take any action that would conflict with any applicable law, the organizational documents of any Seller, if applicable, the Company or its Affiliates (to the extent modifying such organizational documents to permit such action would be materially adverse to any Seller, the Company or its Affiliates, respectively) 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 Seller, the Company or its Affiliates is a party, and (v) Buyer shall keep the Company and the Sellers Representative currently and reasonably informed with respect to its efforts under this Section 7.6 and under Section 13.2.

8. Covenants of Buyer.

8.1 *Filings; Consents; Etc.* Unless a higher standard of effort is expressly set forth herein with respect to a particular matter, Buyer shall use Reasonable Efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable in compliance with applicable Laws to consummate and make effective, as soon as reasonably practicable, the transactions contemplated hereby. Without limiting the generality of the foregoing, Buyer shall give all notices, make all material required filings with or applications to Governmental Authorities, and use Reasonable Efforts to obtain all material consents of all third parties, including Governmental Authorities, necessary for the Parties to consummate the transactions contemplated hereby. In addition, Buyer agrees to use Reasonable Efforts to cooperate with the Company in connection with the foregoing, including using Reasonable Efforts to (i) oppose, lift or rescind any injunction or restraining order or other order adversely affecting the ability of the Parties to consummate the transactions contemplated hereby, and (ii) to cause the conditions set forth in Section 9.1 and Section 9.3 to be satisfied and to consummate the transactions contemplated herein. Notwithstanding the foregoing, (x) except as provided in Section 13.15, in no event shall the provisions of this Section 8.1 require Buyer to expend any funds in, or otherwise in connection with, the giving of notices, the making of filings with or applications to Governmental Authorities or the obtaining of material consents and (y) all of the provisions of this Section 8.1 shall be subject to Section 13.2 and in the event of a conflict, Section 13.2 shall control.

8.2 *Post-Closing Access to Books and Records.* From and after the Closing, to the extent permitted by Law or contractual obligation and subject to keeping intact any privilege relating to such information and the confidentiality obligations set forth in any of the Ancillary Agreements, Buyer shall cause the Company and its Subsidiaries to provide the Sellers Representative and its authorized representatives with reasonable access (for the purpose of examining and copying), during normal business hours upon reasonable advance written notice to Buyer, to the books and records of the Company solely with respect to periods prior to and including the Closing Date in connection with any reasonable business justification previously disclosed in writing to the Company whether or not relating to or arising out of this Agreement or the transactions contemplated hereby. For purposes of clarity, in no event shall the foregoing be deemed to limit the Parties' obligations set forth in Section 10.5.

9. Conditions Precedent to the Closing.

9.1 *Conditions Precedent to Each Party's Obligations.* The respective obligations of each Party to consummate the transactions contemplated hereby will be subject to the satisfaction, at or prior to

the Closing, of all of the following conditions, any one or more of which may be waived in writing at the option of such Party as to itself only:

9.1.1 *No Legal Prohibition*. No statute, rule, regulation, ruling, consent, decree, judgment, injunction or order shall be enacted, promulgated, entered or enforced by any court or other Governmental Authority that would prohibit the consummation by such Party of the transactions contemplated hereby.

9.1.2 *No Injunction*. No Party shall be prohibited by any order, ruling, consent, decree, judgment or injunction of a court or other Governmental Authority of competent jurisdiction, and there shall not be any pending litigation brought by any Governmental Authority that would restrain, enjoin, or otherwise prohibit any Party, from consummating the transactions contemplated hereby.

9.1.3 *Antitrust*. All applicable waiting periods (and any extensions thereof) under the HSR Act shall have expired or otherwise been terminated. All other material consents of, or registrations, declarations or filings with, any Governmental Authority legally required for the consummation of the transactions contemplated by this Agreement that are set forth in Section 9.1.3 of the Disclosure Schedule shall have been obtained or filed.

9.2 *Conditions Precedent to Obligations of Buyer*. The obligations of Buyer under this Agreement to consummate the transactions contemplated hereby will be subject to the satisfaction, at or prior to the Closing, of all of the following conditions, any one or more of which may be waived in writing at the option of Buyer:

9.2.3 *Accuracy of Representations and Warranties; Performance of Covenants*.

9.2.3.1 Each of the respective representations and warranties of the Company and the Sellers contained in Sections 4 and 5 (other than those contained in Sections 4.1, 4.2, 5.1, 5.2, and 5.4) shall be true and correct when made and as of the Closing (other than those representations and warranties that address matters only as of a particular date or only with respect to a specific period of time, which need only be true and correct as of such date or with respect to such period of time), except where the failure of such representations and warranties to be so true and correct, individually or in the aggregate, does not constitute a Material Adverse Effect.

9.2.3.2 Each of the representations and warranties of the Company and the Sellers contained in Sections 4.1, 4.2, 5.1, 5.2, and 5.4) shall be true and correct in all material respects when made and as of the Closing (other than those representations and warranties that address matters only as of a particular date or only with respect to a specific period of time, which need only be true and correct in all material respects as of such date or with respect to such period of time), except for such representations and warranties that are qualified by terms such as “material”, “in all material respects” or “Material Adverse Effect”, in which case such representations and warranties shall be true and correct in all respects when made and as of the Closing.

9.2.3.3 Each Party other than Buyer shall have performed and complied with all covenants and agreements required by this Agreement to be performed or complied with by him or it on or prior to the Closing, except where such Party’s failure to have so performed or complied, individually or in the aggregate, does not constitute a Material Adverse Effect. Buyer shall receive at the Closing a certificate, dated as of the Closing Date from the Company and each Seller certifying with respect to itself only the fulfillment of the conditions set forth in this Section 9.2.1.

9.2.4 *No Material Adverse Effect*. No change, effect, event, occurrence, state of facts or development shall have occurred since the date of the Latest Audited Balance Sheet that constitutes, either individually or in the aggregate, a Material Adverse Effect.

9.2.5 *Deliveries*. The Company and the Sellers shall have made the deliveries to Buyer as set forth in Sections 3.2.1.1, 3.2.1.2, 3.2.1.3, 3.2.1.4, 3.2.1.7 and 3.2.1.8. In addition, none of the Employee Restrictive Covenant Agreements, the Restrictive Covenant Agreements, or the Termination Agreements shall have been terminated, amended, restated, replaced, superseded, supplemented, or otherwise modified, in each case, without Buyer's prior written consent.

9.2.6 *Acknowledgement*. Buyer acknowledges that the receipt by, or the availability of any funds or financing to, Buyer or any of its Affiliates or any other financing shall not, in and of itself, be a condition to Buyer's obligation to consummate the transactions contemplated hereunder.

9.3 *Conditions Precedent to Obligations of the Company and the Sellers.* The obligations of the Company and the Sellers under this Agreement to consummate the transactions contemplated hereby will be subject to the satisfaction, at or prior to the Closing, of all the following conditions, any one or more of which may be waived in writing at the option of the Company and the Sellers Representative, as applicable:

9.3.20 *Accuracy of Representations and Warranties; Performance of Covenants*.

9.3.20.1 Each of the representations and warranties of Buyer contained in Section 6 (other than those contained in Sections 6.1 and 6.2) shall be true and correct when made and as of the Closing (other than those representations and warranties that address matters only as of a particular date or only with respect to a specific period of time, which need only be true and correct in all respects as of such date or with respect to such period of time), except where the failure of such representations and warranties to be so true and correct, individually or in the aggregate, does not constitute a Material Adverse Effect.

9.3.20.2 Each of the representations and warranties of Buyer contained in Sections 6.1 and 6.2 shall be true and correct in all material respects when made and as of the Closing (other than those representations and warranties that address matters only as of a particular date or only with respect to a specific period of time, which need only be true and correct in all material respects as of such date or with respect to such period of time), except for such representations and warranties that are qualified by terms such as "material", "in all material respects" or "Material Adverse Effect", in which case such representations and warranties shall be true and correct in all respects when made and as of the Closing.

9.3.20.3 Buyer shall have performed and complied with all covenants and agreements required by this Agreement to be performed or complied with by it on or prior to the Closing, except where Buyer's failure to have so performed or complied, individually or in the aggregate, does not constitute a Material Adverse Effect. The Sellers Representative shall receive at the Closing a certificate, dated as of the Closing Date from Buyer, certifying the fulfillment of the conditions set forth in this Section 9.3.1.

9.3.21 *Deliveries*. Buyer shall have made the deliveries to the Sellers Representative as set forth in Section 3.2.2.

10. Tax Matters.

10.1 *Tax Indemnification*. From and after the Closing, the Buyer Parties shall be indemnified and held harmless by the Sellers on a several but not joint basis in accordance with each Seller's Pro Rata Portion from and against any Pre-Closing Taxes (which, for purposes of this Section 10.1, shall include any reasonable out-of-pocket expenses incurred in preparing any Tax Returns with respect thereto or conducting any audit arising therefrom).

10.2 *Straddle Period*. In the case of any Straddle Period, (i) the amount of any Taxes based upon or measured by income or receipts of the Company and its Subsidiaries for the Pre-Closing Period shall be determined based on an interim closing of the books as of the close of business on the Closing Date (and for such purpose, the taxable period of any partnership or other pass-through entity in which the Company or any of its Subsidiaries holds a beneficial interest shall be deemed to terminate at such time), and (ii) the amount of other Taxes of the Company and its Subsidiaries for a Straddle Period which relate to the Pre-Closing Period shall be deemed to be the amount of such Tax for the entire taxable period multiplied by a fraction, the numerator of which is the number of days in the taxable period ending on the Closing Date and the denominator of which is the number of days in the Straddle Period.

10.3 *Responsibility for Filing Tax Returns.*

10.3.7 The Sellers Representative shall, at the Sellers' cost and expense, prepare, or cause to be prepared all Pre-Closing Period Tax Returns required to be filed by or on behalf of the Company and its Subsidiaries after the Closing Date. All such Pre-Closing Period Tax Returns shall be prepared and filed in a manner that is consistent with the prior practice of the Company or its applicable Subsidiary (as the case may be), except as required by applicable Law. The Sellers Representative shall deliver or cause to be delivered drafts of all such Pre-Closing Period Tax Returns to Buyer for its review and comment at least fifteen (15) days prior to the due date of any such Pre-Closing Period Tax Return. The Sellers Representative shall incorporate any comments or changes reasonably requested by Buyer at least five (5) days prior to the due date of any such Pre-Closing Period Tax Return, unless otherwise required by applicable Law. The Sellers Representative shall timely file all such Pre-Closing Period Tax Returns; provided, however, if any such Pre-Closing Period Tax Return is filed after the Closing and the Sellers Representative is not authorized to execute and file such Pre-Closing Period Tax Return by applicable Law, Buyer shall execute and file (or cause to be filed) such Pre-Closing Period Tax Return (as finally determined pursuant to this Section 10.3.1) with the appropriate Taxing Authority. The Sellers Representative (on behalf of the Sellers) shall pay all Pre-Closing Taxes due and payable in respect of all Pre-Closing Period Tax Returns of each of the Company and its Subsidiaries; provided, however, that if any Pre-Closing Period Tax Return is due after the Closing and is to be filed (or caused to be filed) by Buyer, the Sellers Representative (on behalf of the Sellers) shall pay (in immediately available funds) to Buyer the amount of all Pre-Closing Taxes due and payable with respect of such Pre-Closing Period Tax Return (determined pursuant to this Section 10.3.1) no later than three (3) Business Days prior to the earlier of the date such Pre-Closing Period Tax Return is filed or the due date of such Pre-Closing Period Tax Return.

10.3.8 Buyer shall, at its expense, prepare and timely file, or cause to be prepared and timely filed, all Straddle Period Tax Returns required to be filed by the Company and its Subsidiaries. All Straddle Period Tax Returns shall be prepared and filed in a manner that is consistent with the prior practice of the Company or the applicable Subsidiary (as the case may be), except as required by applicable Law. Buyer shall deliver or cause to be delivered drafts of all Straddle Period Tax Returns to the Sellers Representative for its review and comment at least fifteen (15) days prior to the due date

of any such Straddle Period Tax Return. Buyer shall incorporate any comments or changes reasonably requested by Sellers Representative at least five (5) days prior to the due date of any such Straddle Period Tax Return, unless otherwise required by applicable Law. No later than three (3) Business Days prior to the earlier of the date a Straddle Period Tax Return of any of the Company or its Subsidiaries is filed or the due date of such Straddle Period Tax Return, the Sellers Representative (on behalf of the Sellers) shall pay (in immediately available funds) to Buyer the amount of all Pre-Closing Taxes required to be paid with respect to such Straddle Period Tax Return (determined pursuant to this Section 10.3.2).

10.4 *Post-Closing Actions.* Neither Buyer nor any Affiliate of Buyer (including, after the Closing, the Company and its Subsidiaries) shall file, amend, re-file or otherwise modify any Tax Return relating in whole or in part to the Company or any of its Subsidiaries for any periods (or portion thereof) ending on or before the Closing Date, without the prior written consent of the Sellers Representative, not to be unreasonably withheld or delayed. The Sellers Representative (on behalf of the Sellers) shall be entitled to receive payment from Buyer or any of its Subsidiaries (including, after the Closing, the Company and its Subsidiaries) of any refund of Pre-Closing Taxes (including refunds arising by reason of amended Tax Returns filed after the Closing Date or otherwise, except to the extent attributable to any Tax attribute arising in a Tax period beginning after the Closing Date), but excluding any Tax receivables included in the calculation of the Actual Net Working Capital (as finally determined), with respect to any Tax period ending on or prior to the Closing Date and the pre-Closing portion of any Straddle Period of the Company and its Subsidiaries that is actually received by Buyer or any of its Subsidiaries (including, after the Closing, the Company and its Subsidiaries), as additional consideration in connection with the consummation of the transactions contemplated hereby. Buyer and its Subsidiaries (including, after the Closing, the Company and its Subsidiaries) shall cooperate with the Sellers Representative, to the extent reasonably requested, in obtaining any refund to which the Sellers Representative (on behalf of the Sellers) is entitled under this Section 10.4. All such refunds shall be claimed in cash rather than as a credit against future Tax Liabilities. Notwithstanding anything in this Agreement to the contrary, in the event that a refund to which the Sellers Representative (on behalf of the Sellers) is entitled under this Section 10.4 is subsequently determined by any Taxing Authority to be less than the amount paid by Buyer to the Sellers Representative (on behalf of the Sellers), the Sellers Representative (on behalf of the Sellers) shall promptly return any such disallowed amounts (plus any interest in respect of such disallowed refunds owed to a Taxing Authority) to Buyer.

10.5 *Cooperation and Records Retention.* The Sellers Representative and Buyer shall (i) each provide the other, and Buyer shall, after the Closing, cause the Company and its Subsidiaries to provide the Sellers Representative, with such assistance as may be reasonably requested by any of them in connection with the preparation of any Tax Return, audit, or other examination by any Taxing Authority or judicial or administrative proceedings relating to any Liability for Taxes, (ii) each retain and provide the other, and Buyer shall, after the Closing, cause the Company and its Subsidiaries to retain and provide the Sellers Representative with, any records or other information that may be relevant to such Tax Return, audit or examination, proceeding, or determination, and (iii) each provide the other with any final determination of any such audit or examination, proceeding, or determination that affects any amount required to be shown on any Tax Return of the other or the Company or any of its Subsidiaries for any period. Without limiting the generality of the foregoing, Buyer shall retain, and shall, after the Closing, cause the Company and its Subsidiaries to retain, and the Sellers Representative shall retain, until the applicable statutes of limitations (including any extensions) have expired, copies of all Tax Returns, supporting work schedules, and other records or information that may be relevant to such returns for all Tax periods or portions thereof ending before or including the Closing Date, and shall provide copies of such records at the other Party's

reasonable request. Each Party shall bear its own expenses in complying with the foregoing provisions of this Section 10.5.

10.6 Tax Proceedings.

10.6.8 Buyer shall deliver a written notice to the Sellers Representative promptly following any demand, claim, or notice of commencement of a claim, proposed adjustment, assessment, audit, examination or other administrative or court proceeding with respect to Taxes of any of the Company or its Subsidiaries for which the Sellers may be liable ("Tax Contest") and shall describe in reasonable detail (to the extent known by Buyer) the facts constituting the basis for such Tax Contest, the nature of the relief sought, and the amount of the claimed Taxes, if any (the "Tax Claim Notice"); provided, however, that the failure or delay to so notify the Seller Representative shall not relieve the Sellers of any Liability that the Sellers may have to Buyer, except to the extent that the Sellers Representative demonstrates that the Sellers are materially and adversely prejudiced thereby.

10.6.9 With respect to Tax Contests for Taxes of each of the Company and its Subsidiaries for a Pre-Closing Period, the Sellers Representative may elect to assume and control the defense of such Tax Contest by written notice to Buyer within thirty (30) days after delivery by Buyer 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 (i) shall (on behalf of the Sellers) bear its own costs and expenses, (ii) shall be entitled to engage its own counsel and (iii) may (A) pursue or forego any and all administrative appeals, proceedings, hearings and conferences with any Taxing Authority, (B) either pay (on behalf of the Sellers) the Tax claimed or sue for refund where applicable Law permits such refund suit or (C) 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 Buyer (such consent not to be unreasonably withheld, delayed or conditioned). If the Sellers Representative elects to assume the defense of any Tax Contest, the Sellers Representative shall (x) keep Buyer reasonably informed of all material developments and events relating to such Tax Contest (including promptly forwarding copies to Buyer of any related correspondence and providing Buyer 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 Buyer in connection with the defense or prosecution of any such Tax Contest and (z) provide such cooperation and information as Buyer shall reasonably request, and Buyer shall have the right to participate in (but not control) the defense of such Tax Contest (including participating in any discussions with the applicable Taxing Authorities regarding such Tax Contests).

10.6.10 In connection with any Tax Contest that relates to Taxes of each of the Company and its Subsidiaries for a Pre-Closing Period that (i) the Sellers Representative does not timely elect to control pursuant to Section 10.6.2 or (ii) the Sellers Representative fails to diligently defend, such Tax Contest shall be controlled by Buyer (and the Sellers shall reimburse Buyer for all reasonable costs and expenses incurred by Buyer relating to a Tax Contest described in this Section 10.6.3) and the Sellers and the Sellers Representative agree to cooperate with Buyer in pursuing such Tax Contest. In connection with any Tax Contest that is described in this Section 10.6.3 and controlled by Buyer, Buyer shall (x) 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 Buyer sends such correspondence to any Taxing Authority), (y) consult with the Sellers Representative in connection with the defense or prosecution of any such Tax Contest and (z) provide such cooperation and information as the Sellers Representative shall reasonably request, and, at the cost and expense of the Sellers, the Sellers Representative shall have the right to participate

in (but not control) the defense of such Tax Contest(including participating in any discussions with the applicable Taxing Authorities regarding such Tax Contests); provided, however, that Buyer shall not settle or compromise (or take 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 unreasonably withheld, delayed or conditioned).

10.6.11 In connection with any Tax Contest for Taxes of each of the Company or any of its Subsidiaries for any Straddle Period, such Tax Contest shall be controlled by Buyer; provided, that Buyer shall not settle or compromise (or take such other actions described herein with respect to) any Tax Contest without the prior written consent of the Sellers Representative, such consent not to be unreasonably withheld, conditioned or delayed. Buyer shall (x) 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 Buyer sends such correspondence to any Taxing Authority), (y) consult with the Sellers Representative in connection with the defense or prosecution of any such Tax Contest and (z) provide such cooperation and information as the Sellers Representative shall reasonably request, and, at the cost and expense of the Sellers, the Sellers Representative shall have the right to participate in (but not control) the defense of such Tax Contest (including participating in any discussions with the applicable Taxing Authorities regarding such Tax Contests).

10.6.12 Notwithstanding anything to the contrary contained in this Agreement, the procedures for all Tax Contests shall be governed exclusively by this Section 10.6 (and not Section 11.6).

10.7 *Adjustments to the Purchase Price*. Buyer and the Sellers agree to treat any amounts payable after the Closing by the Sellers to Buyer (or by Buyer to the Sellers) pursuant to this Agreement as an adjustment to the purchase price payable hereunder, unless a final determination by the appropriate Taxing Authority or court of competent jurisdiction causes any such payment not to be treated as an adjustment to the purchase price payable hereunder for Tax purposes.

10.8 *Transfer Taxes*. Buyer, on the one hand, and the Sellers, on the other hand, shall each pay one-half of all transfer, sales, use, gains, documentary, stamp, registration and other similar Taxes, and all conveyance fees, recording charges and other fees and charges imposed as a result of the transactions contemplated by this Agreement (collectively, "Transfer Taxes"), and any penalties or interest with respect to Transfer Taxes.

11. Survival; Indemnification.

11.1 *Survival.*

11.1.22 All representations, warranties, covenants and agreements set forth in this Agreement will survive the Closing Date for the periods set forth in this Section 11.1 and the consummation of the transactions contemplated hereby.

11.1.23 With respect to any claim or claims for breaches of representations and warranties contained in Section 4, Section 5 or Section 6 hereof (except for the Fundamental Representations and the Extended Representations) and with respect to any covenant or agreement to be performed prior to Closing, no indemnifying party will be liable with respect to any breach of such Section 4, Section 5 or Section 6 representations and warranties or such pre-Closing covenants unless written notice of a claim for indemnification with respect to such breach is given by the indemnified party to the Sellers

Representative or Buyer, as applicable, prior to 5:00 P.M., Chicago time, on the date that is fifteen (15) months after the Closing (the "General Survival Date"), it being understood that so long as such written notice is given in accordance with this Agreement on or prior to such time on the General Survival Date, such representations and warranties shall continue to survive solely with respect to the matter(s) set forth in such written notice until such matter(s) is/are resolved.

11.1.24 Notwithstanding the foregoing Section 11.1.2, (i) there shall be no time limitation with respect to any claim arising out of any breach of any of the Fundamental Representations or any claim for any breach by the Company (prior to the Closing) or any Seller or the Sellers Representative of the covenants or agreements made by such Party contained in this Agreement, or any breach by Buyer of the covenants or agreements made by Buyer contained in this Agreement, in each case, which covenants or agreements are to be performed following the Closing, and (ii) the time limitation with respect to any claim arising out of any breach of any representation and warranty in Section 5.9 (Tax Matters) or Section 5.17 (Employee Benefit Plans) (collectively, the "Extended Representations") shall be thirty (30) days after the expiration of the applicable statute of limitations.

11.2 Indemnification by the Sellers.

11.2.9 Each Seller severally, as to itself only, shall indemnify, protect, defend and hold and save Buyer and its Affiliates (including, for purposes of clarity, after the Closing the Company and its Subsidiaries) and each of their respective equityholders, managers, directors, officers, employees and agents, successors and assigns (collectively, the "Buyer Parties") harmless from and against any Losses any of the Buyer Parties may suffer, sustain or become subject to, through and after the date of the claim for indemnification resulting from, arising from or out of, relating to, or caused by (i) any breach or inaccuracy of any representation or warranty of such Seller in Section 4 of this Agreement or (ii) any nonfulfillment or breach of any covenant or agreement that is specific only to that Seller (and not a covenant or agreement applicable to all of the Sellers) set forth in this Agreement by such Seller.

11.2.10 The Sellers shall, on a several but not joint basis in accordance with each Seller's Pro Rata Portion, indemnify, protect, defend and hold and save the Buyer Parties harmless, from and against any Losses any of the Buyer Parties may suffer, sustain or become subject to, through and after the date of the claim for indemnification, including any Losses any of the Buyer Parties may suffer after the end of the applicable survival period (if any), if a claim is made before the end of the applicable survival period (if any), resulting from, arising from or out of, relating to, or caused by: (i) any breach or inaccuracy of any representation or warranty set forth in Section 5 of this Agreement; (ii) any nonfulfillment or breach of any covenant or agreement on the part of any of the Sellers (to the extent that such covenant or agreement is applicable to all of the Sellers), the Sellers Representative (in its capacity as such) or (prior to Closing) the Company set forth in this Agreement; (iii) any Company Transaction Expenses or Indebtedness that are not taken into account in the calculation of the payments and adjustments set forth in Sections 2.3 and 2.4 hereof; (iv) any Pre-Closing Taxes pursuant to Section 10.1; and (v) any of the matters set forth in Section 11.2.2 of the Disclosure Schedule.

11.3 Indemnification by Buyer. Buyer shall indemnify, protect, defend and hold and save harmless each Seller and its equityholders, managers, directors, officers, partners, employees, agents, successors and assigns (collectively, the "Seller Parties") from and against any Losses any of the Seller Parties shall suffer, sustain or become subject to, through and after the date of the claim for indemnification, resulting from (i) any breach or inaccuracy of any representation or warranty of Buyer in Section 6 of this Agreement, or (ii) any nonfulfillment or breach of any covenant or agreement on the part of Buyer set forth in this Agreement.

11.4 Indemnifiable Losses. All Losses for which the Buyer Parties are entitled to seek indemnification pursuant to Section 11.2 are referred to herein as "Buyer Indemnifiable Losses." All Losses for which the Sellers are entitled to seek indemnification pursuant to Section 11.3 are referred to herein as "Seller Indemnifiable Losses." Buyer Indemnifiable Losses and Seller Indemnifiable Losses are collectively referred to herein as "Indemnifiable Losses." Notwithstanding anything to the contrary in this Agreement, including in the definitions of Losses, Liabilities, or otherwise, in no case shall any Buyer Party be entitled to recover from any Seller hereunder any consequential, special, punitive, indirect, or exemplary damages except for and to the extent such damages are sought and actually obtained by a third party in a Third Party Claim. In addition to the limitations set forth elsewhere in this Agreement, in no event shall any Seller be liable for any Buyer Indemnifiable Losses in excess of the amount of proceeds actually received by such Seller hereunder.

11.5 Limitations on Indemnification. The indemnification obligations of the Sellers set forth in Section 11.2 shall be subject to the following limitations:

11.5.13 Subject to the other limitations expressly set forth in this Agreement, the aggregate liability of the Sellers to indemnify the Buyer Parties from and against any Buyer Indemnifiable Losses arising under Section 11.2.1(i) and Section 11.2.2(i) shall not, in any event, exceed Thirty-Two Million Dollars ($32,000,000) (the "Cap"); provided, however, that, subject to Section 11.4, the Cap shall not apply to (i) any breach or inaccuracy of any of the Fundamental Representations, or (ii) any claims relating to actual, intentional (and not constructive or any other type of) fraud.

11.5.14 Subject to the other limitations expressly set forth in this Agreement, the Sellers will not have any obligation to indemnify the Buyer Parties with respect to any Buyer Indemnifiable Losses arising under Section 11.2.2(i) until the Buyer Parties shall first have suffered aggregate Buyer Indemnifiable Losses relating thereto in excess of Three Million Seven Hundred Thousand Dollars ($3,700,000) (the "Basket") (at which point the Sellers will be obligated to indemnify the Buyer Parties only for Buyer Indemnifiable Losses in excess of the Basket); provided, however, that the limitation set forth in this Section 11.5.2 shall not apply to (i) any breach or inaccuracy of any of the Fundamental Representations or any of the representations and warranties in Section 5.13, or (ii) any claims relating to actual, intentional (and not constructive or any other type of) fraud.

11.5.15 Except for any Indemnifiable Loss arising under Section 10.1, Section 11.2.1(ii), Section 11.2.2(i) with respect to any breach or inaccuracy of any of the representations and warranties in Section 5.13 only, Section 11.2.2(ii), Section 11.2.2(iii), Section 11.2.2(iv), Section 11.2.2(v), or Section 11.3(ii) (for which, in each case, the limitations in this Section 11.5.3 shall not apply), no Indemnifiable Loss shall be payable unless such Indemnifiable Loss (together with all other Indemnifiable Losses that arise out of substantially similar facts or circumstances) equals or exceeds Fifty Thousand Dollars ($50,000), and any Indemnifiable Loss which is not payable because of such Fifty Thousand Dollar ($50,000) threshold shall not be taken into account in determining if the Buyer Parties have suffered aggregate Buyer Indemnifiable Losses in excess of the Basket in Section 11.5.2 above.

11.5.16 Subject to the other limitations expressly set forth in this Agreement, the Sellers will not have any obligation to indemnify the Buyer Parties with respect to any Buyer Indemnifiable Losses arising under Section 11.2.2(i) with respect to any breach or inaccuracy of any of the representations and warranties in Section 5.13 until the Buyer Parties shall first have suffered aggregate Buyer Indemnifiable Losses relating thereto in excess of Two Hundred Fifty Thousand Dollars ($250,000) (at which point the Sellers will be obligated to indemnify the Buyer Parties only for such Buyer Indemnifiable Losses in excess of Two Hundred Fifty Thousand Dollars ($250,000); provided, however,

that the limitation set forth in this Section 11.5.4 shall not apply to any claims relating to actual, intentional (and not constructive or any other type of) fraud.

11.5.17 The Sellers shall have no obligation to indemnify the Buyer Parties from and against any Losses consisting of or relating to any Taxes with respect to any taxable period, or the portion of any Straddle Period, beginning after the Closing Date as a result of any breach of the representations and warranties set forth in Section 5.9 other than the representations and warranties set forth in Section 5.9.2, 5.9.10, 5.9.12 or 5.9.13 of such Section 5.9.

11.5.18 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.

11.6 Indemnification Procedures.

11.6.3 Other than a claim involving Taxes, which procedure is set forth in and which shall be governed exclusively by Section 10, and other than a matter set forth in Section 11.2.2 of the Disclosure Schedule, if any third party (i.e., other than a Buyer Party or a Seller Party) shall notify any Party (the "Indemnified Party") with respect to any matter (a "Third Party Claim") which may give rise to a claim by such Indemnified Party for indemnification against any other Party (the "Indemnifying Party") under this Agreement, then the Indemnified Party shall promptly upon becoming aware of any such claim give each Indemnifying Party written notice describing such claim and, to the extent known, the nature and amount of such Indemnifiable Loss; provided, however, that the failure to so notify the Indemnifying Party promptly shall not relieve the Indemnifying Party of its obligations hereunder except to the extent such failure shall have materially prejudiced the Indemnifying Party.

11.6.4 Any Indemnifying Party will have the right to defend the Indemnified Party against the Third Party Claim with counsel of the Indemnifying Party's choice, reasonably satisfactory to the Indemnified Party, so long as (i) 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, (ii) 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, (iii) the Indemnifying Party conducts the defense of the Third Party Claim actively and diligently, and (iv) the Third Party Claim (x) does not seek injunctive relief, specific performance or other similar equitable relief as the primary remedy, has not been brought by any Governmental Authority, and does not allege any criminal allegations, (y) 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 (z) does not involve a claim which, upon petition by the Indemnified Party, the appropriate court rules that the Indemnifying Party failed or is failing to vigorously prosecute or defend. Notwithstanding anything in this Section 11.6.2 to the contrary, the Sellers Representative shall have the sole and exclusive authority to conduct the defense of any matter set forth in Section 11.2.2 of the Disclosure Schedule.

11.6.5 So long as the conditions set forth in Section 11.6.2 are and remain satisfied, then (i) the Indemnifying Party may conduct the defense of the Third Party Claim in accordance with Section 11.6.2,

(ii) the Indemnified Party may retain separate co-counsel at its sole cost and expense, (iii) the Indemnified Party will not consent to the entry of any judgment or enter into any settlement with respect to the Third Party Claim without the prior written consent of the Indemnifying Party (not to be unreasonably withheld, conditioned or delayed), (iv) the Indemnifying Party will not consent to the entry of any judgment with respect to any Third Party Claim (or any matter set forth in Section 11.2.2 of the Disclosure Schedule), or enter into any settlement which either imposes an injunction or other equitable relief upon the Indemnified Party or does not include a provision whereby the plaintiff or claimant in any Third Party Claim (or any matter set forth in Section 11.2.2 of the Disclosure Schedule) releases the Indemnified Party from all Liability with respect thereto without the prior written consent of the Indemnified Party (not to be unreasonably withheld, conditioned or delayed), and (v) the Indemnified Party shall, at the Indemnifying Party's request and at the Indemnifying Party's expense, reasonably cooperate in the defense of any Third Party Claim (or any matter set forth in Section 11.2.2 of the Disclosure Schedule). In the event that the conditions in Section 11.6.2 are not satisfied or become unsatisfied in the case of any Third Party Claim, then the Indemnified Party may assume control of the defense of such claim (provided, that the Indemnified Party will not consent to the entry of any judgment or enter into any settlement with respect to the Third Party Claim without the prior written consent of the Indemnifying Party (not to be unreasonably withheld, conditioned or delayed)).

11.7 Calculation of Indemnification Payments.

11.7.1 The amount of any Indemnifiable Loss payable under this Section 11 by the Indemnifying Party shall be net of any amounts actually recovered by the Indemnified Party from insurance policies or from any other Person alleged to be responsible for such Indemnifiable Loss ("Alternative Arrangements"), in each case net of the following (collectively, "Collection Expenses"): (i) 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 the Indemnified Party actually receives any amounts under any Alternative Arrangements with respect to such Indemnifiable Loss, subsequent to an indemnification payment by the Indemnifying Party, then such Indemnified Party shall promptly (but in any event within ten (10) Business Days after such determination) reimburse the Indemnifying Party for any indemnification payment actually made to such Indemnified Party by such Indemnifying Party in connection with providing such indemnification payment up to the amount actually received by the Indemnified Party, in each case, net of associated Collection Expenses. Notwithstanding anything to the contrary contained in this Agreement, no Buyer Party will be entitled to be indemnified under this Section 11 for any Loss to the extent that it has been taken into account in the final determination of Actual Company Indebtedness, Actual Company Transaction Expenses or Actual Net Working Capital pursuant to Section 2.4 hereof.

11.7.2 Indemnification payments under Section 10 and this Section 11 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 Losses in any Tax year in which or prior to which such Losses were incurred (or in any of the two (2) immediately succeeding Tax 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 Losses) to the Indemnifying Party as such Tax Benefits are actually recognized by the Indemnified Party. For this purpose, the Indemnified Party shall be deemed to recognize a tax benefit ("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 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 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).

11.7.3 Subject to the other provisions regarding indemnification contained herein, if the Sellers are obligated to reimburse or compensate the Buyer Parties for any Buyer Indemnifiable Losses in connection with a claim for indemnification by the Buyer Parties under Section 10.1, Section 11.2.2(i), Section 11.2.2(ii), Section 11.2.2(iv) or Section 11.2.2(v), then indemnification for such Losses, subject to the applicable limitations, if any, set forth in Section 11.5, shall be satisfied first from the then remaining balance of the Indemnity Escrow Amount in the Escrow Account and then, to the extent there are insufficient funds in the portion of the Escrow Account attributable to the Indemnity Escrow Amount, directly from the Sellers on a several but not joint basis in accordance with each Seller's Pro Rata Portion; provided, that, if (i) the Sellers are obligated to reimburse or compensate the Buyer Parties for any Buyer Indemnifiable Losses in connection with a claim for indemnification by the Buyer Parties under Section 10.1, Section 11.2.2(i), Section 11.2.2(ii), Section 11.2.2(iv) or Section 11.2.2(v), (ii) there are insufficient funds in the portion of the Escrow Account attributable to the Indemnity Escrow Amount to satisfy such Buyer Indemnifiable Losses, and (iii) there has previously been a distribution from the portion of the Escrow Account attributable to the Indemnity Escrow Amount to satisfy any Liabilities for Taxes pursuant to Section 10.1 or Section 11.2.2(iv), each Seller shall promptly following any final determination of the amount of any such insufficiency, and in any event within three (3) Business Days thereof, contribute, pursuant to the wire transfer instructions provided by the Sellers Representative, which wire transfer instructions the Sellers Representative shall provide to the Sellers within the aforementioned time period, an amount equal to such Seller's Pro Rata Portion of such insufficiency to the Escrow Agent to thereafter be held and disbursed by the Escrow Agent in accordance with the terms and conditions of the Escrow Agreement.

11.8 *No Contribution or Circular Recovery.* The Sellers shall not have any right of contribution against Buyer, the Company, any of their respective Subsidiaries or any other Buyer Party with respect to any Buyer Indemnifiable Losses. The Sellers hereby agree that they shall not make any claim for indemnification against Buyer, the Company (following the Closing), any of their respective Subsidiaries or any other Buyer Party by reason of the fact that the Sellers or any of their agents or other representatives was a controlling person, equityholder director, officer, manager, employee, agent or other representative of the Company or any of its Subsidiaries or was serving as such for another Person at the request of the Company or any of its Subsidiaries (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 claim brought by Buyer against such Person pursuant to Section 11 of this Agreement.

11.9 *Certain Determinations.* Notwithstanding anything to the contrary contained in this Agreement, for purposes of determining whether there has been a breach and the amount of any Losses that are the subject matter of a claim for indemnification hereunder, 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, (i) except where any such provision requires disclosure of lists of items of a material nature or above a specified threshold in which case such provision shall not deleted for purposes of determining the lists of items which must be disclosed, including with respect to the definition of "Material Contracts" and all uses of such defined term, and (ii) except for purposes of Section 5.23.

11.10 *Mitigation*. Each Party seeking indemnification hereunder shall use Reasonable Efforts to mitigate any Losses as soon as reasonably practicable after such party becomes aware of any event which such party believes does, or could reasonably be expected to, give rise to Losses for which such party would seek indemnification hereunder.

11.11 *Exclusive Remedy*. Following the Closing Date, the respective rights of the Buyer Parties and the Seller Parties to indemnification pursuant to Section 10 or this Section 11 shall be the sole and exclusive remedy available to such parties with respect to any and all claims with respect to the subject matter of this Agreement or the transactions set forth herein (including, without limitation, with respect to any Environmental Laws) (other than disputes under Section 2.4, which disputes under Section 2.4 shall be resolved in accordance with the dispute resolution mechanism set forth in Section 2.4). 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 anticipated breach of this Agreement or limit a cause of action in the case of actual, intentional (and not constructive or any other type of) fraud, and (ii) the limitations on remedies contained in this Section 11.11 do not apply to the Ancillary Agreements.

12. Termination.

12.1 *Termination.* This Agreement may be terminated and the transactions contemplated hereby may be abandoned at any time prior to the Closing only as follows:

12.1.11 by mutual written consent duly executed by each of the Company, the Sellers Representative (on behalf of the Sellers) and Buyer;

12.1.12 by Buyer (on the one hand) or the Company and the Sellers Representative (on the other hand), upon notice to the other, if the transactions contemplated by this Agreement have not been consummated on or prior to December 31, 2014 or such later date, if any, as Buyer and the Company and the Sellers Representative (on behalf of the Sellers) may agree upon in writing (the "Outside Date"); provided, however, that (i) Buyer shall not be entitled to terminate this Agreement pursuant to this Section 12.1.2 if Buyer's breach of this Agreement has prevented the consummation of the transactions contemplated hereby and (ii) the Company and the Sellers Representative shall not be entitled to terminate this Agreement pursuant to this Section 12.1.2 if the Company's, any Seller's or the Sellers Representative's breach of this Agreement has prevented the consummation of the transactions contemplated hereby;

12.1.13 by the Company and the Sellers Representative, if (i) Buyer has breached or failed to perform any of its covenants or other agreements contained in this Agreement that are to be performed by it such that the condition to Closing set forth in Section 9.3.1.3 would not be satisfied or (ii) there exists an inaccuracy in or breach of any representation or warranty of Buyer contained in this Agreement such that the condition to Closing set forth in Section 9.3.1.1 or Section 9.3.1.2, as applicable, would not be satisfied, and in the case of both clauses (i) and (ii) of this Section 12.1.3, such breach or failure to perform or such inaccuracy or breach is not cured within ten (10) days after receipt of written notice thereof from the Company or is incapable of being cured by Buyer by the Outside Date; or

12.1.14 by Buyer, if (i) the Company, any Seller or the Sellers Representative has breached or failed to perform any of its covenants or other agreements contained in this Agreement that are to be performed by it such that the condition to Closing set forth in Section 9.2.1.3 would not be satisfied or (ii) there exists an inaccuracy in or breach of any representation or warranty of any Seller or the Company contained in this Agreement such that the condition to Closing set forth in Section 9.2.1.1 or

Section 9.2.1.2, as applicable, would not be satisfied, and in the case of both clauses (i) and (ii) of this Section 12.1.4, such breach or failure to perform or such inaccuracy or breach is not cured within ten (10) days after receipt of written notice thereof from Buyer or is incapable of being cured by the applicable Seller(s) or the Company (as applicable) by the Outside Date.

12.2 *Effect of Termination.* In the event of termination of this Agreement pursuant to Section 12.1, this Agreement will become void and have no further force or effect, without any Liability on the part of the Sellers, the Company, the Sellers Representative or Buyer, other than the provisions of this Section 12.2, Section 11 (to the extent applicable) and Section 13 which will each survive any termination of this Agreement; provided, however, that nothing herein will relieve any Party from any Liability for any willful breach of this Agreement by such Party occurring prior to such termination. A Party's right to terminate this Agreement is in addition to, and not in lieu of, any other legal or equitable rights or remedies which such Party may have.

13. Miscellaneous.

13.1 *Sellers Representative.*

13.1.15 SPC Partners IV, L.P. is hereby approved by the Sellers (the "Sellers Representative") to serve as the sole and exclusive representative of the Sellers with respect to the matters expressly set forth in this Agreement to be performed by the Sellers Representative. Each of the Sellers irrevocably appoints the Sellers Representative as the agent, proxy and attorney in fact for such Seller for all purposes of this Agreement, including full power and authority on such Seller's behalf (i) to consummate the transactions contemplated herein, (ii) to pay expenses (whether incurred on or after the date hereof) incurred in connection with the negotiation and performance of this Agreement, (iii) to disburse any funds received hereunder to such Seller and each other Seller, (iv) to execute and deliver on behalf of such Seller any amendment or waiver hereto, (v) to negotiate, settle, compromise and otherwise handle any claims for indemnification or other claims made pursuant this Agreement to the extent that each of the Sellers is equally affected (on a pro rata basis) with respect to such claims for indemnification, and (vi) to do each and every other act and exercise any and all other rights which such Seller is, or Sellers collectively are, permitted or required to do or exercise under this Agreement. The Sellers Representative hereby agrees to act on behalf of the Sellers, and accepts the appointment by each such Seller to act on its behalf, as provided herein. The appointment of the Sellers Representative shall be coupled with an interest and shall be irrevocable by any Seller in any manner or for any reason. Buyer (x) agrees with such appointment and (y) shall be entitled to rely on any and all action taken by the Sellers Representative. If the Sellers Representative notifies Buyer in writing that Buyer shall interact only with the Sellers Representative with respect to a specific matter, then Buyer shall be entitled and agrees to interact only with the Sellers Representative and not with any other Seller with respect to such matter.

13.1.16 All decisions, actions, consents and instructions of the Sellers Representative shall be final and binding upon all the Sellers and no Seller shall have any right to object, dissent, protest or otherwise contest the same, except for fraud, bad faith, willful misconduct or gross negligence. Neither the Sellers Representative nor any agent employed by Sellers Representative shall incur any liability to any Seller relating to the performance of its duties hereunder except for actions or omissions constituting fraud, bad faith, willful misconduct or gross negligence. The Sellers Representative shall not have by reason of this Agreement a fiduciary relationship in respect of any Seller, except in respect of amounts actually received on behalf of such Seller. 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.

13.1.17 The Sellers shall use Reasonable Efforts to 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. To the extent the Sellers Representative Amount has been depleted, the Sellers shall reimburse the Sellers Representative for all costs and expenses, including professional fees, incurred.

13.1.18 In the event that the Sellers Representative becomes unable to perform the Sellers Representative's responsibilities or resigns from such position, the Sellers holding, prior to the Closing, a majority of the Company Shares 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.

13.1.19 At the Closing, Buyer shall deliver to the Sellers Representative the Sellers Representative Amount 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. The Sellers Representative shall document any fees and expenses incurred by it and their disbursement from the Sellers Representative Amount and, upon request, provide such documentation to the requesting Seller(s). Any balance of the Sellers Representative Amount not incurred for such purposes shall promptly be returned to the Sellers in accordance with their respective Pro Rata Portion.

13.1.20 Buyer and the Company agree that the Company, each Subsidiary of the Company, and the Sellers Representative (and its Affiliates) have retained Kirkland & Ellis LLP ("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. Buyer and the Company hereby agree that, in the event that a dispute arises between Buyer, the Company, any Subsidiary of the Company or any of their respective Affiliates and Sellers Representative or any of its Affiliates, Sellers' Counsel may represent Sellers Representative or any of its Affiliates (or any of their respective officers, employees, directors, partners or managers) in such dispute even though the interests of Sellers Representative or any of its Affiliates may be directly adverse to Buyer, the Company, any Subsidiary of the Company or any of their respective Affiliates and even though Sellers' Counsel may have represented the Company and/or any Subsidiary of the Company in a matter substantially related to such dispute, and Buyer, the Company, each Subsidiary of the Company and all of their respective Affiliates hereby waive and agree not to assert, on behalf of themselves and each of their Affiliates, any conflict of interest in connection with such representation (including any litigation, arbitration, mediation or other proceeding), by Sellers' Counsel. Each of Buyer, the Company and each Subsidiary of the Company further agrees that, to the extent that pre-Closing communications among Sellers' Counsel, the Company any Subsidiary of the Company and/or any Seller relate 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 Buyer, the Company, any Subsidiary of the Company or any of their respective Affiliates.

13.2 Regulatory Filings.

13.2.4 Notwithstanding anything to the contrary set forth herein, each of Buyer, the Sellers and the Sellers Representative undertakes and agrees to file (and each agrees to cause any Person that may be deemed to be the ultimate parent entity or otherwise to control Buyer or the Company, as applicable,

to file, if such filing is required by Law) as soon as practicable, and in any event prior to five (5) Business Days after the date hereof, a Notification and Report Form under the HSR Act with the United States Federal Trade Commission and the Antitrust Division of the United States Department of Justice (the "HSR Filings") and all other notifications and other filings under any other applicable Merger Control Law (together with the HSR Filings, the "Antitrust Filings") that Buyer and the Sellers Representative deem advisable or appropriate, in each case, with respect to the transactions contemplated by this Agreement (the "Proposed Transactions").

13.2.5 Each of Buyer, the Sellers and the Sellers Representative shall (i) respond as promptly as practicable to any inquiries or requests received from any Governmental Authority for additional information or documentation; and (ii) subject to Section 13.2.4 below, participate in meetings with officials of such Governmental Authority in the course of its review of this Agreement or the Proposed Transactions hereby; provided, that, each of Buyer, the Sellers and the Sellers Representative reserve the right to request individual meetings with the Governmental Authority in the event of a material business reason, as determined in its discretion, with the understanding that such meetings would include outside antitrust counsel for the other party who is subject to a specific confidentiality agreement; and (iii) certify substantial compliance with any request for additional information as soon as practicable; and (iv) not extend any waiting period under the HSR Act or other applicable Merger Control Law or enter into any agreement with any Governmental Authority not to consummate the Proposed Transactions, except with the prior consent of the other (which shall not be unreasonably withheld, conditioned or delayed).

13.2.6 Each of the Sellers, the Sellers Representative and Buyer shall use its reasonable best efforts to avoid or eliminate each and every impediment under any antitrust, competition, or trade regulation Law that may be asserted by any Governmental Authority with respect to the Proposed Transactions so as to enable the Closing to occur as soon as reasonably possible and to avoid any suit or proceeding which would otherwise have the effect of preventing or delaying the Closing. The steps required by the preceding sentence shall include Buyer proposing, negotiating, committing to and effecting, by consent decree, hold separate order or otherwise, all such actions or non-actions as may be required in order to satisfy the conditions in Section 9.1, including but not limited to asset or product divestitures and conditions or restrictions on business conduct, including those actions or non-actions that limit Buyer's or its Subsidiaries' freedom of action, ownership or control with respect to, or its ability to retain or hold, any of the businesses, assets, product lines, properties or services of Buyer or its Subsidiaries or the Company or its Subsidiaries, so as to allow a Closing as soon as reasonably possible and in all events prior to the Outside Date and/or to avoid the entry of, or to effect the dissolution of, any injunction, temporary restraining order or other order in any suit or proceeding, which would otherwise have the effect of preventing or delaying the Closing. At the written request of Buyer, the Sellers Representative shall agree, on behalf of the Sellers, to take any action in the preceding sentence; provided, that, any such action may be conditioned upon the consummation of the Proposed Transactions. Notwithstanding the foregoing, nothing in this Agreement, including Buyer's reasonable best efforts obligation set forth in the first sentence of this Section 13.2.3, (i) shall require, or be construed to require, Buyer to (A) proffer to, or agree to, sell, divest, lease, license, transfer, dispose of or otherwise encumber, (B) hold separate and agree to sell, divest, lease, license, transfer, dispose of or otherwise encumber, or (C) agree to any changes (including through a licensing arrangement) or restriction on, or other impairment of, Buyer's, the Company's or any of their respective Subsidiaries' ability to own or operate or control, in the case of each of (A), (B), and (C), either before or after the Closing, the Monistat brand or any assets, licenses, operations, rights, product lines, business, properties, services or interests of Buyer (including, for purposes of this sentence, the Company or any of Buyer's or the Company's Subsidiaries) that individually or collectively produced, in the aggregate, net revenues in an amount equal to or in excess of $75,000,000 for Buyer, or the Company, and/or any of their respective

Subsidiaries, as applicable, during the 2013 fiscal year. For purposes of the foregoing, net revenues shall be in each case calculated in accordance with GAAP, on a basis consistent with the accounting principles used in preparing Buyer's 2013 audited financial statements as filed with the United States Securities and Exchange Commission (provided, that (x) in the case of businesses or assets that were acquired during the 2013 fiscal year, the net revenues with respect to the business or assets that were so acquired shall include the net revenues produced by the transferee in the 2013 fiscal year prior to such acquisition, (y) with respect to a product that was introduced in the 2013 fiscal year, the aggregate produced net revenues for purposes of this calculation shall mean such amounts projected in the most recent regularly prepared budget for the fiscal year following the year in which the product launched and (z) for the avoidance of doubt, "net revenues" shall not be determined on the basis of "net retail revenues").

13.2.7 Each of the Sellers Representative and Buyer shall (i) promptly notify the other Party of any written communication to that Party (or in the case of the Sellers Representative, to any of the Sellers) or its Affiliates from any Governmental Authority and, subject to applicable Law, permit the other Party, or at such other Party's election, solely its outside counsel, to review in advance any proposed written communication to any of the foregoing; (ii) not agree to participate, or to permit its Affiliates (or in the case of the Sellers Representative, any of the Sellers) to participate, in any substantive meeting or discussion with any Governmental Authority in respect of any filings, investigation or inquiry concerning this Agreement or the Proposed Transactions unless it consults with the other party in advance and, then to the extent permitted by such Governmental Authority and mutually agreed to by the parties, gives the other Party or solely its outside counsel the opportunity to attend and participate thereat; and (iii) furnish the other Party, or at such Party's election, solely its outside counsel, with copies of all correspondence, filings, and communications (and memoranda setting forth the substance thereof) between them (or in the case of the Sellers Representative, between any of the Sellers) and their Affiliates and their respective representatives on the one hand, and any Governmental Authority or members of their respective staffs on the other hand, with respect to this Agreement and the Proposed Transactions, subject to applicable legal and confidentiality restrictions.

13.2.8 The Sellers Representative and Buyer may, as each deems advisable and necessary, reasonably designate any competitively sensitive material provided to the other pursuant to this Section 13.2 as "outside counsel only"; provided, further, that, materials concerning the valuation of the Business may be redacted. Materials designated as for "outside counsel only" and the information contained therein shall be given only to the outside legal counsel of the recipient and will not be disclosed by such outside counsel to employees, officers, managers or directors of the recipient unless express permission is obtained in advance from the source of the material or its legal counsel.

13.2.9 Other than the Merger Control Law Fees (fifty percent (50%) of which shall be paid by the Sellers and fifty percent (50%) of which shall be paid by Buyer) all filing fees and filing expenses (which shall not include any party's legal fees in connection therewith) of the Sellers Representative and Buyer in connection with any filing or submission in connection with the efforts referenced in this Section 13.2 shall be borne by Buyer.

13.2.10 From the date of this Agreement until the earlier of the Closing and the termination of this Agreement in accordance with its terms, Buyer and its Affiliates shall not acquire all or any portion of the equity or assets of any business entity, if the consummation of such acquisition would reasonably be expected to delay consummation of the transactions contemplated by this Agreement, or otherwise cause the conditions set forth in Section 9.1.3 to not be satisfied as expeditiously as possible, prior to the Outside Date; provided, that nothing herein shall limit, restrict, or otherwise prohibit Buyer' or any

of its Affiliates' acquisition of Hydralyte™ in Australia and New Zealand from The Hydration Pharmaceuticals Trust of Victoria, Australia.

13.3 *Press Releases and Announcements.* Prior to Closing, no Party shall, nor shall it permit any of its managers, directors, officers, employees, agents, or representatives to, issue any press release or public announcement relating to the subject matter of this Agreement without the prior written approval of the other Parties. Following the Closing, no Party shall, nor shall it permit any of its agents or representatives to, issue any press release or public announcement relating to the subject matter of this Agreement without the prior written approval of the other Parties, unless the information to be contained in such a press release or public announcement is already available to the public or , with respect to public announcements and press releases by Buyer, in the industry in which the Company and/or its Subsidiaries operate, other than as a result of a breach of this provision by the issuing Party; provided, however, that both prior to and following the Closing, any Party may make any public disclosure it believes in good faith is required by Law, including the rules or regulations of any United States or foreign securities exchange, in which case the disclosing Party will advise the other Parties prior to making the disclosure and shall insofar as may be practicable reflect on such disclosure substantially all reasonable comments of the other Parties; provided further, that (i) any Seller may disclose this Agreement and the transactions contemplated hereby to the extent required for financial reporting purposes and to its investors, employees, accountants, advisors and other representatives as necessary in connection with the ordinary conduct of its business (so long as such Persons agree to or are bound by Contract to keep the terms of this Agreement confidential) and (ii) Buyer may disclose this Agreement and the transactions contemplated hereby to its employees, accountants, advisors and other representatives as necessary in connection with the ordinary conduct of its business (so long as such Persons agree to or are bound by Contract to keep the terms of this Agreement confidential).

13.4 *Specific Performance.* The Parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed by Buyer, the Company or the Sellers, as applicable, in accordance with their specific terms or were otherwise breached by Buyer, the Company or the Sellers, as applicable. It is accordingly agreed that the Parties shall be entitled to an injunction or injunctions, without any requirement to post or provide any bond or other security in connection therewith, to prevent breaches of this Agreement by any of Buyer, the Company or the Sellers, as applicable, and to enforce specifically the terms and provisions hereof against Buyer, the Company or the Sellers, as applicable, in any court having jurisdiction, this being in addition to any other remedy to which the parties hereto are entitled at law or in equity.

13.5 *No Third Party Beneficiaries.* Except with respect to each of the Debt Financing Sources, who shall be third party beneficiaries of this Section 13.5 and Sections 13.11, 13.12 and 13.13 hereof, nothing herein expressed or implied is intended or shall be construed to confer upon or give to any Person, other than as is expressly provided herein including with respect to, the Parties, the Buyer Parties and the Seller Parties any rights or remedies under or by reason of this Agreement.

13.6 *Entire Agreement.* This Agreement (including the other documents referred to herein) constitutes the entire agreement among the Parties and supersedes any prior understandings, agreements, or representations by or among the Parties, written or oral, that may have related in any way to the subject matter hereof.

13.7 *Succession and Assignment.* This Agreement shall be binding upon and inure to the benefit of the Parties named herein and their respective successors and permitted assigns. No Party may assign this Agreement or any of such Party's rights, interests, or obligations hereunder without the prior

written approval of the other Parties, except that Buyer may assign (i) its rights and obligations hereunder to any of its Affiliates (provided, that no such assignment shall release Buyer from its obligations hereunder) and (ii) as collateral security, its rights pursuant hereto to any Person providing financing to Buyer or any of its Affiliates.

13.8 *Counterparts.* This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. This Agreement, any and all agreements and instruments executed and delivered in accordance herewith, along with any amendments hereto or thereto, to the extent signed and delivered by means of a facsimile machine or e-mail delivery of a ".pdf" or similar format data file, shall be treated in all manner and respects and for all purposes as an original signature, agreement or instrument and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. No Party hereto shall raise the use of a facsimile machine or e-mail delivery of a ".pdf" or similar format data file to deliver a signature to this Agreement or any amendment hereto or the fact that such signature was transmitted or communicated through the use of a facsimile machine or e-mail delivery of a ".pdf" or similar format data file as a defense to the formation or enforceability of a contract, and each Party hereto forever waives any such defense.

13.9 *Notices.* All notices, requests, demands, claims, and other communications hereunder will be in writing. Any notice, request, demand, claim, or other communication hereunder shall be deemed duly given (i) three (3) Business Days after it is sent by registered or certified mail, return receipt requested, postage prepaid, (ii) one day after receipt is electronically confirmed, if sent by fax (provided that a hard copy shall be promptly sent by first class mail), or (iii) one Business Day following deposit with a recognized national overnight courier service for next day delivery, charges prepaid, and, in each case, addressed to the intended recipient as set forth below:

If to the Company (prior to the Closing):

Insight Pharmaceuticals Corporation
900 Northbrook Drive, Suite 200
Trevose, PA 19053
Facsimile: (267) 852-0514
Attention: Gary Downing
Jim Berwick

With a copy to (which shall not constitute notice to):

Kirkland & Ellis LLP
555 California Street, Suite 2700
San Francisco, CA 94104
Facsimile: (415) 439-1500
Attention: David A. Breach, P.C.
Noah Boyens

If to any Seller or the Sellers Representative:

Swander Pace Capital
100 Spear Street, Suite 1900
San Francisco, CA 94105
Facsimile: (415) 477-8510
Attention: C. Morris Stout

With a copy to (which shall not constitute notice to):

Kirkland & Ellis LLP
555 California Street, Suite 2700
San Francisco, CA 94104
Facsimile: (415) 439-1500
Attention: David A. Breach, P.C.
Noah Boyens

If to Buyer or the Company (post-Closing):

c/o Prestige Brands Holdings, Inc.
660 White Plains Road, Suite #250
Tarrytown, NY 10591
Facsimile: (914) 524-7488
Attention: Samuel C. Cowley, General Counsel and Vice President, Business Development

With a copy to (which shall not constitute notice to):

Reed Smith LLP
10 South Wacker Drive, 40th Floor
Chicago, IL 60606
Facsimile: (312) 207-6400
Attention: Seth M. Hemming
Michelle L. Moore

Any Party may change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other Parties notice in the manner herein set forth.

13.10 *Governing Law*. 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.

13.11 *CONSENT TO JURISDICTION*. EACH OF THE PARTIES HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE APPLICABLE STATE OR FEDERAL COURTS SITTING IN WILMINGTON, DELAWARE, FOR PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY, AND EACH OF THE PARTIES AGREES NOT TO COMMENCE ANY LEGAL PROCEEDING RELATED THERETO EXCEPT IN SUCH COURTS. EACH OF THE PARTIES IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH HE, SHE OR IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF THE VENUE OF ANY SUCH COURT OR THAT SUCH ACTION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. 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, BUT NOT LIMITED TO, 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.

13.12 *WAIVER OF TRIAL BY JURY.* TO THE EXTENT PERMITTED BY LAW, EACH OF THE PARTIES HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES THE RIGHT TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR THE ANCILLARY AGREEMENTS OR ANY COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY OF THE PARTIES IN CONNECTION HEREWITH (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). THE PARTIES HEREBY EXPRESSLY ACKNOWLEDGE THAT THIS WAIVER IS A MATERIAL INDUCEMENT FOR THEM TO ENTER INTO THIS AGREEMENT.

13.13 *Amendments and Waivers.* No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by Buyer, the Company and the Sellers Representative. No waiver by any Party of any default, misrepresentation or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent occurrence of such kind. Notwithstanding anything in this Agreement to the contrary, Sections 13.5, 13.11, 13.12 and this 13.13 hereof (and any provision of this Agreement to the extent an amendment, modification, waiver or termination of such provision would modify the substance of Sections 13.5, 13.10 13.11, 13.12 and this 13.13 hereof) 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.

13.14 *Severability.* Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the invalid or unenforceable term or provision in any other situation or in any other jurisdiction. If a final judgment of a court of competent jurisdiction declares that any term or provision hereof is invalid or unenforceable, the Parties agree that the court making the determination of invalidity or unenforceability shall have the power to reduce the scope, duration,

or area of the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement shall be enforceable as so modified after the expiration of the time within which the judgment may be appealed.

13.15 *Expenses.* Each of the Parties will bear such Party's own costs and expenses (including fees and expenses of legal counsel, investment bankers, brokers or other representatives or consultants) incurred in connection with the negotiation, preparation and execution of this Agreement and the transactions contemplated hereby, whether or not such transactions are consummated; provided, however, for purposes of clarity, in the event of a conflict between the foregoing and Section 1.1, Section 7.6.4, Section 10.8, or Section 13.2, then such other provision shall control.

13.16 *Further Assurances.* Each of Buyer, the Company, the Sellers and the Sellers Representative shall use Reasonable Efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable in compliance with applicable Laws to consummate and make effective, as soon as reasonably practicable, the transactions contemplated hereby, including, as and when reasonably requested by any Party hereto, executing and delivering, or causing to be executed and delivered, all such documents and instruments, and taking, or causing to be taken, all such further or other actions as the requesting Party may reasonably deem necessary or desirable to evidence and effectuate the transactions contemplated by this Agreement.

13.17 *Construction.* The Parties have jointly participated in the negotiation and drafting of this Agreement. In the event of an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumptions or burdens of proof shall arise favoring any Party by virtue of the authorship of any of the provisions of this Agreement. Any reference to "Sellers" herein shall be deemed to refer both to each Seller on an individual basis and also to the Sellers on a collective basis. As used in this Agreement, the words "including" and "include" shall mean by way of example and not by way of limitation and shall be deemed to be followed by the phrase "without limitation" in each instance, the word "or" is not exclusive and the words "herein," "hereof," "hereby," "hereto" and "hereunder" refer to this Agreement as a whole. Each defined term used in this Agreement shall have a comparable meaning when used in its plural or singular form. Unless the context otherwise requires, references herein: (i) to Sections, Exhibits and Schedules mean the Sections of and the Exhibits and Schedules attached to this Agreement, (ii) to an agreement, instrument or document means such agreement, instrument or document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and not prohibited by this Agreement and (iii) to a Law means such Law as amended from time to time and includes any successor legislation thereto. The headings and captions used in this Agreement, or in any Schedule or Exhibit hereto 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 or any Schedule or Exhibit hereto. Any capitalized terms used in any Schedule or Exhibit attached hereto and not otherwise defined therein shall have the meanings set forth in this Agreement. All amounts payable hereunder and set forth in this Agreement are expressed in U.S. dollars, and all references to dollars (or the symbol "$") contained herein shall be deemed to refer to United States dollars. The Parties intend that each representation, warranty and agreement contained in this Agreement will have independent significance. If any Party has breached any representation, warranty or agreement in any respect, the fact that there exists another representation, warranty or agreement relating to the same subject matter (regardless of the relative levels of specificity) that the Party has not breached will not detract from or mitigate the fact that the Party is in breach of the first representation, warranty or agreement.

13.18 *Directors and Officers*. For a period of six (6) years after the Closing, Buyer shall not, and shall not permit the Company or any of its Subsidiaries to, amend, repeal or modify (in a manner adverse to the beneficiary thereof) any provision in such Person's certificates of incorporation, bylaws, limited liability company agreement or comparable governing 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 and its Subsidiaries on the date hereof shall continue to be entitled to such exculpation, indemnification and advancement to the full extent of the Law. The provisions of this Section 13.18 are intended to be for the benefit of, and enforceable by, any Person who is on the date hereof, or who becomes prior to the Closing Date, an officer, director or manager of the Company or any Subsidiary of the Company and each 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 law, the organizational documents of the Company or any Subsidiary of the Company, contract or otherwise.

[Remainder of this page intentionally left blank. Signature page follows.]

IN WITNESS WHEREOF, the Parties have executed and delivered this Agreement as of the day and year first above written.

COMPANY:
INSIGHT PHARMACEUTICALS CORPORATION

By: /s/ Gary Downing
Name: Gary Downing
Title: Chief Executive Officer

[Signatures continue on the following page.]

SELLERS:

SPC PARTNERS IV, L.P.

By: Swander Pace Capital IV, L.P., its general partner

By: SPC Management IV, LLC, its general partner

By: /s/ C. Morris Stout

Name: C. Morris Stout

Title: Managing Director

[Signatures continue on the following page.]

RANDOLPH STREET INVESTMENT
PARTNERS, L.P. – 2008 DIF

By: /s/ Jack S. Levin

Name: Jack S. Levin

Title: Manager, Randolph Street Investment
Management, LLC.
the Releasor's General Partner

[Signatures continue on the following page.]

ARES CAPITAL CORPORATION

By: /s/ R. Kipp deVeer

Name: R. Kipp deVeer

Title: Authorized Signatory

[Signatures continue on the following page.]

1829356 ONTARIO LIMITED

By: /s/ Raymond Shiu

Name: Raymond Shiu

Title: Authorized Signatory

[Signatures continue on the following page.]

TOWER SQUARE CAPITAL PARTNERS III, L.P.

By: Babson Capital Management LLC, as Investment Manager

By: /s/ Christopher P. Dowd

Name: Christopher P. Dowd

Title: Managing Director

TOWER SQUARE CAPITAL PARTNERS III-A, L.P.

By: Babson Capital Management LLC, as Investment Manager

By: /s/ Christopher P. Dowd

Name: Christopher P. Dowd

Title: Managing Director

TOWER SQUARE CAPITAL PARTNERS III-B, L.P.

By: Babson Capital Management LLC, as Investment Manager

By: /s/ Christopher P. Dowd

Name: Christopher P. Dowd

Title: Managing Director

[Signatures continue on the following page.]

GE CAPITAL EQUITY INVESTMENTS, INC.

By: /s/ Phillip Croff

Name: Phillip Croff

Title: Duty Authorized Signatory

[Signatures continue on the following page.]

NEWSTONE CAPITAL PARTNERS II, L.P.

By: Newstone Partners II, L.P., its general partner

By: Newstone Partners II, L.P., its general partner

By: /s/ Timothy P. Costello

Name: Timothy P. Costello

Title: Managing Director

[Signatures continue on the following page.]

/s/ Scott Emerson
Scott Emerson

[Signatures continue on the following page.]

/s/ Robert Casele

Robert Casale

[Signatures continue on the following page.]

/s/ Lisa Casolina
Lisa Casolina

[Signatures continue on the following page.]

/s/ Michael Dau
Michael Dau

[Signatures continue on the following page.]

/s/ Gary Downing
Gary Downing

[Signatures continue on the following page.]

/s/ Brad Doyle
Brad Doyle

[Signatures continue on the following page.]

/s/ Larry Freedman
Larry Freedman

[Signatures continue on the following page.]

/s/ Rebecca Goslee
Rebecca Goslee

[Signatures continue on the following page.]

/s/ Stephanie Gregg
Stephanie Gregg

[Signatures continue on the following page.]

/s/ Cassandra Hallberg
Cassandra Hallberg

[Signatures continue on the following page.]

/s/ Jim Berwick

Jim Berwick

[Signatures continue on the following page.]

/s/ Dennis Kinsey
Dennis Kinsey

[Signatures continue on the following page.]

/s/ Jennifer Moyer
Jennifer Moyer

[Signatures continue on the following page.]

/s/ Umberto (Al) Parrotta
Umberto (Al) Parrotta

[Signatures continue on the following page.]

/s/ Lauren Shulz
Lauren Shulz

[Signatures continue on the following page.]

/s/ Sharon Sulecki
Sharon Sulecki

[Signatures continue on the following page.]

/s/ Troy Talarico
Troy Talarico

[Signatures continue on the following page.]

/s/ Mickael Tukdarian
Mickael Tukdarian

[Signatures continue on the following page.]

/s/ Jeff Vernimb 4-24-14
Jeff Vernimb

[Signatures continue on the following page.]

SELLERS REPRESENTATIVE:

SPC PARTNERS IV, L.P.

By: Swander Pace Capital IV, L.P., its general partner

By: SPC Management IV, LLC, its general partner

By: /s/ C. Morris Stout
Name: C. Morris Stout
Title: Managing Director

[Signatures continue on the following page.]

BUYER:

MEDTECH PRODUCTS INC.

By: /s/ Matt M. Mannelly
Name: Matthew M. Mannelly
Title: Chief Executive Officer

PRESTIGE BRANDS HOLDINGS, INC.
EMPLOYEE NONQUALIFIED STOCK OPTION AGREEMENT

THIS OPTION AGREEMENT, made and entered into as of the _____ day of ______, _____(the "Effective Date"), between PRESTIGE BRANDS HOLDINGS, INC., a Delaware corporation (the "Company"), and _____________, an employee of the Company or of a subsidiary of the Company (the "Employee").

WHEREAS, the Company desires, by affording the Employee an opportunity to purchase shares of its capital stock as hereinafter provided, to carry out the purpose of the 2005 Long-Term Equity Incentive Plan (the "Plan"; capitalized terms used but not defined herein shall have the meanings set forth in the Plan).

NOW, THEREFORE, for and in consideration of the premises and other good and valuable consideration, including the services rendered and to be rendered to the Company by the Employee, the Company does hereby grant an option to the Employee, and the Employee accepts such option, on the following terms and conditions:

1. Grant of Option and Option Price. The Company hereby grants to the Employee the right and option (the "Option") to purchase all or any part of the number of shares of the common stock of the Company (par value of $.01 per share) herein set forth, at the price per share herein set forth, subject to all the restrictions, limitations and other terms and provisions of the Plan and of this Agreement:

Number of shares covered by this Option: _______

Price per share for the above shares: $_____

2. Term of Option. The term of the Option is ten years from the Effective Date and the Option expires on _______, ______, subject to earlier termination as provided in the Plan.

3. Exercisability. Except as may be provided in the Plan, this Option, subject to all the restrictions, limitations and other terms and provisions of the Plan and of this Agreement, shall become exercisable in accordance with the following schedule:

Date Exercisable	Number of Shares

4. Acceleration upon Change in Control. The Committee has determined that upon a Change in Control, the Option will accelerate, vest and become fully exercisable immediately prior to the Change in Control, without any requirement that the Employee be terminated in connection with such Change in Control.

5. Nontransferable. Unless otherwise approved by the Committee or expressly permitted in the Plan, this Option is not transferable by the Employee and is exercisable only by the Employee during his or her lifetime.

6. Agreement Subject to Plan. This Agreement does not undertake to express all conditions, terms and provisions of the Plan; and the grant, and any exercise, of this Option is subject in all respects to all of the restrictions, limitations and other terms and provisions of the Plan, which, by this reference, are incorporated herein to the same extent as if copied verbatim.

7. Acceptance of Option; Clawback Policy. The Employee hereby accepts this Option subject to all the restrictions, limitations and other terms and provisions of the Plan, this Agreement and the Company's Clawback Policy.

IN WITNESS WHEREOF, the parties have executed this Option Agreement as of the day and year first above written.

EMPLOYEE: **PRESTIGE BRANDS HOLDINGS, INC.**

By: ________________________
Name: Matthew M. Mannelly
Title: Chief Executive Officer

PRESTIGE BRANDS HOLDINGS, INC.
2005 LONG-TERM EQUITY INCENTIVE PLAN

AWARD AGREEMENT FOR RESTRICTED STOCK UNITS

THIS AWARD AGREEMENT (the "Agreement") is made and entered into effective as of _____________, by and between PRESTIGE BRANDS HOLDINGS, INC., a Delaware corporation (the "Company"), and ___________ (the "Participant"), pursuant to the Prestige Brands Holdings, Inc. 2005 Long-Term Equity Incentive Plan, as it may be amended and restated from time to time (the "Plan"). Capitalized terms used but not defined herein shall have the meanings set forth in the Plan.

W I T N E S S E T H:

WHEREAS, the Participant is eligible to receive an Award under the terms of the Plan; and

WHEREAS, pursuant to the Plan and subject to the execution of this Agreement, the Committee has granted, and the Participant desires to receive, an Award.

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

1.AWARD OF RESTRICTED STOCK UNITS. On the date specified on Exhibit A attached hereto (the "Date of Grant") but subject to the execution of this Agreement, the Company granted to the Participant an Award in the form of Restricted Stock Units ("RSUs") entitling the Participant to receive from the Company, without payment, one share of Common Stock (a "Share") for each RSU set forth on said Exhibit A.

2. EFFECT OF PLAN. The RSUs are in all respects subject to, and shall be governed and determined by, the provisions of the Plan (all of the terms of which are incorporated herein by reference) and to any rules which might be adopted by the Board or the Committee with respect to the Plan to the same extent and with the same effect as if set forth fully herein. The Participant hereby acknowledges that all decisions and determinations of the Committee shall be final and binding on the Participant, his beneficiaries and any other person having or claiming an interest in the RSUs.

3. VESTING. The RSUs shall vest according to the schedule set forth on Exhibit A. Notwithstanding the foregoing, upon the Participant's death, Disability, or Retirement the Committee, in its sole discretion, may vest the RSUs. The RSUs may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated until the RSUs vest.

4. **ACCELERATION UPON CHANGE IN CONTROL.** The Committee has determined that upon a Change in Control, the RSU will accelerate, vest and become fully exercisable immediately prior to the Change in Control, without any requirement that the Participant be terminated in connection with such Change in Control.

1. RIGHTS PRIOR TO VESTING. During the period prior to lapse of the restrictions and the vesting, in the event that any dividend is paid by the Company with respect to the Common Stock (whether in the form of cash, Common Stock or other property), then the Committee shall, in the manner it deems equitable or appropriate, adjust the number of RSUs allocated to each Participant's Stock Award Account to reflect such dividend.

2. SETTLEMENT OF RSUS. Each RSU will be settled by delivery to the Participant, or in the event of the Participant's death to the Participant's legal representative, of one Share for each vested RSU promptly on ______________ or upon vesting, if earlier.

For purposes of this Agreement, a Participant's Termination of Employment means the termination of the Participant's employment or cessation of service as an employee with the Company for reasons other than death or Disability. Whether a Termination of Employment takes place is determined based on the facts and circumstances surrounding the termination of the Participant’s employment and whether the Company and the Participant intended for the Participant to provide significant services for the Company following such termination. A change in the Participant’s employment status will not be considered a Termination of Employment if:

(a) the Participant continues to provide services as an employee of the Company at an annual rate that is twenty percent (20%) or more of the services rendered, on average, during the immediately preceding three full calendar years of employment (or, if employed less than three years, such lesser period) and the annual remuneration for such services is twenty percent (20%) or more of the average annual remuneration earned during the final three full calendar years of employment (or, if less, such lesser period), or

(b) the Participant continues to provide services to the Company in a capacity other than as an employee of the Company at an annual rate that is fifty percent (50%) or more of the services rendered, on average, during the immediately preceding three full calendar years of employment (or if employed less than three years, such lesser period) and the annual remuneration for such services is fifty percent (50%) or more of the average annual remuneration earned during the final three full calendar years of employment (or if less, such lesser period).

3. SECURITIES LAW RESTRICTIONS. Acceptance of this Agreement shall be deemed to constitute the Participant's acknowledgement that the RSUs shall be subject to such restrictions and conditions on any resale and on any other disposition as the Company shall deem necessary under any applicable laws or regulations or in light of any stock exchange requirements.

4. NO ASSIGNMENT. The RSUs are personal to the Participant and may not in any manner or respect be assigned or transferred otherwise than by will or the laws of descent and distribution.

5. NO RIGHT TO CONTINUED EMPLOYMENT. Neither the Plan nor this Agreement shall give the Participant the right to continued employment by the Company or shall adversely affect the right of the Company to terminate the Participant's employment with or without cause at any time.

6. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, applied without giving effect to any conflict-of-law principles. The

invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provisions were omitted.

7. **BINDING EFFECT**. This Agreement shall be binding upon and shall inure to the benefit of each of the parties hereto and their respective executors, administrators, personal representatives, legal representatives, heirs, and successors in interest.

8. **COUNTERPART EXECUTION**. This Agreement may be executed in any number of counterparts, each of which shall be considered an original, and such counterparts shall, together, constitute and be one and the same instrument.

9. **WITHHOLDING**. The Company shall have the power and the right to deduct or withhold, or require the Participant to remit to the Company, an amount sufficient to satisfy federal, state and local taxes required by law to be withheld with respect to any taxable event arising as a result of the grant or vesting of the RSUs. With respect to withholding required upon the vesting of the RSUs, the Participant may elect, subject to the approval of the Committee, to satisfy the withholding requirement, in whole or in part, by having the Company withhold Shares having a Fair Market Value on the date as of which the tax is to be determined equal to the minimum statutory total tax which could be imposed on the transaction. All such elections shall be irrevocable, made in writing, signed by the Participant, and subject to any restrictions or limitations that the Committee, in its sole discretion, deems appropriate.

[Signature page to follow]

IN WITNESS WHEREOF, the Company and the Participant have executed and delivered this Agreement as of the day and year first written above.

PRESTIGE BRANDS HOLDINGS, INC.

By:___________
Name: Matthew M. Mannelly
Title: Chief Executive Officer

____

EXHIBIT A

TO

AWARD AGREEMENT, dated as of ___________, between PRESTIGE BRANDS HOLDINGS, INC. and___________________.

1. Date of Grant: _______________

2. Number of Restricted Stock Units*: ________

3. Vesting Schedule:

Date	Vested Percentage
Date of Grant	0%
3 years from Date of Grant	100%

* Subject to adjustment as provided in Paragraph 5 of the Award Agreement.

Exhibit 21.1

SUBSIDIARIES LIST

Direct and Indirect Subsidiaries of Prestige Brands Holdings, Inc.

Name	Jurisdiction of Incorporated/Organization
Blacksmith Brands, Inc.	Delaware
Medtech Holdings, Inc.	Delaware
Medtech Products Inc.	Delaware
Prestige Brands Holdings, Inc.	Virginia
Prestige Brands, Inc.	Delaware
Prestige Brands International, Inc.	Virginia
Prestige Brands (UK) Limited	England and Wales
Prestige Services Corp.	Delaware
The Cutex Company	Delaware
The Spic and Span Company	Delaware
Wartner USA B.V.	Netherlands
PBH Australia Holding Company Pty Limited	Australia
Care Acquisition Company Pty Limited	Australia
Care Pharmaceuticals Pty Limited	Australia
Cellegy Australia Pty Limited	Australia

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-123487) of Prestige Brands Holdings, Inc. of our report dated May 19, 2014 relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10K.

/S/ PricewaterhouseCoopers LLP

Denver, Colorado
May 19, 2014

Exhibit 31.1

CERTIFICATIONS

I, Matthew M. Mannelly, certify that:

1. I have reviewed this Annual Report on Form 10-K 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: May 19, 2014

/s/ MATTHEW M. MANNELLY

Matthew M. Mannelly

Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Ronald M. Lombardi, certify that:

1. I have reviewed this Annual Report on Form 10-K 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: May 19, 2014

/s/ RONALD M. LOMBARDI

Ronald M. Lombardi

Chief Financial Officer

Exhibit 32.1

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Matthew M. Mannelly, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report of Prestige Brands Holdings, Inc. on Form 10-K for the year ended March 31, 2014, 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 Annual Report fairly presents, in all material respects, the financial condition and results of operations of Prestige Brands Holdings, Inc.

/s/ **MATTHEW M. MANNELLY**

Name: Matthew M. Mannelly
Title: *Chief Executive Officer*
Date: May 19, 2014

Exhibit 32.2

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
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 Annual Report of Prestige Brands Holdings, Inc. on Form 10-K for the year ended March 31, 2014, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as applicable, and that information contained in such Annual 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 Financial Officer*

Date: May 19, 2014